BELL FINANCIAL GROUP

17 February 2021

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

RESULTS FOR ANNOUNCEMENT TO THE MARKET

FOR THE FULL YEAR ENDED 31 DECEMBER 2020

In accordance with the Listing Rules, please find attached for immediate release:

1. Appendix 4E; and
2. 2020 Annual Report.

For more information, contact:
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This announcement was authorised for release by the Bell Financial Group Board.

Appendix 4E (Preliminary final report)

Results for announcement to the market
ASX Listing Rule 4.3A

Bell Financial Group Limited ABN 59 083 194 763 and its subsidiaries

Reporting period: 1 January 2020 to 31 December 2020
Previous corresponding period: 1 January 2019 to 31 December 2019

	Year ended 31 December 2020 $ '000	Year ended 31 December 2019 $ '000	
Revenue from ordinary activities	299,326	254,470	Up 17.6%
Profit from ordinary activities after tax attributable to shareholders	46,695	32,443	Up 43.9%
Net tangible assets per ordinary shares	$0.27	$0.21	

Dividend per ordinary share	**Amount per share**	**Record date**	**Payment date**
2019 Interim dividend per share	4.0 cents	20 August 2020	27 August 2020
2020 Final dividend per share (declared)	6.5 cents	4 March 2021	17 March 2021

Additional Appendix 4E disclosure requirements can be found in the 2020 Annual Report lodged separately with this document. This report is based on the consolidated financial statements which have been audited by KPMG.

ANNUAL REPORT
2020

BELL FINANCIAL GROUP

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Bell Financial Group Ltd is an Australian-based provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients. Bell Financial Group has over 730 employees, operates across 14 offices in Australia and has offices in New York, London, Hong Kong and Kuala Lumpur.

Australia

Adelaide
Brisbane
Cairns
Coolum
Geelong
Hobart
Mackay
Melbourne
Mornington
Orange
Perth
Sydney
Toowoomba

International

London
New York
Hong Kong
Kuala Lumpur

BELL FINANCIAL GROUP

Bell Potter Securities Limited

BELL POTTER BELL COMMODITIES BELL FX

Bell Potter Capital Limited

BELL POTTER CAPITAL

Third Party Platform Pty Ltd

belldirect desktopbroker

BELL POTTER ONLINE

HIGHLIGHTS

Revenue

$299.3m

18% increase on 2019

Profit After Tax

$46.7m

44% increase on 2019

Funds Under Advice

$63.9b

9% increase on 2019

Earnings Per Share

14.6¢

44% increase on 2019

Dividend Per Share

10.5¢

4 cent interim, 6.5 cent final, a 31% increase on 2019

Return on Equity

29%

32% increase on 2019

Retail and Institutional Equities
International Equities
Portfolio Administration
Futures and Foreign Exchange
Superannuation
Fixed Income

Cash
Margin Lending
Structured Products

Retail Online Broking
Wholesale Online Broking
Institutional Online Broking

OPERATING AND FINANCIAL REVIEW

1. Group

2020 was an extraordinary year. Having achieved all-time highs in February the Australian market fell 39% to an eight year low on 23 March in response to the global COVID-19 pandemic and world economies, including Australia, moving into recession. This triggered unprecedented Central Bank fiscal stimulus, rate cuts and quantitative easing precipitating a global stock market recovery with the Australian market finishing 2020 just 1.5% lower than 2019.

Working conditions throughout the year were at times difficult. However we did not apply for, nor did we receive any Government assistance. We have had at times throughout the year, particularly in Melbourne, a large percentage of our 730 staff working from home. Importantly our systems, technology, communications and remote access capability has allowed us to operate seamlessly on a business as usual footing.

Our ongoing strategy of investment in technology and development of proprietary platforms, systems, and products & services I think sets us apart. And as a result we continue to see meaningful revenue and earnings growth through scale, efficiency, better client service and access, and cost synergies.

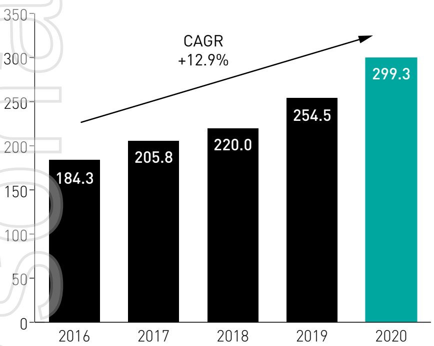
Preparation for the Group to provide third party clearing for Australian equities and derivatives continues and we initiated a pilot scheme in 2020 for Third Party Platform (TPP) to clear selected clients of Bell Potter Securities.

Against this backdrop BFG achieved a record result in 2020.

Revenue and earnings grew across each of our operating divisions. Once again our Equity Capital Markets (ECM) team was a stand-out following on from 2019 with another record year.

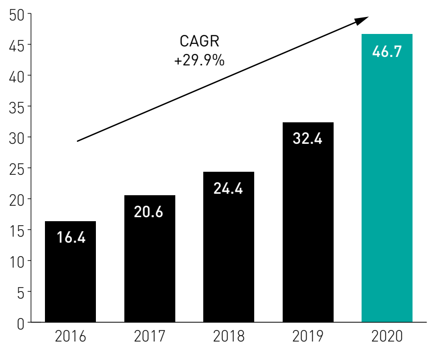
TPP's revenue and earnings grew by 35% and 64.7% respectively and at year end Group Funds Under Advice (FUA) stood at approximately $64 billion, providing an extraordinary platform for the future growth of the Group.

Revenue ($M)



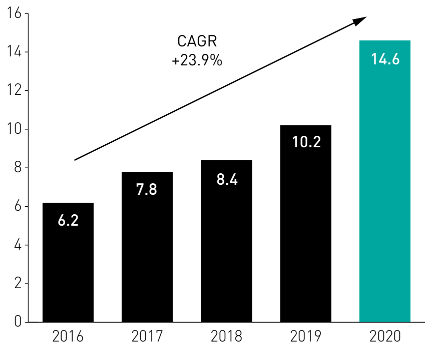
2020 Revenue of $299.3 million was up 17.6% on 2019 resulting in a five year Compound Annual Growth Rate (CAGR) of 12.9%.

NPAT ($M)



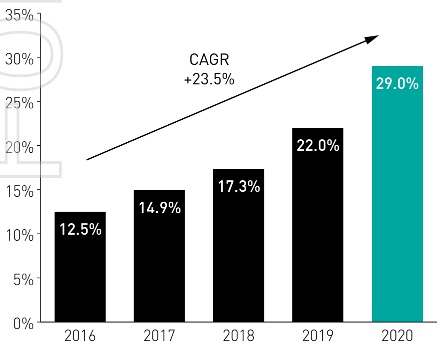
Net Profit after Tax (NPAT) has grown consistently over the past five year period. 2020 NPAT of $46.7 million was 43.9% up on 2019 resulting in a five year CAGR of 29.9%.

Earnings Per Share (Cents)



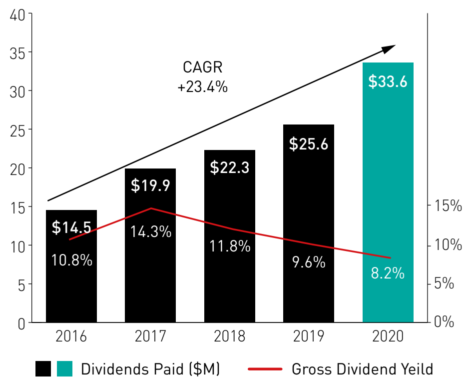
2020 Earnings Per Share (EPS) of 14.6 cents was up 43.1% on 2019 resulting in a five year CAGR of 23.9%.

Return On Equity



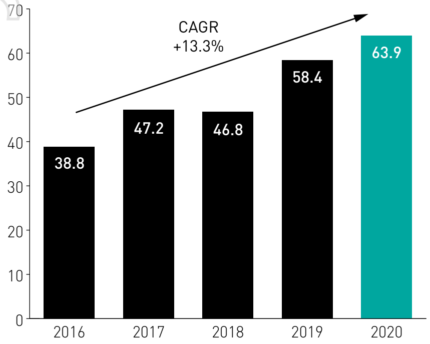
2020 Return on Equity (ROE) of 29% was up 31.8% on 2019 resulting in a five year CAGR of 23.5%.

Dividend Paid ($M)

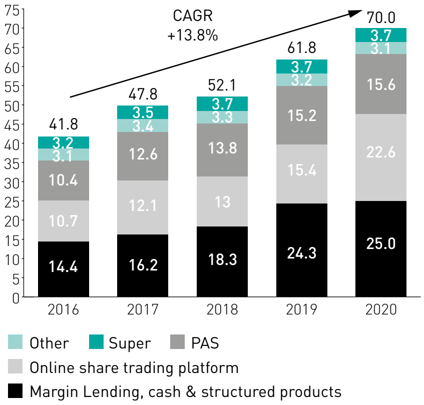


In dollar terms 2020 fully franked dividends of $33.6 million was up 31.25% on 2019 resulting in a five year CAGR of 23.4%.

Funds Under Advice ($B)



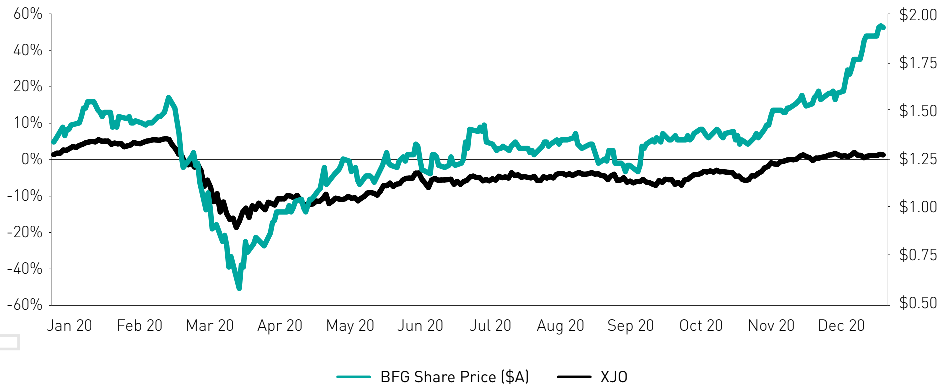
Technology & Platforms and Products & Services Revenue Breakdown ($M)



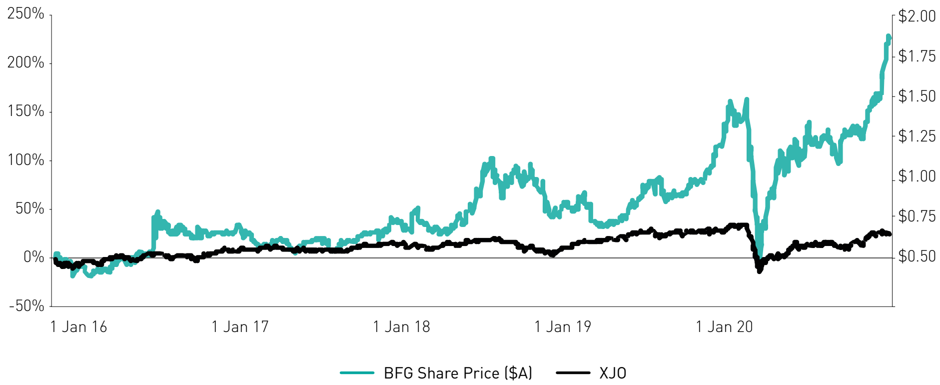
Funds under Advice (FUA) at year end of $63.9 billion was up 9.4% on 2019 resulting in a five year CAGR of 13.3%. The benchmark S&P/ASX200 index was down 1.5% in 2020.

