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BELL FINANCIAL GROUP

12 August 2020

ASX Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

RESULTS FOR ANNOUNCEMENT TO THE MARKET
FOR THE HALF-YEAR ENDED 30 JUNE 2020

In accordance with ASX Listing Rule 4.2A, the following half-year information is attached for immediate release:

1. Appendix 4D
2. Interim Financial Report for the half-year ended 30 June 2020.

This information should be read in conjunction with the Annual Report for the year ended 31 December 2019.

For more information, please contact:
Cindy-Jane Lee
General Counsel & Company Secretary
cjlee@bellfg.com.au
+61 3 9235 1961

This announcement was authorised for release by the Bell Financial Group Board.

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Appendix 4D (Half-year report)

Results for announcement to the market
ASX Listing Rule 4.2A

Bell Financial Group Limited ABN 59 083 194 763 and its controlled entities

Current period:	1 January 2020 to 30 June 2020
Previous corresponding period:	1 January 2019 to 30 June 2019

	Half-year ended 30 June 2020 $ '000	Half-year ended 30 June 2019 $ '000	
Revenue from ordinary activities	**129,550**	120,606	Up 7.4%
Profit from ordinary activities after tax attributable to shareholders	**16,342**	15,926	Up 2.6%
Net profit for the period attributable to shareholders	**16,342**	15,926	Up 2.6%

Dividend (fully franked)	**Amount per share**	**Tax rate for franking credit**
2020 Interim dividend (to be paid 27 August 2020)	**4.0 cents**	**30%**
2019 Final dividend (paid 18 March 2020)	4.5 cents	30%

Interim dividend dates

Ex-dividend date	19 August 2020
Record date	20 August 2020
Payment date	27 August 2020

Net tangible assets per ordinary share	**$0.22**	$0.20

Additional disclosure requirements

Entities over which control gained or lost during the period:	Not applicable
Dividend or distribution reinvestment plans:	Not applicable

This information should be read in conjunction with the 2019 Annual Report of Bell Financial Group Limited and its controlled entities and any public announcements made during the period by Bell Financial Group Limited in accordance with the continuous disclosure requirements under the Corporations Act and the Listing Rules. Additional information required under Listing Rule 4.2A is located in the Condensed Consolidated Interim Financial Report for the half-year ended 30 June 2020 of Bell Financial Group Limited and its controlled entities (**Interim Financial Report**). This information is based on the Interim Financial Report, which has been reviewed by KPMG. The Independent Auditor's Report provided by KPMG is included in the Interim Financial Report.

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Bell Financial Group Limited
ABN 59 083 194 763

Condensed Consolidated Interim Financial Report
30 June 2020

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The interim financial report does not include all the notes of the type normally included in an annual financial report. It is recommended that the interim financial report is read in conjunction with the 2019 Annual Report of Bell Financial Group Limited and any public announcements made by Bell Financial Group Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001 and the ASX Listing Rules.

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Bell Financial Group Limited
Directors' Report
For the half-year ended 30 June 2020

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The directors of Bell Financial Group Limited (**Bell Financial**) present their report, together with the financial report, on the consolidated entity (**Group**) consisting of Bell Financial and its controlled entities for the half-year ended 30 June 2020.

Directors

The Directors of the Company during the half-year and until the date of this report are shown below:

Executive Directors

Alastair Provan

Non-executive Directors

Craig Coleman
Graham Cubbin
Brian Wilson AO
Christine Feldmanis (Appointed 21 February 2020)

All Directors held office for the entire period, unless otherwise stated.

Principal activities

Bell Financial is an Australian-based provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients. The Group has over 700 employees, operates across 15 offices in Australia and has offices in New York, London, Hong Kong and Kuala Lumpur.

Review and results of operations

The consolidated after tax result attributable to shareholders for the half-year ended 30 June 2020 was a $16.3 million profit (2019: $15.9 million profit).