Our strategy is one of continuous investment in proprietary platforms and technology and in-house products and services. The benefits are real and measurable, with revenue of $70 million up 13.3% on 2019 resulting in a five year CAGR of 13.8%. This now represents 23.4% of Group revenue.

BFG Share Price Movement: January 2020 – December 2020



BFG Share Price Movement: January 2016 – December 2020

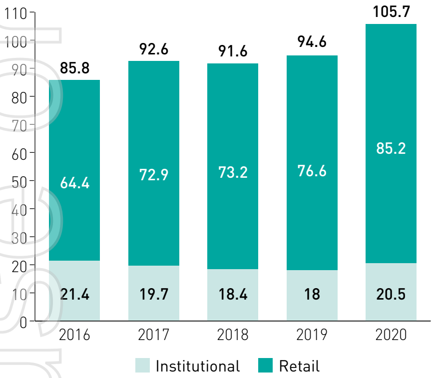


BFG share price closed at $1.82 on 31 December 2020, a 53% increase over the year. The S&P/ASX 200 (XJO) was down 1.5% over the comparative period.

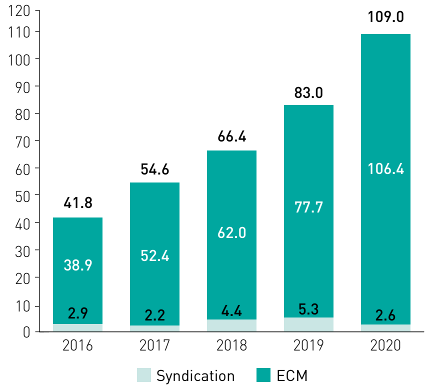
2. Broking – Retail & Institutional

Bell Potter Securities (BPS)

Brokerage Revenue (Retail & Institutional)($M)



ECM and Syndication Revenue ($M)



Brokerage from our Institutional and Retail desks, and our Futures, Foreign Exchange and Fixed Income business was $105.7 million for the year, a 11.7% increase on 2019. A very pleasing result given the challenges of the year.

Our Equity Capital Market (ECM) team had another record year.

In 2020 the team generated $109 million gross corporate revenue, a 31.4% increase on 2019.

We completed 109 transactions raising $3.4 billion in new equity capital for ASX listed companies over the year.

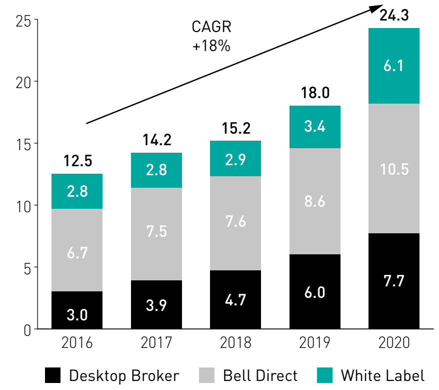
We continue to believe our ECM team, supported by our substantial retail and institutional (domestic and international) distribution network, is the market leader in the Small and Mid-Cap segment of the Australian market.

Another outstanding effort.

3. Technology & Platforms

Third Party Platform Pty Ltd (TPP)

Revenue ($M)

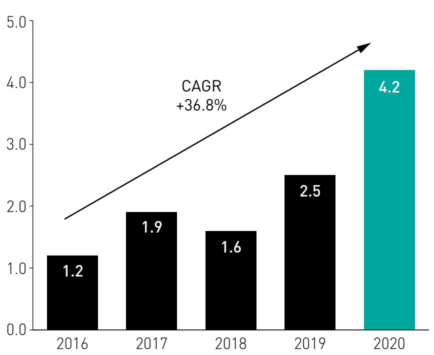


$24.3 million revenue, a 35% increase on 2019, and an 18% 5-year CAGR. All three online businesses, Bell Direct, Desktop Broker, and White Label grew strongly again in 2020.

TPP operates five distinct businesses:

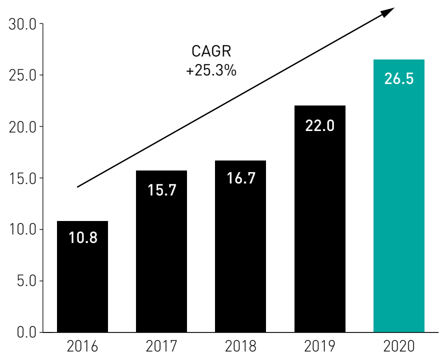
- Bell Direct – our proprietary online retail broking business
- Desktop Broker – provides execution and clearing services to the Financial Planning industry.
- White Label Online Broking – TPP's turn key online broking solution. Current clients include Macquarie, HSBC, and Bell Potter online.
- Third Party Clearing – TPP is an ASX General Participant and is preparing to provide Third Party Clearing services to the Australian stockbroking industry. TPP is currently clearing for a pilot program of Bell Potter Securities clients, and we expect to start clearing for external clients in 2021.
- Technology – Continuous development of proprietary software applications for TPP and the wider BFG Group. We anticipate this will lead to third party distribution opportunities in the future

NPAT ($M)



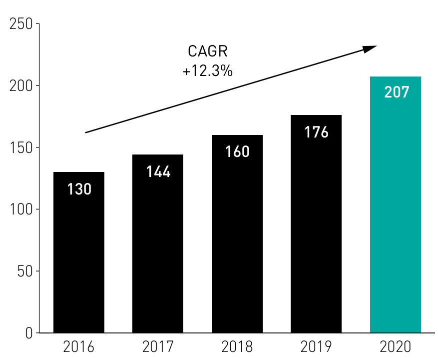
$4.2 million net profit after tax, a 64.7% increase on 2019 demonstrating the leverage to growth in revenue.

Sponsored Holdings ($B)



TPP sponsored holdings increased 20.1% on 2019, and have increased on average 25.3% per annum over the past five years.

Client Accounts ('000)

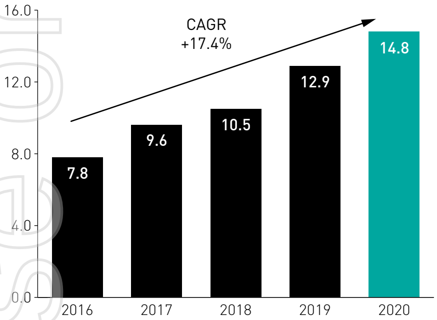


TPP client numbers increased 17.6% in 2020, and now stand at more than 207,000.

4. Products & Services

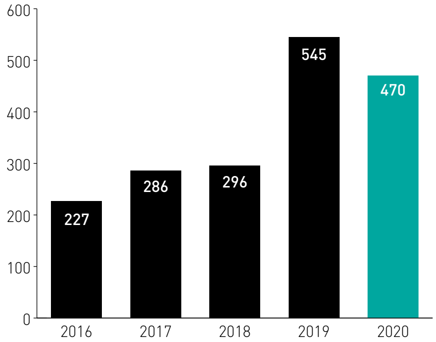
Bell Potter Capital (BPC)

Revenue ($M) Margin Lending & Cash



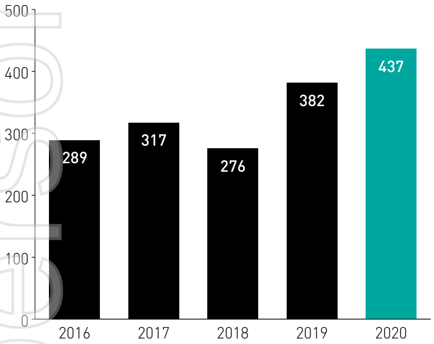
Bell Potter Capital (BPC) revenue increased 14.7% year on year to $14.8 million, and has increased on average more than 17.4% per annum over the past five years.

Loan Book ($M)

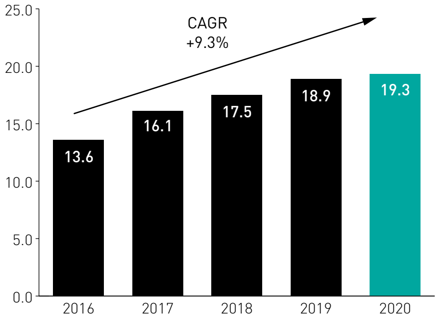


Client deleveraging resulted in a decrease in the size of the loan book and a corresponsding increase in the cash book.

Cash Book ($M)



Revenue PAS & Super Solutions ($M)



Portfolio Administration Services (PAS) and Superannuation products is an area in which we continue to invest. Funds under Advice on PAS and Superannuation now exceed $4.0 billion and generate more than $19 million in revenue.

5. Growth Through Investment In Proprietary Technology, Platforms, Products & Services

We have a simple strategy. Growth through our traditional full service broking businesses augmented by investment in leading edge technology through our ongoing commitment to the continuous development of our proprietary systems and platforms and suite of products and services.

Our investment in technology, platforms, products and services benefits not only our internal broking businesses, it has broader application for third parties in the Australian financial services and broking market.

Systems and Platforms

FUSION	**FUSION** – In-house desktop application covering all aspects of adviser day-to-day functions
	IQ – Price discovery and trade execution platform.
THIRD PARTY PLATFORM	**TPP** – Market leading fully integrated online trading platform

Products & Services

- Bell Potter Portfolio Administration Service (PAS)
- Bell Potter Personal Superannuation Solutions
- Bell Financial Trust
- Bell Potter Portfolio Lending
- Bell Potter Capital Structured Loan Products
  - Bell Geared Equities Investment
  - Bell Equity Lever

OUTLOOK

2020 was an outstanding year for BFG. It was in many ways surprising given the market volatility at the start of the year and the disruption caused by the COVID-19 pandemic. But I do feel our result reflects the strength and simplicity of our business model which has stood the test of time through many different market cycles since 1970.

Predicting how 2021 will pan out is hard if not impossible. What we can say is that Government support and Central Bank stimulus appear to be ongoing. And the current ultra-low interest rate and benign inflation environment is set to be with us for the foreseeable future. So despite some sectors having run hard in terms of valuation equity markets should remain buoyant.

As far as BFG is concerned 2020 has rolled seamlessly into 2021. Obviously it is very early days but we have had an excellent start to the year. Our ECM pipeline is full, our secondary market activity in both our full service and online broking business has been strong, and our Funds Under Administration continue to grow.

Once again I would like to finish by thanking all our staff and clients for their ongoing effort and support in what can only be described as an extraordinarily challenging year.

Alastair Provan
Executive Chairman

DIRECTORS' REPORT

For the year ended 31 December 2020

The Directors of Bell Financial Group Limited (Bell Financial or the Company) present their report, together with the financial report, on the consolidated entity (Group) consisting of Bell Financial and its controlled entities for the financial year ended 31 December 2020.

Board of Directors

The names and details of the Directors of the Company holding office during the financial year and as at the date of this report are listed below. Directors were in office for the entire period, unless otherwise stated.

Alastair Provan

Mr Provan is the Executive Chairman of Bell Financial and he is responsible for the day-to-day management of all businesses within the Group. Mr Provan was appointed as Executive Chairman of Bell Financial in August 2019. Prior to that he was the Managing Director. Mr Provan joined Bell Commodities in 1983 and held a number of dealing and management roles prior to becoming Managing Director in 1989.

Graham Cubbin

BEcon (Hons), FAICD

Mr Cubbin is an Independent Director. He is also Chairman of the Group Risk and Audit Committee. Mr Cubbin was appointed to the Board in September 2007. Mr Cubbin was a senior executive with Consolidated Press Holdings Limited (CPH) from 1990 until September 2005, including Chief Financial Officer for 13 years. Prior to joining CPH, he held senior finance positions with a number of major companies including Capita Financial Group and Ford Motor Company. Mr Cubbin has over 20 years' experience as a Director and Audit Committee member of public companies in Australia and the US. He is a Non-Executive Director of Teys Australia Pty Ltd.

Other listed companies – past three years

Chairman, McPherson's Limited (September 2010-present)

Non-Executive Director, WPP AUNZ Limited (May 2008-present)

Non-Executive Director, White Energy Company Limited (February 2010-present)

Non-Executive Director, Challenger Limited (January 2004-October 2018)

Brian Wilson AO

MComm (Hons), Hon DUniv

Mr Wilson is an Independent Director. He is also a member of the Group Risk and Audit Committee. Mr Wilson was appointed to the Board in October 2009. He is a Senior Advisor to The Carlyle Group and Chairman of the UTS Foundation. Mr Wilson is the former Chairman of Australia's Foreign Investment Review Board, a former Chancellor of University of Technology Sydney and a former member of the Payments System Board of the Reserve Bank of Australia. He was a member of the Commonwealth Government Review of Australia's Superannuation System and a member of the ATO Superannuation Reform Steering Committee. Mr Wilson retired in 2009 as a Managing Director of the global investment bank Lazard, after co-founding the firm in Australia in 2004 and prior to that was a Vice-Chairman of Citigroup Australia and its predecessor companies.

For personal use only

Christine Feldmanis
BComm, MAppFin, SFFin, TFASFA, FAICD, CPA, CSA, AGIA, JP

Ms Feldmanis is a Non-Executive Director and was appointed to the Board on 21 February 2020. She has more than 30 years of experience in the financial arena, with both government and private sectors. Ms Feldmanis has extensive experience in investment management, finance, accounting and risk management, legal and regulatory compliance, governance and business building in both the listed and unlisted financial products markets. She is currently a Non-Executive Director and Chair of the Audit and Risk Committees of Omni Bridgeway Ltd (formerly IMF Bentham Ltd), Rabobank Australia Ltd, FIIG Securities Ltd, Utilities of Australia Pty Ltd and Hunter Water Corporation, and is Chair of Bell Asset Management Ltd. Ms Feldmanis formerly held senior executive and C suite positions with firms including Deloitte, Elders Finance, Bankers Trust, NSW TCorp and Treasury Group Limited.

Other listed companies – past three years

Non-Executive Director, Omni Bridgeway Ltd (May 2008-present)

Non-Executive Director, Perpetual Equity Investment Company Ltd (September 2014-October 2020)

Craig Coleman
BComm

Mr Coleman was appointed to the Board in July 2007 and retired on 17 February 2021. He was an Independent Director and a member of the Group Risk and Audit Committee throughout the year ended 31 December 2020 and up to 17 February 2021. Mr Coleman is Executive Chairman of private and public equities fund manager, Viburnum Funds Pty Ltd. Previously, he was Managing Director and a Non-Executive Director of Home Building Society Limited. Prior to joining Home Building Society, Mr Coleman held a number of senior executive positions and directorships with ANZ, including Managing Director – Banking Products, Managing Director – Wealth Management and Non-Executive Director of Etrade Australia Limited.

Other listed companies – past three years

Chairman, Sports Entertainment Group Ltd (November 2017-present)

Chairman, Universal Biosensors Inc (June 2016-present)

Chairman, Rubik Financial Limited (December 2006-May 2017)

Non-Executive Director, Pulse Health Limited (January 2010-May 2017)

Principal activities

Bell Financial is an Australian-based provider of stockbroking, investment and financial advisory services to private, institutional and corporate clients. The Group is also a developer of proprietary technology, platforms, products and services for the Australian stockbroking market. With over 730 employees, Bell Financial operates across 14 offices in Australia and has offices in New York, London, Hong Kong and Kuala Lumpur.

Review and results of operations

Information on the operations and financial position of the Group is set out in our Operating and Financial Review on pages 2 to 7.

At the date of issue of this 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 indices is uncertain and Bell Financial Group continues to monitor this situation.

Dividends

On 17 February 2021, the Directors resolved to pay a fully franked final dividend of 6.5 cents per share.

Dividends paid to shareholders during the year ended 31 December 2020 were as follows:

Dividend	Per share	Total $'000	Fully Franked	Date of payment
Final 2019 ordinary	4.5 cents	14,433	Yes	18 March 2020
Interim 2020 ordinary	4.0 cents	12,830	Yes	27 August 2020

Significant changes in the state of affairs

There were no significant changes in Bell Financial's state of affairs or the nature of its principal activities during the financial year ended 31 December 2020.

Business strategies, prospects and likely developments

The Operating and Financial Review sets out key information on Bell Financial's operations and financial position, and provides an overview of its business strategies and prospects for future financial years. Details likely to result in unreasonable prejudice to the Group (e.g. information that is commercially sensitive, confidential or which could give a third party a commercial advantage) have not been included.

Events after the end of the financial year

There has not arisen in the interval between the end of the financial year and the date of this report, any matter or circumstance that has significantly affected, or may significantly affect, in the opinion of the Directors of Bell Financial:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

Directors' meetings

The number of Board and Committee meetings held during the year that each Director was eligible to attend, and the number of meetings attended by each Director were:

	Board		Group Risk and Audit Committee		
Director	Held	Attended	Held	Attended	Observed
Alastair Provan	5	5	4	-	4
Graham Cubbin	5	5	4	4	-
Brian Wilson AO	5	5	4	4	-
Christine Feldmanis[1]	5	4	4	-	3
Craig Coleman[2]	5	5	4	4	-

1. Christine Feldmanis was appointed to the Board on 21 February 2020.
2. Craig Coleman retired from the Board on 17 February 2021.

Directors' shareholdings in Bell Financial Group

As at the date of this report, the relevant interests of each Director in BFG ordinary shares, as notified to the ASX in accordance with the Corporations Act, are set out below. No Directors held options over BFG shares during the year ended 31 December 2020.

Director	Fully paid ordinary shares	Deemed relevant interest	Total
Alastair Provan[1]	4,999,070	146,230,350	151,229,420
Graham Cubbin	216,000	-	216,000
Brian Wilson AO	1,200,000	-	1,200,000
Christine Feldmanis	50,000	-	50,000
Craig Coleman	2,176,740	-	2,176,740

1. Bell Group Holdings Pty Limited (BGH) holds 143,998,350 BFG ordinary shares. BGH's wholly-owned subsidiary, Bell Securities Pty Limited (BSPL) holds 2,232,000 BFG ordinary shares. Alastair Provan holds more than 20% of BGH and therefore under the Corporations Act is deemed to have a relevant interest in the 146,230,350 BFG ordinary shares held by BGH and BSPL.

Company Secretary

Cindy-Jane Lee, BEc, LLB, GAICD was appointed as Company Secretary on 10 January 2014 and is also the Group's General Counsel. Before joining Bell Financial, Ms Lee held the position of Regional Legal Counsel, South Asia with Mercer. Ms Lee has over 20 years' experience in corporate and financial services law working in law firms and multinational companies in Australia, London and Singapore. Ms Lee holds a Bachelor of Economics and a Bachelor of Laws from Monash University.

Corporate Governance

Bell Financial recognises the importance of good corporate governance. As required under the ASX listing rules, Bell Financial has a Corporate Governance Statement which has been lodged with the ASX, disclosing the extent to which it has followed the recommendations set by the ASX Corporate Governance Council during the reporting period. A copy of our Corporate Governance Statement is located at the Corporate Governance section of our website: www.bellfg.com.au/#corporate-governance. Copies of the Board Charter, Code of Conduct, Group Risk and Audit Committee Charter, Diversity Policy, Disclosure and Communication Policy, Description of Risk Management Policy and Framework, Trading Policy and Whistleblower Policy are also located here.

Directors' and officers' indemnity and insurance

Bell Financial has agreed to indemnify the Directors against all liabilities to another person (other than Bell Financial or a related entity) that may arise from their position as officers of Bell Financial or its controlled entities, except where the liability arises out of conduct including a lack of good faith. Except for the above, neither Bell Financial nor any of its controlled entities has indemnified any person who is or has been an officer or auditor of Bell Financial or its controlled entities. Since the end of the previous financial year Bell Financial has paid a premium for an insurance policy for the benefit of the Directors, officers, company secretaries and senior executives. The insurance policy prohibits disclosure of the premium payable under the policy and the nature of the liability covered.

Environmental regulation

The operations of the Group are not subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory.

Non-audit services

During the year, Bell Financial's auditor, KPMG, performed certain other services in addition to its statutory auditor duties. Details of the amounts paid to KPMG for audit and non-audit services during the year are set out in Note 38 of the Financial Statements.

The Directors are satisfied, based on advice provided by the Group Risk and Audit Committee, that the provision of these non-audit services during the year by the auditor is compatible with, and does not compromise, the general standard of independence for auditors imposed by the *Corporations Act 2001*, for the following reasons:

- services provided during the year are not considered to be materially in conflict with the role of the auditor; and
- the Directors are unaware of any matter relating to the provision of non-audit services which would impair the impartial and objective judgement of the auditor.

A copy of the Lead Auditor's Independence Declaration is set out on page 17.

Remuneration Report (audited)

This Remuneration Report describes Bell Financial's 'Key Management Personnel' (KMP) remuneration arrangements as required by the Corporations Act.

1. KMP

Bell Financial's KMP during the reporting period were:

Directors

Alastair Provan	Executive Chairman
Graham Cubbin	Independent Director
Brian Wilson AO	Independent Director
Christine Feldmanis[1]	Non-Executive Director
Craig Coleman[2]	Independent Director

Senior Executives

Lewis Bell	Head of Compliance
Andrew Bell	Executive Director – Bell Potter Securities Ltd
Dean Davenport	Chief Financial Officer
Rowan Fell	Chief Executive Officer – Bell Potter Capital Ltd

1. Christine Feldmanis was appointed to the Board on 21 February 2020.
2. Craig Coleman retired from the Board on 17 February 2021.

In this report, 'Executive KMP' refers to the above persons excluding Non-Executive Directors.

2. Overview of remuneration policy and framework

Bell Financial remunerates Executive KMP and other executives, management and advisers by one or more of fixed salary, commission entitlements and other short-term and long-term incentives. Non-Executive Directors receive a fixed fee and the superannuation guarantee rate only for their role on the Board. Where remuneration is linked to performance, net profit/(loss) after tax and Earnings per Share are key performance measures, in addition to individual objectives. In considering the Group's performance and benefits for shareholder wealth, the Board has regard to the following financial indicators in respect of the current financial year and previous financial years.