The Company has declared a fully franked interim dividend 4.0 cents per share (2019: 3.5 cents). The dividend record date is 20 August 2020 and payment is expected to be made on 27 August 2020.

At the date of issue of this interim financial report, the impact of COVID-19 on Bell Financial Group has not been material. The future impact on global and domestic economies and investment market indicies is uncertain and Bell Financial Group continues to monitor this situation.

Subsequent events

No matters or circumstances have arisen since the end of the half-year period that in the opinion of the Directors of the Group have significantly affected or may significantly affect the operations of the Group, results of those operations, or the state of affairs of the Group in future financial years.

Bell Financial Group Limited
Directors' Report
For the half-year ended 30 June 2020

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 5 and forms part of the Directors' Report for the half-year ended 30 June 2020.

Rounding of amounts

Bell Financial is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191* applies. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made on 12 August 2020 in accordance with a resolution of the Directors.



Alastair Provan
Executive Chairman
12 August 2020

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Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Bell Financial Group Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Bell Financial Group Limited for the half-year ended 30 June 2020 there have been:

i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Chris Wooden
Partner
Melbourne
12 August 2020

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Bell Financial Group Limited
Condensed Statement of Profit or Loss
For the half-year ended 30 June 2020

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	Note	Consolidated half-year ended 30 June 2020 $'000	2019 $'000
Rendering of services	7, 8.	118,240	106,417
Finance income		14,378	8,706
Investment (losses) / gains	9.	(3,385)	5,097
Other income		317	386
Total revenue		129,550	120,606
Employee expenses		(75,970)	(71,298)
Depreciation and amortisation expenses		(5,434)	(5,249)
Occupancy expenses		(1,531)	(1,361)
Systems, communication and ASX expenses		(11,652)	(10,828)
Professional expenses		(1,579)	(1,000)
Finance expenses		(3,987)	(2,981)
Other expenses		(5,897)	(5,338)
Total expenses		(106,050)	(98,055)
Profit before income tax		23,500	22,551
Income tax expense		(7,158)	(6,625)
Profit for the half-year		16,342	15,926
Attributable to:			
Equity holders of the Company		16,342	15,926
Profit for the half-year		16,342	15,926
Earnings per share:		Cents	Cents
Basic earnings per share (AUD)		5.1	5.0
Diluted earnings per share (AUD)		5.1	5.0

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

Bell Financial Group Limited
Condensed Statement of Comprehensive Income
For the half-year ended 30 June 2020

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	Consolidated half-year ended 30 June	
	2020 $'000	**2019 $'000**
Profit for the half-year	16,342	15,926
Other comprehensive income		
Items that may be classified to profit or loss		
Change in fair value of cash flow hedge	49	(168)
Foreign operations – foreign currency translation differences	108	52
Other comprehensive income for the half-year, net of tax	157	(116)
Total comprehensive income for the half-year	16,499	15,810
Attributable to:		
Equity holders of the Company	16,499	15,810
Total comprehensive income for the half-year	16,499	15,810

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

Bell Financial Group Limited
Condensed Statement of Financial Position
As at 30 June 2020

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	Note	Consolidated 30 June 2020 $'000	Consolidated 31 Dec 2019 $'000
Assets			
Cash and cash equivalents	10.	249,560	195,137
Trade and other receivables	11.	258,905	167,958
Prepayments		747	930
Financial assets	16.	17,562	13,559
Derivative assets	16.	-	103
Loans and advances	12.	439,432	543,489
Right of use assets		19,440	22,801
Deferred tax assets		5,457	4,420
Property, plant and equipment		1,568	1,104
Goodwill	13.	130,413	130,413
Intangible assets		13,193	12,497
Total assets		1,136,277	1,092,411
Liabilities			
Trade and other payables	14.	386,647	245,611
Deposits and borrowings	15.	471,907	559,430
Current tax liabilities		1,424	2,152
Provisions		300	-
Lease liabilities		26,421	30,568
Derivative liabilities	16.	356	380
Employee benefits		35,826	42,966
Total liabilities		922,881	881,107
Net assets		213,396	211,304
Equity			
Contributed equity	18.	204,237	204,237
Other equity		(28,858)	(28,858)
Reserves		874	691
Retained earnings		37,143	35,234
Total equity attributable to equity holders of the Company		213,396	211,304

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

Bell Financial Group Limited
Condensed Statement of Changes in Equity
For the half-year ended 30 June 2020

Consolidated	Share Capital	Other Equity	Treasury Shares Reserve	Share Based Payments Reserve	Cash Flow Hedge Reserve	Foreign Currency Reserve	Retained Earnings	Total Equity
	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000	$ '000
Balance at 31 December 2018 / 1 January 2019	204,237	(28,858)	(1,312)	1,218	(75)	668	27,451	203,329
Total comprehensive income								
Profit / (loss) for the half-year	-	-	-	-	-	-	15,926	15,926
Other comprehensive income								
Change in fair value of cash flow hedges	-	-	-	-	(168)	-	-	(168)
Translation of foreign currency reserve	-	-	-	-	-	52	-	52
Total other comprehensive income	-	-	-	-	(168)	52	-	(116)
Total comprehensive income for the half-year	-	-	-	-	(168)	52	15,926	15,810
Transactions with owners, directly in equity								
Transfer of retained earnings	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-
Employee share awards exercised	-	-	255	(255)	-	-	-	-
Dividends	-	-	-	-	-	-	(13,523)	(13,523)
Balance at 30 June 2019	204,237	(28,858)	(1,057)	963	(243)	720	29,854	205,616
Balance at 31 December 2019 / 1 January 2020	204,237	(28,858)	291	9	(380)	771	35,234	211,304
Total comprehensive income								
Profit / (loss) for the half-year	-	-	-	-	-	-	16,342	16,342
Other comprehensive income								
Change in fair value of cash flow hedges	-	-	-	-	49	-	-	49
Translation of foreign currency reserve	-	-	-	-	-	108	-	108
Total other comprehensive income	-	-	-	-	49	108	-	157
Total comprehensive income for the half-year	-	-	-	-	49	108	16,342	16,499
Transactions with owners, directly in equity								
Transfer of retained earnings	-	-	-	-	-	-	-	-
Share based payments	-	-	-	-	-	-	-	-
Employee share awards exercised	-	-	26	-	-	-	-	26
Dividends	-	-	-	-	-	-	(14,433)	(14,433)
Balance at 30 June 2020	204,237	(28,858)	317	9	(331)	879	37,143	213,396

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

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Bell Financial Group Limited
Condensed Statement of Cash Flows
For the half-year ended 30 June 2020

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	Consolidated half-year ended 30 June	
	2020 $'000	**2019 $'000**
Cash flows from / (used in) operating activities		
Cash receipts from customers and clients	127,130	113,612
Cash paid to suppliers and employees	(97,129)	(105,496)
Net cash from client related receivables and payables	34,346	37,725
Cash generated from / (used in) operations [1]	64,347	45,841
Dividends received	12	4
Interest received	14,433	8,735
Interest paid	(3,987)	(2,163)
Income taxes paid	(8,924)	(2,984)
Net cash from operating activities	65,881	49,433
Cash flows from / (used in) investing activities		
Net proceeds from sale of investments	945	141
Acquisition of property, plant and equipment	(737)	(561)
Acquisition of other investments	(3,197)	(253)
Net cash from / (used in) investing activities	(2,989)	(673)
Cash flows from / (used in) financing activities		
Dividends paid	(14,433)	(13,523)
Payment of lease liabilities	(4,976)	(4,624)
Bell Potter Capital (Margin Lending)		
Deposits / (withdrawals) from client cash balances	89,477	36,219
(Drawdown) / repayment of margin loans	98,463	25,926
Drawdown / (repayment) of borrowings	(177,000)	54,000
Net cash from / (used in) financing activities	(8,469)	97,998
Net increase / (decrease) in cash and cash equivalents	54,423	146,758
Cash and cash equivalents at 1 January	195,137	193,622
Cash and cash equivalents at 30 June	249,560	340,380

The notes on pages 11 to 21 are an integral part of these Consolidated Interim Financial Statements.