	2016	2017	2018	2019	2020
Net profit/(loss) after tax $'000	$16,905	$21,443	$24,737	$32,443	**$46,695**
Share price at year end $	$0.725	$0.75	$0.85	$1.19	**$1.82**
Earnings per Share (cents)	6.2	7.8	8.4	10.2	**14.6**
Dividends paid $'000	$12,502	$15,196	$23,312	$24,660	**$27,263**

The Company has established two equity-based plans to assist in the attraction, retention and motivation of Executive KMP, management and employees of the Company, the Long-Term Incentive Plan (LTIP) and the Employee Share Acquisition (Tax Exempt) Plan. Each plan contains customary and standard terms for dealing with the administration of an employee share plan, and the termination and suspension of the plan. Participants in the plans must not enter into a transaction or arrangement or otherwise deal in financial products which operate to limit the economic risk of the unvested Bell Financial securities issued under the plans.

3. Fixed compensation

Fixed compensation consists of base compensation as well as employer contributions to superannuation funds. Compensation levels are reviewed annually through a process that considers individual performance and that of the overall Group.

4. Commission

Commission entitlements are determined by the Board from time to time and aim to align the remuneration of Executive KMP and advisers with the Company's performance. Certain executives and advisers are paid a commission based on revenue generated by the individual during the year. This creates a strong incentive for key executives and advisers to maximise the Company's revenue and performance.

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5. Performance linked compensation

Performance linked compensation includes both short-term and long-term incentives and is designed to reward Executive KMP for meeting or exceeding their financial and individual objectives. The short-term incentive is an 'at risk' bonus provided in the form of cash and or shares, while the long-term incentive is provided as options or performance rights over ordinary shares of the Company.

6. Short-term incentive bonus

The Company may pay Executive KMP and other executives a short-term incentive (STI) annually. The Board is responsible for determining who is eligible to participate in STI arrangements, as well as the structure of those arrangements.

There are two types of STI arrangements, being:

- the STI payable to executives who are not remunerated by reference to commission, which is a discretionary annual cash bonus and or shares determined based on the Company's financial performance during the year, key performance indicators, industry competitive measures and individual performance over the period; and
- the STI payable to the Executive Chairman, which is a discretionary annual cash bonus, up to three times annual salary, determined based on the Company's financial performance during the year, key performance indicators and individual performance over the period.

These STI arrangements aim to ensure that executive remuneration is aligned with the Company's financial performance and growth.

7. Long-term incentive plan (LTIP)

The LTIP is part of the Company's remuneration strategy and is designed to align the interests of the Company's Executive KMP, other executives and advisers with the interests of shareholders to assist the Company in the attraction, motivation and retention of Executive KMP, other executives and advisers. In particular, the LTIP is designed to provide relevant Executive KMP, other executives and advisers with an incentive for future performance, with conditions for the vesting and exercise of the options or performance rights under the LTIP, therefore encouraging them to remain with the Company and contribute to its future performance.

Eligible persons participating may be granted options or performance rights on the terms and conditions in the LTIP rules and as determined by the Board from time to time. An option or performance right is a right, subject to the satisfaction of the applicable vesting conditions and exercise conditions, to subscribe for a share in the Company.

If persons become entitled to participate in the LTIP and their participation requires approval under Chapter 10 of the ASX listing rules, they will not participate in the LTIP until that shareholder approval is received.

No options or performance rights were granted under the LTIP in 2020 and 2019.

8. Service agreements

8.1 Executive Chairman

Bell Financial entered into a service agreements with its Executive Chairman, Alastair Provan effective from listing in December 2007. This agreement sets out the terms of his appointment, including responsibilities, duties, rights and remuneration.

A summary of Mr Provan's remuneration including benefits under the short-term and long-term incentive plans is set out in the KMP remuneration table in Section 8.4.

Bell Financial may terminate Mr Provan's service agreement on 12 months' notice, or immediately for cause. If his agreement is terminated on 12 months' notice, Bell Financial has agreed to vest early any unvested options under the LTIP and to allow their early exercise. Mr Provan may terminate his service agreement on six months' notice. He has entered into non-competition covenants with Bell Financial which operate for six months from termination of his service agreement.

8.2 Senior Executives

All key executives are permanent employees of Bell Financial. Each executive has an employment contract with no fixed end date. Any executive may resign from their position by giving four weeks' written notice. The Company may terminate an employment contract by providing written notice and making payment in lieu of notice in accordance with the Company's termination policies. The Company may terminate an employment contract at any time for serious misconduct.

Remuneration Report (audited) continued

8. Service agreements continued

8.3 Non-Executive Directors

On appointment to the Board, each Non-Executive Director was provided with a letter of appointment setting out the terms of their appointment, including responsibilities, duties, rights and remuneration, relevant to the office of director. Non-Executive Directors do not receive bonuses, incentive payments or equity-based pay. They receive a fixed annual fee inclusive of compulsory superannuation contributions. Their remuneration for the reporting period was:

Name	Directors' fees $	Superannuation $	Total $
Brian Wilson AO	91,324	8,676	100,000
Graham Cubbin	91,324	8,676	100,000
Christine Feldmanis[1]	85,641	-	85,641
Craig Coleman[2]	91,324	8,676	100,000

1. Christine Feldmanis was appointed to the Board on 21 February 2020.
2. Craig Coleman retired from the Board on 17 February 2021.

8.4 KMP remuneration

Details of the remuneration of each KMP are tabled below.

		Short-term			
Directors		**Salary & fees $**	**STI cash bonus $**	**Non-monetary benefits $**	**Total**
Executive Directors					
Alastair Provan, Executive Chairman	**2020**	**522,927**	**500,000**	**-**	**1,022,927**
	2019	523,508	350,000	-	873,508
Non-Executive Directors					
Graham Cubbin	**2020**	**91,324**	**-**	**-**	**91,324**
	2019	91,324	-	-	91,324
Brian Wilson AO	**2020**	**91,324**	**-**	**-**	**91,324**
	2019	91,324	-	-	91,324
Christine Feldmanis	**2020**	**85,641**	**-**	**-**	**85,641**
	2019	-	-	-	-
Craig Coleman	**2020**	**91,324**	**-**	**-**	**91,324**
	2019	91,324	-	-	91,324
Total compensation: Directors (consolidated)	**2020**	**882,540**	**500,000**	**-**	**1,382,540**
	2019	797,480	350,000	-	1,147,480
Senior Executives					
Lewis Bell, Head of Compliance	**2020**	**368,154**	**-**	**-**	**368,154**
	2019	368,735	-	-	368,735
Andrew Bell, Executive Director of Bell Potter Securities	**2020**	**420,907**	**-**	**-**	**420,907**
	2019	505,563	-	-	505,563
Dean Davenport, Chief Financial Officer	**2020**	**311,539**	**200,000**	**-**	**511,539**
	2019	277,439	200,000	-	477,439
Rowan Fell, Chief Executive Officer of Bell Potter Capital	**2020**	**288,500**	**550,000**	**-**	**838,500**
	2019	270,731	550,000	-	820,731
Total compensation: Executives (consolidated)	**2020**	**1,389,100**	**750,000**	**-**	**2,139,100**
	2019	1,422,468	750,000	-	2,172,468

See footnotes on page 12.

Post-employment						
Superannuation benefits $	Other long term $	Termination benefits $	Share-based payments $	Total $	Proportion of remuneration performance related %	Value of options as proportion of remuneration %
21,348	**-**	**-**	**-**	**1,044,275**	**48%**	**0%**
20,767	-	-	-	894,275	39%	0%
8,676	**-**	**-**	**-**	**100,000**	**0%**	**0%**
8,676	-	-	-	100,000	0%	0%
8,676	**-**	**-**	**-**	**100,000**	**0%**	**0%**
8,676	-	-	-	100,000	0%	0%
-	**-**	**-**	**-**	**85,641**	**0%**	**0%**
-	-	-	-	-	0%	0%
8,676	**-**	**-**	**-**	**100,000**	**0%**	**0%**
8,676	-	-	-	100,000	0%	0%
47,376	**-**	**-**	**-**	**1,429,916**	**35%**	**0%**
46,795	-	-	-	1,194,275	19%	0%
21,348	**-**	**-**	**-**	**389,502**	**0%**	**0%**
20,767	-	-	-	389,502	0%	0%
12,655	**-**	**-**	**-**	**433,562**	**100%**	**0%**
33,555	-	-	-	539,118	100%	0%
25,000	**13,461**	**-**	**59,500**	**609,500**	**43%**	**0%**
25,447	47,114	-	48,000	598,000	41%	0%
25,000	**16,500**	**-**	**-**	**880,000**	**63%**	**0%**
25,000	34,269	-	-	880,000	63%	0%
84,003	**29,961**	**-**	**59,500**	**2,312,564**	**54%**	**0%**
104,769	81,383	-	48,000	2,406,620	56%	0%

Remuneration Report (audited) continued

8. Service agreements continued

8.5 Options and equity instruments

No options over the Company's shares or other equity instruments are held by KMP.

9. Loans to KMP and their related parties

All loans to KMP and their related parties are margin loans provided in the ordinary course of business on standard terms and conditions that are no more favourable than those provided to other employees or clients, including the interest rate and security required. Details on the aggregate loans provided to KMP and their related parties are as follows.

	31 Dec 2020 $
Opening balance	2,273,518
Closing balance[1]	1,896,810
Interest charged	67,056

1. The aggregate loan amount at the end of the reporting period includes loans to 5 KMP and their related parties.

Details of KMP (including their related parties) with an aggregate of loans above $100,000 during the reporting period are as follows:

	Balance 1 Jan 20 $	Balance 31 Dec 20 $	Interest paid and payable in period $	Highest balance in period[1] $
Lewis Bell	-	100,965	7,372	1,385,589
Andrew Bell	300,000	404,494	11,136	696,558
Rowan Fell	1,055,965	861,383	27,644	1,627,186
Dean Davenport	126,449	176,093	4,752	176,668
Craig Coleman	791,104	353,875	16,152	796,054

1. Represents the highest loan balance during the reporting period for the individual KMP. All other items in the table relate to KMP and their related parties.

Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 17 and forms part of the Directors' Report for the financial year ended 31 December 2020.

Rounding of amounts

Bell Financial is an entity to which *ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 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 17 February 2021 in accordance with a resolution of the directors.