1. 'Cash generated from operations' includes Group cash reserves and client balances. Refer to note 10 for further information on cash and cash equivalents.

Bell Financial Group Limited
Notes to the Condensed Interim Financial Statements
For the half-year ended 30 June 2020

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1. Reporting entity

Bell Financial Group Limited ("Bell Financial" or the "Company") is domiciled in Australia. The address of the Company's registered office is Level 29, 101 Collins Street, Melbourne, VIC. The Consolidated Financial Statements of the Company comprise the Company, and its controlled entities (the "Group" or "Consolidated Entity").

The Annual Report of Bell Financial Group Limited for the year ended 31 December 2019 is available upon request from the Company's registered office at Level 29, 101 Collins Street, Melbourne or at www.bellfg.com.au.

2. Statement of compliance

This condensed consolidated interim financial report has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated 2019 Annual Report and any public announcements made by the Company during the interim reporting period.

This condensed consolidated interim financial report was approved by the Board of Directors on 12 August 2020.

Bell Financial is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191* applies. Amounts in this report have been rounded off in accordance with that instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

3. Significant accounting policies

The accounting policies applied by the Group in the condensed consolidated interim financial report are consistent with those applied by the Group in its consolidated financial report as at and for the year ended 31 December 2019.

4. Estimates

The preparation of the condensed consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial report, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 31 December 2019. During the period, management reviewed estimates in respect of:

- Recovery of deferred tax assets
- Impairment of loans and advances
- Long service leave provisions
- Legal provisions
- Intangible assets
- Impairment of goodwill
- Financial assets

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4. Estimates continued

Impairment of goodwill

Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. For the purpose of impairment testing, goodwill is allocated to the Retail and Wholesale segment which represents the lowest level at which it is monitored for internal management purposes.

The recoverable amount of the business to which each goodwill component is allocated to a cash-generating unit is estimated based on its value in use and is determined by discounting the future cash flows generated from continuing use. At 30 June 2020, goodwill allocated to the cash-generating units was $57.5 million for Retail and $72.9 million for the Wholesale segment.

There were no indicators of impairment for the half-year ended 30 June 2020.

5. Financial risk management

All aspects of the Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 31 December 2019.

At the date of issue of this interim financial report, the impact of COVID-19 on Bell Financial Group has not been material. The future impact on global and domestic economies and investment market indicies is uncertain and Bell Financial Group continues to monitor this situation.

6. Determination of fair value

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined and disclosed based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Investments in equity
The fair values of financial assets at fair value through profit or loss are determined with reference to the quoted bid price, or if unquoted determined using a valuation model at reporting date.

Derivatives
The fair value of interest rate swaps is based on a mark-to-market model with reference to prevailing fixed and floating interest rates. These quotes are tested for reasonableness by discounting estimated future cash flows based on term to maturity of each contract and using market interest rates for a similar instrument at the measurement date.

The fair value of currency swaps is determined using quoted forward exchange rates at the reporting date and present value calculations based on high quality yield curves in the respective currencies.

Share based payments
The fair value of employee stock options is determined using a Black Scholes model. Measurement inputs include share price, exercise price, volatility, weighted average expected life of the instrument, expected dividends and risk free interest rate. Service and nonmarket conditions are not taken into account in determining fair value.

Financial assets and loans at fair value through profit or loss
The fair value of options is determined using the Black Scholes option-pricing model.

Determination of fair value for loans is based on the option value used to mitigate the risk on the limited recourse margin loans and the interest rate implicit in the loan.

Bell Financial Group Limited
Notes to the Condensed Interim Financial Statements (continued)
For the half-year ended 30 June 2020

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7. Segment Reporting

Business segments
The segments reported below are consistent with internal reporting provided to the chief decision makers:

- Retail – equities, futures, foreign exchange, corporate fee income, portfolio administration services, margin lending and deposits; and
- Wholesale – equities and corporate fee income.

30 June 2020	Retail $'000	Wholesale $'000	Consolidated $'000
Revenue from operations	80,322	37,918	118,240
Profit / (loss) after tax	7,303	9,039	16,342
Segment assets	1,043,399	92,878	1,136,277
Total assets	1,043,399	92,878	1,136,277
Segment liabilities	910,842	12,039	922,881
Total liabilities	910,842	12,039	922,881
Other segment details			
Interest revenue	14,378	-	14,378
Interest expense	(3,987)	-	(3,987)
Depreciation / amortisation	(4,513)	(921)	(5,434)

30 June 2019	Retail $'000	Wholesale $'000	Consolidated $'000
Revenue from operations	69,453	36,964	106,417
Profit / (loss) after tax	6,687	9,239	15,926
Segment assets	935,114	93,259	1,028,373
Total assets	935,114	93,259	1,028,373
Segment liabilities	811,155	11,602	822,757
Total liabilities	811,155	11,602	822,757
Other segment details			
Interest revenue	8,706	-	8,706
Interest expense	(2,866)	(115)	(2,981)
Depreciation / amortisation	(4,454)	(795)	(5,249)

Geographical segments
The Group operates predominantly within Australia and has offices in Hong Kong, London, New York and Kuala Lumpur.

Bell Financial Group Limited
Notes to the Condensed Interim Financial Statements (continued)
For the half-year ended 30 June 2020

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8. Revenue

The Group's operations and main revenue streams are those described in the last annual financial statements. The below Group's revenue is derived from contracts with customers.

In the following table, revenue is disaggregated by major products and service lines. The table also includes a reconciliation of the disaggregated revenue with the Group's reportable segments in note 7.

	Retail		Wholesale		Consolidated	
30 June	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**	**2020 $'000**	**2019 $'000**
Brokerage	57,933	49,489	13,248	9,729	71,181	59,218
Fee income	10,470	14,324	24,770	21,656	35,240	35,980
Portfolio administration fees	9,668	8,910	-	-	9,668	8,910
Other	1,710	1,817	441	492	2,151	2,309
	79,781	74,540	38,459	31,877	118,240	106,417

9. Investment (losses) / gains

	Consolidated	
	2020 $'000	**2019 $'000**
Dividends received	12	4
(Losses)/ Gains on financial assets held at fair value	(3,397)	5,093
	(3,385)	5,097

Bell Financial Group Limited
Notes to the Condensed Interim Financial Statements (continued)
For the half-year ended 30 June 2020

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10. Cash and cash equivalents

	Consolidated	
	2020 $'000	2019 $'000
Group cash reserves[1]		
Cash on hand	14	13
Cash at bank	88,194	82,534
	88,208	82,547
Margin lending cash		
Cash at bank	27,635	16,381
	27,635	16,381
Client cash		
Cash at bank (Trust account)	60,450	38,106
Cash at bank (Segregated account)	73,267	58,103
	133,717	96,209
Cash and cash equivalents in the Statement of Cash Flows	249,560	195,137

Cash on hand and at bank earns interest at floating rates based on daily bank deposit rates.

Segregated cash and Trust bank balances earn interest at floating rates based on daily bank rates.

Segregated cash and Trust bank balances are client funds, and are not available for general use by the Group. A corresponding liability is recognised within trade and other payables (note 14).