Alastair Provan
Executive Chairman

17 February 2021

LEAD AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 31 December 2020

KPMG

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

To the Directors of Bell Financial Group Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit of Bell Financial Group Limited for the financial year ended 31 December 2020 there have been:

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

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

KPMG

KPMG

Chris Wooden

Partner

Melbourne

17 February 2021

STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2020

	Note	Consolidated $'000 2020	Consolidated $'000 2019
Rendering of services	6, 7	**271,465**	227,462
Finance income	10	**24,967**	24,318
Investment gains/(losses)	8	**2,541**	2,030
Other income	9	**353**	660
Total revenue		**299,326**	254,470
Employee expenses	11	**(175,148)**	(152,153)
Depreciation and amortisation expenses	16,17, 31	**(11,177)**	(10,370)
Occupancy expenses		**(3,075)**	(2,770)
System and communication expenses		**(10,003)**	(9,840)
Market information expenses		**(7,012)**	(7,051)
ASX & Other clearing expenses		**(5,924)**	(4,863)
Professional expenses		**(3,351)**	(2,137)
Finance expenses	10	**(5,850)**	(7,740)
Other expenses		**(10,786)**	(11,046)
Total expenses		**(232,326)**	(207,970)
Profit/(loss) before income tax		**67,000**	46,500
Income tax expense	12	**(20,305)**	(14,057)
Profit/(loss) for the year		**46,695**	32,443
Attributable to:			
Equity holders of the Company		**46,695**	32,443
Non-controlling interests		**-**	-
Profit/(loss) for the year		**46,695**	32,443
Earnings per share:		**Cents**	**Cents**
Basic earnings per share	28	**14.6**	10.2
Diluted earnings per share	28	**14.6**	10.2

The notes on pages 23 to 60 are an integral part of these Consolidated Financial Statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

	Consolidated $'000	
	2020	**2019**
Profit for the year	**46,695**	32,443
Other comprehensive income/(loss)		
Items that may be classified to profit or loss		
Change in fair value of cash flow hedge	**142**	(305)
Foreign operations – foreign currency translation differences	**(356)**	103
Other comprehensive income/(loss) for the year, net of tax	**(214)**	(202)
Total comprehensive income for the year	**46,481**	32,241
Attributable to:		
Equity holders of the Company	**46,481**	32,241
Non-controlling interests	**-**	-
Total comprehensive income for the year	**46,481**	32,241

Other movements in equity arising from transactions with owners are set out in note 26.

The notes on pages 23 to 60 are an integral part of these Consolidated Financial Statements.

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	Consolidated $'000 2020	2019
Assets			
Cash and cash equivalents	13	**284,043**	195,137
Trade and other receivables	14	**129,998**	167,958
Prepayments		**1,028**	930
Financial assets	15	**15,645**	13,559
Derivative assets	30	**105**	103
Loans and advances	19	**469,076**	543,489
Right of use assets	31	**16,122**	22,801
Deferred tax assets	18	**4,140**	4,420
Property, plant and equipment	16	**1,957**	1,104
Goodwill	17	**130,413**	130,413
Intangible assets	17	**13,761**	12,497
Total assets		**1,066,288**	1,092,411
Liabilities			
Trade and other payables	20	**267,785**	245,611
Deposits and borrowings	21	**477,476**	559,430
Current tax liabilities	22	**4,056**	2,152
Lease liabilities	31	**22,357**	30,568
Derivative liabilities	30	**238**	380
Employee benefits	24	**62,935**	42,966
Provisions	23	**500**	-
Total liabilities		**835,347**	881,107
Net assets		**230,941**	211,304
Equity			
Contributed equity	26	**204,237**	204,237
Other equity	26	**(28,858)**	(28,858)
Reserves	26	**177**	691
Retained earnings	26	**55,385**	35,234
Total equity attributable to equity holders of the Company		**230,941**	211,304

The notes on pages 23 to 60 are an integral part of these Consolidated Financial Statements.

STATEMENT OF CHANGES IN EQUITY

	Share Capital $ '000	Other Equity $ '000	Treasury Shares Reserve $ '000	Share Based Payments Reserve $ '000	Cash Flow Hedge Reserve $ '000	Foreign Currency Reserve $ '000	Retained Earnings $ '000	Total Equity $ '000
Balance at 1 January 2019	204,237	(28,858)	(1,312)	1,218	(75)	668	27,451	203,329
Total comprehensive income								
Profit/(loss) for the year	-	-	-	-	-	-	32,443	32,443
Other comprehensive income								
Change in fair value of cash flow hedges	-	-	-	-	(305)	-	-	(305)
Translation of foreign currency reserve	-	-	-	-	-	103	-	103
Total other comprehensive income	-	-	-	-	(305)	103	-	(202)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**(305)**	**103**	**32,443**	**32,241**
Transactions with owners, directly in equity								
Transfer of retained earnings	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-
Share based payments	-	-	-	46	-	-	-	46
Employee share awards exercised	-	-	1,603	(1,255)	-	-	-	348
Decrease in other equity	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(24,660)	(24,660)
Balance at 31 December 2019	**204,237**	**(28,858)**	**291**	**9**	**(380)**	**771**	**35,234**	**211,304**
Balance at 1 January 2020	**204,237**	**(28,858)**	**291**	**9**	**(380)**	**771**	**35,234**	**211,304**
Total comprehensive income								
Profit/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**46,695**	**46,695**
Other comprehensive income								
Change in fair value of cash flow hedges	**-**	**-**	**-**	**-**	**142**	**-**	**-**	**142**
Translation of foreign currency reserve	**-**	**-**	**-**	**-**	**-**	**(356)**	**-**	**(356)**
Total other comprehensive income	**-**	**-**	**-**	**-**	**142**	**(356)**	**-**	**(214)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**142**	**(356)**	**46,695**	**46,481**
Transactions with owners, directly in equity								
Transfer of retained earnings	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Purchase of treasury shares	**-**	**-**	**(7)**	**-**	**-**	**-**	**-**	**(7)**
Share based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Employee share awards exercised	**-**	**-**	**426**	**-**	**-**	**-**	**-**	**426**
Decrease in other equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issuance of share based payment	**-**	**-**	**(710)**	**(9)**	**-**	**-**	**719**	**-**
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**(27,263)**	**(27,263)**
Balance at 31 December 2020	**204,237**	**(28,858)**	**-**	**-**	**(238)**	**415**	**55,385**	**230,941**

The notes on pages 23 to 60 are an integral part of these Consolidated Financial Statements.

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

	Note	Consolidated $'000 2020	2019
Cash flows from/(used in) operating activities			
Cash receipts from customers and clients		**287,527**	241,953
Cash paid to suppliers and employees		**(195,018)**	(211,249)
Net cash from client related receivables and payables		**41,578**	8,583
Cash generated from operations[1]		**134,087**	39,287
Dividends received		**22**	5
Interest received		**25,064**	24,361
Interest paid		**(5,850)**	(7,740)
Income taxes paid		**(18,122)**	(8,895)
Net cash from operating activities	25	**135,201**	47,018
Cash flows from/(used in) investing activities			
Net proceeds from sale of investments		**6,444**	238
Acquisition of property, plant and equipment		**(1,589)**	(778)
Acquisition of other investments		**(6,634)**	(9,213)
Net cash used in investing activities		**(1,779)**	(9,753)
Cash flows from/(used in) financing activities			
Dividends paid		**(27,263)**	(24,660)
On market share purchases		**(7)**	-
Payment of lease liabilities		**(9,902)**	(9,313)
Bell Potter Capital (Margin Lending)			
Deposits from client cash balances		**55,046**	105,989
Drawdown of margin loans		**74,610**	19,401
Acquisition of margin loans		**-**	(268,167)
(Repayment)/Drawdown of borrowings		**(137,000)**	141,000
Net cash used in financing activities		**(44,516)**	(35,750)
Net increase in cash and cash equivalents		**88,906**	1,515
Cash and cash equivalents at 1 January		**195,137**	193,622
Cash and cash equivalents at 31 December	13, 25	**284,043**	195,137

1. 'Cash generated from operations' includes Group cash reserves and client balances. Refer to note 13 for further information on cash and cash equivalents.

The notes on pages 23 to 60 are an integral part of these Consolidated Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

Bell Financial Group Ltd ("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 Group is a for-profit entity. Bell Financial Group Ltd is an Australian-based provider of broking, investment and financial advisory services.

1. Significant accounting policies

Set out below is a summary of significant accounting policies adopted by the Company and its subsidiaries in the preparation of the Consolidated Financial Statements.

a) Basis of preparation

Statement of compliance

The financial report is a general purpose financial report prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Accounting Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial report of the Group and the financial report of the Company comply with International Financial Reporting Standards (IFRS) and interpretations adopted by the International Accounting Standards Board (IASB).

The Financial Statements were approved by the Board of Directors on 17 February 2021.

The accounting policies set out below, except as noted, have been applied consistently to all periods presented in these Consolidated Financial Statements, and have been consistently applied by all entities within the consolidated entity.

Basis of measurement

These Consolidated Financial Statements have been prepared under the historical cost convention, except for financial assets and liabilities (including derivative instruments and loans) at fair value through the profit or loss.

Functional and presentation currency

These Consolidated Financial Statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group.

The Company is of a kind referred to in *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191* and in accordance with that Instrument, all financial information presented in Australian dollars has been rounded to the nearest thousand dollars unless otherwise stated.

Removal of parent entity financial statements

The Group has applied amendments to *Section 295(2)(b) of the Corporations Act 2001* that remove the requirement for the Group to lodge parent entity financial statements. Parent entity financial statements have been replaced by the specific parent entity disclosures in note 32.

b) Principles of consolidation

Operating Segment comparative amounts

2019 operating segment comparative information in note 5 have been restated to reflect the allocation of revenue and the related financial performance to align with current year's presentation.

31 December 2019	Retail $'000	Wholesale $'000	Consolidated $'000
Revenue from operations	148,936	78,526	227,462
Profit/(loss) after tax	13,293	19,150	32,443
Segment assets	999,533	92,878	1,092,411
Total assets	999,533	92,878	1,092,411
Segment liabilities	860,125	20,982	881,107
Total liabilities	860,125	20,982	881,107
Other segment details			
Interest revenue	24,318	-	24,318
Interest expense	(7,740)	-	(7,740)
Depreciation/amortisation	(8,583)	(1,787)	(10,370)

1. Significant accounting policies continued

b) Principles of consolidation continued

Business combinations

The Group applies AASB 3 *Business Combinations (2008)* and amended AASB 127 *Consolidated and Separate Financial Statements (2008)* for business combinations.

Subsidiaries

Subsidiaries are all entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date that control commenced until the date that control ceases. All controlled entities have a 31 December balance date.

Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

c) Revenue recognition

AASB 15 Revenue from Contracts with Customers

AASB 15 requires identification of discrete performance obligations within a transaction and an associated transaction price allocation to these obligations. Revenue is recognised upon satisfaction of these performance obligations, which occur when control of the goods or services are transferred to the customer.

Under AASB 15, revenue is recognised when a customer obtains control of the goods or services have been rendered. Determining the timing of the transfer of control – at a point in time or over time – requires judgement. AASB 15 specifically excludes financial instruments recognised under AASB 9 *Financial Instruments*. Revenue streams for Bell Financial are limited to fee-based revenue items such as brokerage, fee income, commissions and portfolio administration fees.

Revenue under AASB 15 is recognised when the Group satisfies the performance obligations relating to its service to a customer. The Group measures revenue based on the consideration specified in a contract with a customer. The following specific criteria must also be met before revenue can be recognised.

Rendering of services

Revenue arising from brokerage, fee income and corporate finance transactions are recognised by the Group when performance obligations under the contract with a customer are satisfied.

Brokerage is recognised at a point in time when a trade is executed and payment is received upon settlement, which is normally 2 days after the trade.

Portfolio administration fees are recognised over time as the service is provided and are collected on a quarterly basis.

Corporate fees are recognised at a point in time when the Group satisfies its performance obligation, which is usually upon the successful completion of the transaction. Payment is normally received within 7 days of the completion of the transaction.

Other revenue streams

Other revenue is recognised to the extent that it is probable that performance obligations are satisfied and the revenue can be reliably measured.

Interest income

Interest income is recognised as it accrues using the effective interest rate method, in accordance with AASB 9.

Dividend income

Dividend income is recognised when the right to receive the payment is established, in accordance with AASB 9.

d) Leases

AASB 16 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

AASB 16 *Leases* applies a single, on-balance sheet accounting model for lessees. A lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items.

As a Lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at initial application date, discounted using the incremental borrowing rate determined by the Group. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by the lease payment made.

When measuring lease liabilities for leases that were classified as operating leases, the Group discounted lease payments using its incremental borrowing rate at 1 January 2020. The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources. The weighted average rate applied is 4.1%.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

e) Statement of Cash Flows

The Statement of Cash Flows is prepared on the basis of net cash flows in relation to settlement of trades. This is consistent with the Group's revenue recognition policy whereby the entity acts as an agent and receives and pays funds on behalf of its clients, however only recognises as revenue, the Group's entitlement to brokerage commission. For the purpose of the

Statement of Cash Flows, cash and cash equivalents comprise cash at bank and on hand, investments in money market instruments maturing within less than 14 days (net of bank overdrafts) and short-term deposits with an original maturity of 3 months or less. It is important to note that the Statement of Financial Position discloses trade debtors and payables that represent net client accounts being the accumulation of gross trading.

f) Income tax

Income tax expense or benefit for the period comprises current and deferred tax. Income tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustments to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Tax consolidation

Effective 1st January 2003, the Company elected to apply the tax consolidation legislation. All current tax amounts relating to the Group have been assumed by the head entity of the tax-consolidated group, Bell Financial Group.

Deferred tax amounts in relation to temporary differences are allocated as if each entity continued to be a taxable entity in its own right.

g) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are stated with the amount of GST excluded. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities that are recoverable from, or payable to, the ATO are classified as operating cash flows.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash balances, investments in money market instruments maturing within less than 14 days and short-term deposits with original maturity of less than three months. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. Cash held in trust for clients (refer to note 13) is included as cash and cash equivalents and is included within trade and other payables.

i) Derivatives

Derivative financial instruments are contracts whose value is derived from one or more underlying price indices or other variables. They include swaps, forward rate agreements, options or a combination of all three.

Certain derivative instruments are held for trading for the purpose of making short-term gains such as FX swaps. These derivatives do not qualify for hedge accounting. The right to receive options arising from the provision of services to corporate fee clients are valued using the Black Scholes model. On disposal of options, any realised gains/losses are taken to the Statement of Profit or Loss. Derivatives are recognised at fair value and attributable transaction costs are recognised in profit or loss when incurred.

Derivative financial instruments are also used for hedging purposes to mitigate the Group's exposure to interest rate risk. The Group applied the new general hedge accounting model in AASB 9 *Financial Instruments* from 1 January 2018 (refer to note 1q (iii) for further information). Derivative financial instruments are recognised initially at fair value.

Where the derivative is designated effective as a hedging instrument, the timing of the recognition of any resultant gain or loss is dependent on the hedging designation. The Group designated interest rate swaps as cash flow hedges during the period. Details of the hedging instruments are outlined below:

1. Significant accounting policies continued

i) Derivatives continued

Cash flow hedges

Changes in the fair value of cash flow hedges are recognised directly in equity to the extent that the hedges are effective. To the extent hedges are ineffective, changes in the fair value are recognised in the profit or loss. Hedge effectiveness is tested at each reporting date and is assessed against the hedge effectiveness criteria in AASB 9.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, the hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs.

j) Impairment of assets

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Profit or Loss.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

An impairment loss, with the exception of goodwill, is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities the reversal is recognised in profit or loss.

k) Trade and other receivables

Trade debtors to be settled within 2 trading days are carried at amortised cost. Term debtors are also carried at amortised cost. Recoverability of Trade and other receivables is assessed using the lifetime expected credit loss approach.

l) Trade and other payables

Liabilities for trade creditors and other amounts are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the parent entity or Group. Trade accounts payable are normally settled within 60 days.

m) Borrowing costs

Borrowing costs are recognised using effective yield.

n) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

o) Deposits and borrowings

All deposits and borrowings are recognised at the fair value of the consideration received net of issue costs associated with the borrowings at origination and subsequently measured using effective interest method.

p) Goodwill and intangible assets

Goodwill

Goodwill on acquisition is initially measured at cost being the excess of the costs of the business combination over the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities.

Following initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying amount is impaired. An impairment loss in respect to goodwill is not reversed.

The Group has changed the composition of its CGUs. It has changed/reallocated goodwill using a relative value approach similar to that used when an entity disposes of an operation within CGU. The CGUs have been reallocated from Retail and Wholesale to Retail Broking, Institutional Broking, Technology & Platforms and Product & Services.

Bell Financial Group (BFG) provides traditional stockbroking, investment and financial advisory services to private, Institutional and corporate clients. BFG also develops proprietary technology, platforms, products and services for the Australian stockbroking market. Historically the business has been viewed and managed as two operating divisions, Wholesale and Retail. With the significant investment over a number of years in technology, platforms, products and services, revenues and profits emanating from these areas is now significant, and subject of Management focus in terms of future business decisions.

Other intangible assets

Research and development

Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Customer lists

Customer lists that are acquired by the Group, which have finite lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

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Amortisation is recognised in the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. The estimated useful lives are as follows:

	2020	2019
Software	**10 years**	10 years
Customer list	**10 years**	10 years

q) Financial instruments

All investments are initially recognised at fair value of the consideration given, plus directly attributable transaction costs. Subsequent to initial recognition, investments, which are classified as financial assets and liabilities are measured as described below.

Fair value measurement

AASB 13 *Fair Value Measurement* that establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other AASBs. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

AASB 9 *Financial Instruments*

AASB 9 sets out requirements for recognising and measuring financial assets and financial liabilities. This standard replaces AASB 139 *Financial Instruments: Recognition and Measurement*.

i. Classification and measurement of financial assets and financial liabilities

Under AASB 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVTOCI) – debt investment; FVTOCI – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under AASB 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- It is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost or FVTOCI are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

The following accounting policies apply to the subsequent measurement of financial assets held by the Group.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses (see (ii) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Business model assessment

The Group will determine the business model at the level that reflects how groups of financial assets are managed using all relevant evidence that is available at the date of the assessment, including:

- The stated policies and objectives for the portfolio and the operation of those policies in practice;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed; and
- How managers of the business are compensated.

Assessment whether contractual cash flows are solely payments of principal and interest (SPPI)

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

Measurement categories of financial assets

Cash and cash equivalents, Trade and other receivables, and Loans and advances that meets SPPI are classified and measured at amortised cost. Certain Loans and advances and other financial assets that do not meet SPPI are classified and measured at FVTPL. There were no changes in classification and measurements of the Group's financial assets for the years ended 31 December 2019 and 2020.

Modifications of financial assets and financial liabilities

Financial assets

If the terms of a financial asset are modified, the Group evaluates whether the cash flows of the modified asset are substantially different. If the cash flows are substantially different, the contractual rights to cash flows from the original financial asset are deemed to have expired. The original financial asset is derecognised and a new financial asset is recognised at fair value. The difference between the carrying amount of financial asset derecognised and the fair value of the new financial asset is recognised in profit or loss.

1. Significant accounting policies continued

q) Financial instruments continued

Financial assets continued

If the cash flows of the modified asset are not substantially different, the Group recalculates the gross carrying amount of the financial asset and recognises the derecognition as a modification gain or loss in profit or loss. If such a modification is carried out because of financial difficulties of the borrower, the gain or loss is presented together with impairment losses.

Financial liabilities

The Group derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. A new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

ii. Impairment of financial assets

Under AASB 9, loss allowances are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

For all financial assets at amortised cost, the Group measures loss allowances at an amount equal to lifetime ECLs, except for loans and advances, which are measured at 12-month ECLs where credit risk has not increased significantly since initial recognition and lifetime ECLs where credit risk has increased significantly since initial recognition.

When determining whether credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes quantitative and qualitative information and analysis based on the Group's historical experience and forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due or the expected probability of default has increased significantly.

The Group considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- The financial asset is more than 90 days past due.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses are presented separately in the Consolidated Statement of Profit or Loss and OCI. There were no impairment losses for the year ended 31 December 2020 (2019: Nil).

Trade and other receivables

ECLs are calculated based on actual historical credit loss experience. Exposures are segmented based on past events, current conditions and reasonable and supportable information about future events and economic conditions. There were no significant changes during the period to Group's exposure to credit risk and there was no significant impact to credit provisioning over trade and other receivables as at 31 December 2020.

Loans and advances

ECLs are calculated based on actual historical credit loss experience. Exposures are segmented based on past events, current conditions and reasonable and supportable information about future events and economic conditions. There were no significant changes during the period to Group's exposure to credit risk and there was no significant impact to credit provisioning over loans and advances as at 31 December 2020.

iii. Hedge accounting

The Group ensure that hedge accounting relationships are aligned with its risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness, in accordance with the requirements of AASB 9.

The Group only uses interest rate swaps to hedge exposure to fluctuations in interest rates.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Dividends

Dividends are recognised as a liability in the period in which they are declared, being appropriately authorised and no longer at the discretion of the Company.

Treasury shares

When share capital recognised as equity is repurchased, the amount of the consideration paid is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve until sold or reissued.

r) Property, plant and equipment

Property, plant and equipment is included at cost less accumulated depreciation and any impairment in value. All property, plant and equipment is depreciated over its estimated useful life, commencing from the time assets are held ready for use.

Items of property, plant and equipment are depreciated/amortised using the straight-line method over their estimated useful lives. The depreciation rates for each class of asset are as follows:

	2020	2019
Leasehold improvements	**20 – 25%**	20 – 25%
Office equipment	**20 – 50%**	20 – 50%
Furniture and fittings	**20 – 50%**	20 – 50%

s) Employee entitlements

Wages, salaries and annual leave

The provisions for entitlements to wages, salaries and annual leave expected to be settled within 12 months of reporting date represent the amounts which the Group has a present obligation to pay resulting from employees' services provided up to reporting date.

Long-service leave

The provision for salaried employee entitlements to long-service leave represents the present value of the estimated future cash outflows to be made resulting from employees' service provided up to reporting date. Liabilities for employee entitlements, which are not expected to be settled within twelve months, are discounted using the rates attaching to national government securities at balance date, which most closely match the terms of maturity of the related liabilities.

In determining the liability for employee entitlements, consideration has been given to future increases in wage and salary rates, and experience with staff departures. Related on-costs have also been included in the liability.

Bonuses

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past performance that has created a constructive obligation.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee expense in profit or loss when they are due.

Share-based payments

The Company has adopted a number of share-based equity incentive plans in which employees and Directors participate. The grant date fair value of shares expected to be issued under the various equity incentive plans, including options, granted to employees and Directors is recognised as an employee expense, with a corresponding increase in equity over the period in which the employees become unconditionally entitled to the shares.

The fair value of options at grant date is independently determined using the Black Scholes option pricing model that takes into account the exercise price, the vesting period, the vesting and performance criteria, the impact of dilution, the share price at grant date and the expected price volatility of the underlying share and the risk free interest rate for the vesting period.

t) Earnings per share

The Group presents basic and diluted Earnings Per Share (EPS) data for its ordinary shares.