[1] **Group Cash – summary of key movements**	2020 $'000
Group cash - 1 January	**82,547**
Cash profit	
Cash Revenue	134,548
Less Cash Expenses	
Employee expenses	(84,777)
Occupancy expenses	(7,155)
Systems, communications and ASX expenses	(11,652)
Professional expenses	(1,579)
Finance expenses	(3,340)
Other expenses	(5,897)
Total expenses	(114,400)
Net Cash operating profit	20,148
Balance Sheet	
Tax instalments paid	(8,924)
Dividends paid	(14,433)
Clearing house deposits received	15,771
Financial asset purchases (net)	(2,252)
Acquisition of property, plant and equipment	(737)
General working capital movement	(3,912)
Group cash balance - 30 June 2020	**88,208**

11. Trade and other receivables

	Consolidated	
	2020 $'000	2019 $'000
Trade debtors	177,916	86,221
Less: provision for impairment	-	-
	177,916	86,221
Clearing house deposits	11,358	27,129
Segregated deposits with clearing brokers	64,816	49,003
Less: provision for impairment	-	-
	76,174	76,132
Sundry debtors	4,815	5,605
	258,905	167,958

Trade debtors are predominantly ASX settlement obligations that are normally settled on 2-day terms.

12. Loans and advances

	Consolidated	
	2020 $'000	2019 $'000
Margin Loans measured at amortised cost	328,306	397,520
Margin Loans measured at fair value through profit and loss	111,126	145,969
	439,432	543,489

Loans and advances are repayable on demand. There were no impaired, past due or renegotiated loans at 30 June 2020 (2019: nil).

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13. Goodwill and intangible assets

	Goodwill $'000	Consolidated Identifiable intangibles $'000	Total $'000
Cost			
Balance at 1 January 2019	130,413	17,217	147,630
Acquisitions - internally developed	-	3,413	3,413
Balance at 31 December 2019	130,413	20,630	151,043
Balance at 1 January 2020	130,413	20,630	151,043
Acquisitions - internally developed	-	1,667	1,667
Balance at 30 June 2020	130,413	22,297	152,710
Accumulated amortisation and impairment losses			
Balance at 1 January 2019	-	(6,563)	(6,563)
Amortisation	-	(1,570)	(1,570)
Balance at 31 December 2019	-	(8,133)	(8,133)
Balance at 1 January 2020	-	(8,133)	(8,133)
Amortisation	-	(971)	(971)
Balance at 30 June 2020	-	(9,104)	(9,104)
Carrying amount			
At 1 January 2019	130,413	10,654	141,067
At 31 December 2019	130,413	12,497	142,910
At 30 June 2020	130,413	13,193	143,606

14. Trade and other payables

	Consolidated	
	2020 $'000	2019 $'000
Settlement obligations	220,190	108,293
Sundry creditors and accruals	18,205	19,024
Segregated client liabilities	148,252	118,294
	386,647	245,611

Settlement obligations are non-interest bearing and are normally settled on 2-day terms. Sundry creditors are normally settled on 60-day terms.

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15. Deposits and borrowings

This note provides information about the contractual terms of the Group's interest-bearing deposits and borrowings.

	Consolidated	
	2020 $'000	**2019 $'000**
Deposits (cash account)[1]	983	635
Bell Cash Trust[2]	470,924	381,795
Cash advance facility[3]	-	177,000
	471,907	559,430

1 Deposits relate to Margin Lending / Cash Account business (Bell Potter Capital) which are largely at call.

2 Represents funds held on behalf of Bell Potter Capital in the Bell Cash Trust which are held at call.

3 Represents drawn funds from the Bell Potter Capital cash advance facility of $250m (2019: $250m). The available facility is reduced to $100 million from 8th July 2020.