Basic earnings per share

Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares and share options granted to employees and Directors.

u) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Group at exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined.

Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on FVOCI instruments that are recognised directly in OCI.

Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into Australian dollars at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Australian dollars at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

1. Significant accounting policies continued

v) Segment reporting

The Group determines and presents operating segments based on the information that is internally provided to the Chief Decision Makers in accordance with AASB 8 *Operating Segments*.

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. An operating segment's results are reviewed regularly by management to make decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to management include items directly attributable to a segment as well as to those that can be allocated on a reasonable basis.

w) New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, and have not been applied in preparing these Consolidated Financial Statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

The following amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- *Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)*
- *Interest Rate Benchmark Reform – Phase 2 (Amendments to IFRS 9, ISA 39, IFRS 7, IFRS 4 and IFRS 16)*
- *COVID-19 Related Rent Concessions (Amendment to IFRS 16)*
- *Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)*
- *Reference to Conceptual Framework (Amendments to IFRS 3)*
- *Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*

2. Significant accounting judgements, estimates and assumptions

In applying the Group's accounting policies management continually evaluates judgements, estimates and assumptions based on experience and other factors, including expectations of future events that may have an impact on the Group. All judgements, estimates and assumptions made are believed to be reasonable based on the most current set of circumstances available to management and are reviewed on an ongoing basis. Actual results may differ from the judgements, estimates and assumptions. Significant judgements, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences as management considers that it is probable that future taxable profits will be available to utilise those temporary differences. (Refer to note 18).

Impairment of loans and advances

The Company assesses impairment of all loans at each reporting date by evaluating the expected credit loss on those loans. In the Directors' opinion, no such impairment exists beyond that provided at 31 December 2020 (2019: Nil). (Refer to note 19 and note 1q(ii)).

Long service leave provisions

The liability for long service leave is recognised and measured as the present value of the estimated future cash flows to be made in respect of all employees at balance date. In determining the present value of a liability, attrition rates and pay increases through promotion and inflation have been taken into account. A discount rate equal to the government bond rate has been used in determining the present value of the obligation. (Refer to note 24).

Legal provision

From time to time claims are made against the Group. The recognition of any provision requires judgement to determine managements best estimate of the provision. As at 31 December 2020, a $500,000 provision has been accrued to reflect potential claims. (Refer to note 23).

Financial assets

The fair value of options is determined using the Black Sholes 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.

Intangible assets

The customer lists acquired have been valued using the net present value of the unlevered free cash flow from each business' client list and software development costs incurred are initially measured at cost and are amortised over the useful life. These valuations are outlined below:

Bell Foreign Exchange and Futures business

The amortisation period for the acquired intangible assets of the Foreign Exchange and Futures business is deemed to be 10 years. This was determined by analysing the average length of the relationship clients have with the business.

Development costs

Amortisation period for the incurred intangible asset development costs is deemed to be 10 years. This was determined by assessing the average length of the useful life of the assets.

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 Retail, Institutional, Technology and Platforms, and Products and Services which represents the 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 31 December 2020, goodwill has been allocated to the Group's CGUs (Operating divisions) as follows:

	2020 $'m	2019 $'m
Retail	**22.6**	57.5
Institutional	**31.4**	72.9
Technology & Platforms	**39.2**	-
Product & Services	**37.2**	-
	130.4	130.4

Key assumptions used in discounted cash flow projections

The assumptions used for determining the recoverable amount are based on past experience and expectations for the future. Projected cash flows for each group of cash-generating units are discounted using an appropriate discount rate and a terminal value multiple is applied.

The following assumptions have been used in determining the recoverable amount of each cash-generating unit:

Discount rates:	A post-tax discount rate of 9% (2019: 9%) was used for each cash-generating unit, based on the risk free rate, adjusted for a risk premium to reflect both the increased risk of investing in equities and specific risks associated with the business.
Terminal value multiple:	A terminal value multiple of 7 times (2019: 7 times) was used for each cash-generating unit. The multiple was applied to extrapolate the discounted future maintainable after tax cash flows beyond the five year forecast period.
Retail	An increase in brokerage revenue of 5.0% p.a (2019: 2.7% p.a) average growth over the five year forecast period. Corporate fee income maintained at current levels for the five year forecast period.
Institutional	An increase in brokerage revenue of 5.0% p.a (2019: 5.9% p.a) average growth over the five year forecast period. Corporate fee income maintained at current levels for the five year forecast period.
Technology & Platforms	An increase in revenue of 15.4% p.a (2019:14.9% p.a) average growth over the five year forecast period for Technology & Platforms.
Product & Services	An increase in Net Interest income of 8.1% p.a (2019: 8.1% p.a) average growth over the five year forecast period, and an increase in Portfolio Administration fees of 7% p.a (2019: 0.8% p.a) average growth over the five year forecast period.

Sensitivity analysis

As at 31 December 2020, the recoverable amounts for the retail segments exceeds the carrying values. The recoverable amounts are sensitive to several key assumptions and a change in these assumptions could cause the carrying amounts to exceed the recoverable amounts. Using the discount rate above, if brokerage and corporate fee revenue decreases by approximately 2.4% for retail from the estimated amounts in each of the five years of the forecast period, the estimated recoverable amounts would be equal to the carrying amounts. If the discount rate increased to 12.85% for retail, the estimated recoverable amounts would be equal to the carrying amounts. Further, if the terminal value multiple decreased to approximately 5.41 times for retail, the estimated recoverable amounts would be equal to the carrying amounts at that date.

3. Financial risk management

Overview

The Group's principal financial instruments comprise loans and advances, listed securities, derivatives, term deposits, and cash. The Group has exposure to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board has established the Group Risk and Audit Committee (GRAC), which is responsible for developing and monitoring risk management policies. The Committee reports regularly to the Board of Directors on its activities.

3. Financial risk management continued

Risk Management Framework continued

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Risk and Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Internal Audit assists the Group Risk and Audit Committee in its oversight role.

Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group Risk and Audit Committee.

The risk management framework incorporates active management and monitoring of a range of risks. These include operational, information technology, cyber, market, credit, liquidity, legal, regulatory, reputation, fraud and systemic risks.

The Board of Directors recognises that cyber risk is an increasing area of concern across the financial services industry, and is committed to the ongoing development of cyber security measures through awareness training, implementation of network security measures, and preventive controls to protect our assets and networks. Cyber resilience is an integral component of effective risk management.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices, and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control exposures within acceptable parameters, while optimising returns.

Equity price risk

All instruments are subject to the risk that future changes in market conditions may make an instrument less valuable. As trading instruments are valued with reference to the market or Black Scholes model, changes in equity prices directly affect reported income in each period. The Group continually monitors equity price movements to ensure the impact on the Group's activities is managed.

Interest rate risk

Interest rate risk arises from the potential for change in interest rates to have an adverse effect on the Group's net earnings. The Group continually monitors movements in interest rates and manages exposure accordingly.

The Board has also approved the use of derivatives, in the form of interest rate swaps, to mitigate its exposure to interest rate risk. Changes in the fair value and effectiveness of interest rate swaps (which are designated cash flow hedging instruments) are monitored on a six-monthly basis.

Currency risk

The Group is exposed to currency risk on monetary assets and liabilities held in a currency other than the respective functional currency of the Group. The Group ensures the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing this risk is to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding requirements. The Group manages liquidity by maintaining reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching up maturity profiles of financial assets and liabilities.

With respect to the maturity of financial liabilities, the Group also:

- holds financial assets for which there is a liquid market and that they are readily saleable to meet liquidity needs; and
- has committed borrowing facilities or other lines of credit that it can access to meet liquidity needs.

Credit risk

Credit risk is the financial loss to the Group if a debtor or counterparty to a financial instrument fails to meet its contractual obligations.

Trade and other receivables

The credit risk for these accounts is that financial assets recognised on the balance sheet exceed their carrying amount, net of any provisions for doubtful debts. In relation to client debtors, the Group's credit risk concentration is minimised as transactions are settled on a delivery versus payment basis with a settlement regime of trade day plus two days.

Margin lending

Management monitors exposure to credit risk on an ongoing basis. The Group requires collateral in respect of margin loans made in the course of business. This collateral is generally in the form of the underlying security the margin loan is used to invest in. Loan-to-value ratios (LVRs) are assigned to determine the amounts of lending allowed against each security. Loans balances are reviewed daily and are subject to margin calls once the geared value falls 10% lower than the loan balance. Warnings are sent between 5% and 10%. The lender can also require the borrower to repay on demand part or all of the amount owing at any time, whether or not the borrower or any guarantor is in default.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Capital consists of ordinary shares and retained earnings of the Group. The Group is required to comply with certain capital and liquidity requirements imposed by regulators as a licensed broking firm. All capital requirements are monitored by the Board and the Group was in compliance with all requirements throughout the year.

Security arrangements

The ANZ Bank has a Registered Mortgage Debenture over the assets and undertakings of the Company.

At the date of issue of this 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 indices is uncertain and Bell Financial Group continues to monitor this situation.

4. Determination of fair values

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.

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.

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 non-market conditions are not taken into account in determining fair value.

5. Segment Reporting

Business segments

The segments have been reallocated in the current year and are reported below consistent with internal reporting provided to the chief decision makers:

- Technology & Platforms – Proprietary technology and platforms including online broking.
- Products & Services – Margin lending, Cash, Portfolio Administration and Superannuation Solutions products and services
- Retail Broking division – traditional retail client broking (Retail client focus),
- Institutional Broking division – traditional wholesale client broking (Institutional and Wholesale client focus).

5. Segment Reporting continued

Business segments continued

31 December 2020	Technology & Platforms $'000	Products & Services $'000	Retail $'000	Institutional $'000	Consolidated $'000
Revenue from operations	**24,548**	**19,971**	**139,709**	**87,237**	**271,465**
Profit/(loss) after tax	**4,192**	**9,293**	**10,685**	**22,525**	**46,695**
Segment assets	**139,637**	**547,612**	**282,397**	**96,642**	**1,066,288**
Total assets	**139,637**	**547,612**	**282,397**	**96,642**	**1,066,288**
Segment liabilities	**75,364**	**495,404**	**224,187**	**40,392**	**835,347**
Total liabilities	**75,364**	**495,404**	**224,187**	**40,392**	**835,347**
Other segment details					
Interest revenue	**134**	**23,653**	**1,180**	**-**	**24,967**
Interest expense	**(38)**	**(4,467)**	**(1,175)**	**(170)**	**(5,850)**
Depreciation/amortisation	**(2,260)**	**(156)**	**(7,322)**	**(1,439)**	**(11,177)**

31 December 2019[1]	Technology & Platforms $'000	Products & Services $'000	Retail $'000	Institutional $'000	Consolidated $'000
Revenue from operations	17,560	19,026	127,425	63,451	227,462
Profit/(loss) after tax	2,545	8,160	7,034	14,704	32,443
Segment assets	97,188	629,067	291,245	74,911	1,092,411
Total assets	97,188	629,067	291,245	74,911	1,092,411
Segment liabilities	40,323	578,426	237,808	24,550	881,107
Total liabilities	40,323	578,426	237,808	24,550	881,107
Other segment details					
Interest revenue	290	21,613	2,415	-	24,318
Interest expense	(44)	(5,984)	(1,480)	(232)	(7,740)
Depreciation/amortisation	(1,490)	(88)	(7,276)	(1,516)	(10,370)

1. 2019 comparative amounts have been restated.