Terms and debt repayment schedule

Terms and conditions of outstanding deposits and borrowings were as follows:

	2020	2019	2020		2019	
Consolidated	**Average effective interest rate**		**Face value $'000**	**Carrying amount $'000**	**Face value $'000**	**Carrying amount $'000**
Deposits (cash account)	0.21%	0.61%	983	983	635	635
Bell Cash Trust	0.21%	0.61%	470,924	470,924	381,795	381,795
Cash advance facility	1.64%	2.08%	-	-	177,000	177,000
			471,907	471,907	559,430	559,430

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Bell Financial Group Limited
Notes to the Condensed Interim Financial Statements
For the half-year ended 30 June 2020

16. Financial Instruments

Fair value measurements

a. Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy.

		Carrying Amount					Fair Value			
30 JUNE 2020	**Note**	**Designated at fair value**	**Fair value hedging instruments**	**Loans and receivables**	**Other financial liabilities**	**Total**	**Level 1**	**Level 2**	**Level 3[1]**	**Total**
		$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets measured at fair value										
Equity securities / unlisted options		17,562	-	-	-	17,562	3,525	14,037	-	17,562
Loans and advances		-	-	-	111,126	111,126	-	-	111,126	111,126
		17,562	-	-	111,126	128,688	3,525	14,037	111,126	128,688
Financial assets not measured at fair value										
Trade and other receivables	11.	-	-	-	258,905	258,905	-	-	-	-
Cash and cash equivalents	10.	-	-	-	249,560	249,560	-	-	-	-
Loans and advances	12.	-	-	-	328,306	328,306	-	-	-	-
		-	-	-	836,771	836,771	-	-	-	-
Financial liabilities measured at fair value										
Interest rate swaps used for hedging		-	331	-	-	331	-	331	-	331
Foreign currency swap		25	-	-	-	25	-	25	-	25
		25	331	-	-	356	-	356	-	356
Financial liabilities not measured at fair value										
Trade and other payables	14.	-	-	-	382,711	382,711	-	-	-	-
Deposits and borrowings	15.	-	-	-	471,907	471,907	-	-	-	-
		-	-	-	854,618	854,618	-	-	-	-

1. Loans and advances measured at fair value decreased from $145,969,000 at 31 December 2019 to $111,126,000 at 30 June 2020 due to net new/repaid loans of $29,249,000 with the remaining movement due to net fair value changes.

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Bell Financial Group Limited
Notes to the Condensed Interim Financial Statements (continued)
For the half-year ended 30 June 2020

31 DECEMBER 2019	Note	Carrying Amount					Fair Value			
		Designated at fair value	Fair value hedging instruments	Loans and receivables	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial assets measured at fair value										
Equity securities / unlisted options		13,559	-	-	-	13,559	2,706	10,853	-	13,559
Foreign currency swap		103	-	-	-	103	-	103	-	103
Loans and advances		-	-	145,969	-	145,969	-	-	145,969	145,969
		13,662	-	145,969	-	159,631	2,706	10,956	145,969	159,631
Financial assets not measured at fair value										
Trade and other receivables	11.	-	-	167,958	-	167,958	-	-	-	-
Cash and cash equivalents	10.	-	-	195,137	-	195,137	-	-	-	-
Loans and advances	12.	-	-	397,520	-	397,520	-	-	-	-
		-	-	760,615	-	760,615	-	-	-	-
Financial liabilities measured at fair value										
Interest rate swaps used for hedging		-	380	-	-	380	-	380	-	380
		-	380	-	-	380	-	380	-	380
Financial liabilities not measured at fair value										
Trade and other payables	14.	-	-	-	242,701	242,701	-	-	-	-
Deposits and borrowings	15.	-	-	-	559,430	559,430	-	-	-	-
		-	-	-	802,131	802,131	-	-	-	-

b. Accounting classifications and fair values

The following shows the valuation techniques used in measuring level 1, 2 and 3 values, as well as the significant unobservable inputs used.

Level 1 - Equity securities - the valuation is based on quoted prices in active markets for identical assets and liabilities.

Level 2 - Unlisted options - the valuation technique uses observable inputs. The observable inputs include strike price, expiry date and market price. The valuation is based on Black Scholes model.

Level 2 - Interest rate swaps - the fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

Level 2 - Currency swaps - the fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high quality yield curves in the respective currencies.

Level 3 - Loans and advances – the fair value is based on the option value used to mitigate the risk on the limited recourse margin loans and the interest rate implicit in the loan.

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Bell Financial Group Limited
Notes to the Condensed Interim Financial Statements
For the half-year ended 30 June 2020

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17. Dividends

Dividends paid or declared by the Group to shareholders during the period were as follows:

Dividend	Per share	Total $'000	Fully Franked	Date of payment
2020				
Final 2019 ordinary	4.5 cents	14,433	Yes	18 March 2020
2019				
Final 2018 ordinary	4.25 cents	13,523	Yes	20 March 2019
Interim 2019 ordinary	3.5 cents	11,137	Yes	29 August 2019

Dividends declared by the Group to shareholders after the reporting date were as follows. These dividends have not been recognised as liabilities as at 30 June 2020:

Dividend	Per share	Total $'000	Fully Franked	Date of payment
2020				
Interim 2020 ordinary	4.0 cents	12,830	Yes	27 August 2020

18. Contributed equity

The authorised capital of the Group is $204,236,590 (2019: $204,236,590) representing 320,743,948 (2019: 320,743,948) fully paid ordinary shares. There were no shares issued during the period.

19. Subsequent events

No matters or circumstances have arisen since the end of the half-year period that in the opinion of the Directors of the Group have significantly affected or may significantly affect the operations of the Group, results of those operations, or the state of affairs of the Group in future financial years.

20. Related parties

There have been no significant changes to the arrangements with related parties. Refer to the full 2019 Annual Report for details.

21. Commitments and contingencies

The Directors are of the opinion that apart from that already provided for in the financial statements, no further provisions are required in respect of any matters, as it is not probable that a future sacrifice of economic benefits will be required or the amount is not capable of reliable measurement.

Bell Financial Group Limited
Directors' Declaration

In the opinion of the Directors of Bell Financial Group Limited (**Bell Financial**):

1. the condensed consolidated interim financial statements and notes set out on pages 6 to 21, are in accordance with the Corporations Act 2001, including:

    (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its performance for the six month period ended on that date; and

    (b) complying with Australian Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and

2. there are reasonable grounds to believe that Bell Financial will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors.



Alastair Provan
Executive Chairman
12 August 2020

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Independent Auditor's Review Report

To the shareholders of Bell Financial Group Limited

Report on the Condensed Consolidated Interim Financial Report

Conclusion

We have reviewed the accompanying ***Condensed Consolidated Interim Financial Report*** of Bell Financial Group Limited.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report of Bell Financial Group is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the ***Group's*** financial position as at 30 June 2020 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The ***Condensed Consolidated Interim Financial Report*** comprises:

- Condensed Consolidated Statement of Financial Position as at 30 June 2020;
- Condensed Consolidated Statement of Profit or Loss, Condensed Consolidated Statement of Comprehensive Income, Condensed Consolidated Statement of Changes in Equity and Condensed Consolidated Statement of Cash Flows for the half-year ended on that date;
- Notes 1 to 21 comprising a summary of significant accounting policies and other explanatory information; and
- The Directors' Declaration.

The ***Group*** comprises Bell Financial Group Limited and the entities it controlled at the half year's end or from time to time during the half-year.

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

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Responsibilities of the Directors for the Condensed Consolidated Interim Financial Report

The Directors of the Company are responsible for:

- the preparation of the Condensed Consolidated Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- such internal control as the Directors determine is necessary to enable the preparation of the Condensed Consolidated Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Condensed Consolidated Interim Financial Report

Our responsibility is to express a conclusion on the Condensed Consolidated Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Condensed Consolidated Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 30 June 2020 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Bell Financial Group Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a Condensed Consolidated Interim Financial Report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with *Australian Auditing Standards* and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

KPMG

Chris Wooden

Partner

Melbourne

12 August 2020