Geographical segments

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

6. Rendering of services

	Consolidated 2020 $'000	Consolidated 2019 $'000
Brokerage	**138,002**	120,056
Fee income	**109,793**	83,814
Portfolio administration revenue	**19,314**	18,896
Other	**4,356**	4,696
	271,465	227,462

7. Revenue

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 5.

	Technology & Platforms		Products & Services		Retail		Institutional		Consolidated	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Brokerage	21,719	14,326	112	-	104,341	95,453	11,830	10,277	138,002	120,056
Fee income	206	212	-	-	34,598	31,087	74,989	52,515	109,793	83,814
Portfolio administration revenue	-	-	19,314	18,896	-	-	-	-	19,314	18,896
Other	2,623	3,022	545	130	770	885	418	659	4,356	4,696
	24,548	17,560	19,971	19,026	139,709	127,425	87,237	63,451	271,465	227,462

8. Investment gains/(losses)

	Consolidated	
	2020 $'000	2019 $'000
Dividends received	22	5
Profit/(loss) on financial assets held at fair value through profit or loss – Shares in listed corporations and Unlisted options held in listed corporations	6,772	4,628
Profit/(loss) on financial assets held at fair value through profit or loss – Geared equity investments[1]	(4,253)	(2,603)
	2,541	2,030

1. 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.

9. Other income

	Consolidated	
	2020 $'000	2019 $'000
Sundry income	353	660
	353	660

10. Finance income and expenses

	Consolidated	
	2020 $'000	2019 $'000
Interest income on bank deposits	1,710	3,320
Interest income on loans and advances	23,257	20,998
Total finance income	24,967	24,318
Bank interest and fee expense	(3,332)	(3,235)
Interest expense on deposits	(1,215)	(2,863)
Interest expense on leases	(1,303)	(1,642)
Total finance expense	(5,850)	(7,740)
Net finance income/(expense)	19,117	16,578

11. Employee expenses

	Consolidated 2020 $'000	Consolidated 2019 $'000
Wages and salaries	**(157,590)**	(135,707)
Superannuation	**(7,305)**	(7,224)
Payroll tax	**(8,425)**	(7,330)
Other employee expenses	**(1,402)**	(1,498)
Equity-settled share-based payments	**(426)**	(394)
	(175,148)	(152,153)

12. Income tax expense

	Consolidated 2020 $'000	Consolidated 2019 $'000
Current tax expense		
Current period	**19,149**	13,722
Taxable loss/(income) not recognised/(utilised)	**165**	40
Adjustment for prior periods	**26**	(131)
Utilisation of tax losses	**-**	(3,240)
	19,340	10,391
Deferred tax expense		
Recognition of previously unrecognised tax losses	**-**	-
Relating to origination and reversal of temporary differences	**965**	3,666
Total income tax expense/(benefit)	**20,305**	14,057

Numerical reconciliation between tax expense and pre-tax profit

	Consolidated 2020		Consolidated 2019	
	%	$'000	%	$'000
Accounting profit/(loss) before income tax		**67,000**		46,500
Income tax using the Company's domestic tax rate	**30.00%**	**20,100**	30.00%	13,950
Non-deductible expenses	**0.02%**	**14**	0.43%	198
Adjustments in respect of current income tax of previous year	**0.04%**	**26**	(0.28%)	(131)
Income tax credit not recognised/(utilised)	**0.25%**	**165**	0.09%	40
	30.31%	**20,305**	30.24%	14,057

Tax consolidation

Bell Financial Group Ltd and its wholly owned Australian controlled entities are a tax-consolidated group.

13. Cash and cash equivalents

	Consolidated 2020 $'000	2019 $'000
Group cash reserves[1]		
Cash on hand	**12**	13
Cash at bank	**139,639**	82,534
	139,651	82,547
Margin lending cash		
Cash at bank	**7,208**	16,381
	7,208	16,381
Client cash		
Cash at bank (Trust account)	**44,807**	38,106
Cash at bank (Segregated account)	**92,377**	58,103
	137,184	96,209
Cash and cash equivalents in the Statement of Cash Flows	**284,043**	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 20).

The Group's exposure to interest rate risk for financial assets and liabilities is disclosed in note 30.

1. Group Cash – summary of key movements	2020 $'000	2019 $'000
Group cash – 1 January	**82,547**	86,956
Cash profit		
Cash Revenue	**301,272**	253,940
Less Cash Expenses		
Employee expenses	**(158,514)**	(145,244)
Occupancy expenses	**(14,275)**	(13,726)
Systems and communications	**(10,003)**	(9,840)
Market information expenses	**(7,012)**	(7,051)
ASX & other clearing expenses	**(5,924)**	(4,863)
Professional expenses	**(3,351)**	(2,137)
Finance expenses	**(4,547)**	(6,098)
Other expenses	**(10,786)**	(11,046)
Total expenses	**(214,412)**	(200,005)
Net Cash operating profit	**86,860**	53,935
Balance Sheet		
Tax instalments paid	**(18,122)**	(8,895)
Dividends paid	**(27,263)**	(24,660)
Clearing house deposits received/(paid)	**17,940**	(22,411)
Financial asset sales (net)	**(190)**	(756)
Acquisition of property, plant and equipment	**(1,589)**	(561)
General working capital movement	**(532)**	(1,062)
Group cash – 31 December	**139,651**	82,547

14. Trade and other receivables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Trade debtors	**82,027**	86,221
Less: provision for impairment	**-**	-
	82,027	86,221
Clearing house deposits	**9,159**	27,129
Segregated deposits with clearing brokers	**34,267**	49,003
Less: provision for impairment	**-**	-
	43,426	76,132
Sundry debtors	**4,545**	5,605
	129,998	167,958

No impairment allowance in respect of loans and receivables noted during the year (2019: Nil). There are no amounts in arrears or past due.

15. Financial assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Held at fair value through profit or loss		
Shares in listed corporations	**3,931**	2,706
Unlisted options held in listed corporations	**7,066**	3,744
Options held in listed corporations[1]	**4,648**	7,109
	15,645	13,559

1. Options held as a hedge against limited recourse loans to clients under the Bell Geared Equities Investments product.

16. Property, plant and equipment

Consolidated	Fixtures and fittings $'000	Office equipment $'000	Leasehold improvements $'000	Total $'000
Cost				
Balance at 1 January 2019	1,941	5,004	6,331	13,276
Additions	190	196	392	778
Disposals	-	-	-	-
Effect of movements in exchange rates	5	(41)	6	(30)
Balance at 31 December 2019	2,136	5,159	6,729	14,024
Balance at 1 January 2020	**2,136**	**5,159**	**6,729**	**14,024**
Additions	**73**	**924**	**592**	**1,589**
Disposals	**-**	**-**	**-**	**-**
Effect of movements in exchange rates	**(86)**	**(38)**	**(26)**	**(150)**
Balance at 31 December 2020	**2,123**	**6,045**	**7,295**	**15,463**
Accumulated depreciation				
Balance at 1 January 2019	(1,699)	(4,697)	(6,177)	(12,573)
Depreciation charge for the year	(84)	(188)	(107)	(379)
Disposals	-	-	-	-
Effect of movements in exchange rates	(4)	42	(6)	32
Balance at 31 December 2019	(1,787)	(4,843)	(6,290)	(12,920)
Balance at 1 January 2020	**(1,787)**	**(4,843)**	**(6,290)**	**(12,920)**
Depreciation charge for the year	**(95)**	**(414)**	**(227)**	**(736)**
Disposals	**-**	**-**	**-**	**-**
Effect of movements in exchange rates	**86**	**37**	**27**	**150**
Balance at 31 December 2020	**(1,796)**	**(5,220)**	**(6,490)**	**(13,506)**
Carrying amount				
At 1 January 2019	242	307	154	703
At 31 December 2019	349	316	439	1,104
At 31 December 2020	**327**	**825**	**805**	**1,957**

17. Goodwill and intangible assets

	Goodwill $'000	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	**-**	**3,335**	**3,335**
Balance at 31 December 2020	**130,413**	**23,965**	**154,378**
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	**-**	**(2,071)**	**(2,071)**
Balance at 31 December 2020	**-**	**(10,204)**	**(10,204)**
Carrying amount			
At 1 January 2019	130,413	10,654	141,067
At 31 December 2019	130,413	12,497	142,910
At 31 December 2020	**130,413**	**13,761**	**144,174**

18. Deferred tax assets and liabilities

The movement in deferred tax balances are as follows:

Consolidated 2020	Balance as at 1 January $'000	Recognised in profit or loss $'000	Balance at 31 December $'000
Property, plant and equipment	**10**	**16**	**26**
Employee benefits	**4,478**	**1,046**	**5,524**
Carry forward tax loss	**96**	**(56)**	**40**
Other items	**(164)**	**(1,286)**	**(1,450)**
	4,420	**(280)**	**4,140**

Consolidated 2019	Balance as at 1 January $'000	Recognised in profit or loss $'000	Balance at 31 December $'000
Property, plant and equipment	1	9	10
Employee benefits	3,104	1,374	4,478
Carry forward tax loss	3,343	(3,247)	96
Other items	1,176	(1,340)	(164)
	7,624	(3,204)	4,420

Unrecognised deferred tax assets relating to tax losses at 31 December 2020: $113,000 (2019: $55,000).

Management has determined there is sufficient evidence that there will be profits available in future periods against which the tax losses will be utilised as set out in note 2.

19. Loans and advances

	Consolidated 2020 $'000	Consolidated 2019 $'000
Margin Loans measured at amortised cost	**408,928**	397,520
Margin Loans measured at fair value through profit and loss	**60,148**	145,969
	469,076	543,489

There were no impaired, past due or renegotiated loans at 31 December 2020 (2019: nil).

Refer to note 30 for further detail on the margin lending loans.

20. Trade and other payables

	Consolidated 2020 $'000	Consolidated 2019 $'000
Settlement obligations	**112,710**	108,293
Sundry creditors and accruals	**18,553**	19,024
Segregated client liabilities	**136,522**	118,294
	267,785	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.

21. Deposits and borrowings

This note provides information about the contractual terms of the Group's interest-bearing deposits and borrowings. For more information about the Group's exposure to interest rate and foreign currency risk, see note 30.

	Consolidated 2020 $'000	Consolidated 2019 $'000
Deposits (cash account)[1]	**615**	635
Bell Financial Trust (previously known as the Bell Cash Trust)[2]	**436,861**	381,795
Cash advance facility[3]	**40,000**	177,000
	477,476	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 Financial Trust (previously known as Bell Cash Trust) which are held at call.
3. Represents drawn funds from the Bell Potter Capital cash advance facility of $100m (2019: $250m).

Interest rate risk exposures

Details of the Group's exposure to interest rate changes on borrowings are set out in note 30.

21. Deposits and borrowings continued

Terms and debt repayment schedule

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

Consolidated	2020 Average effective interest rate	2019 Average effective interest rate	2020 Face value $'000	2020 Carrying amount $'000	2019 Face value $'000	2019 Carrying amount $'000
Cash advance facility	**1.35%**	2.08%	**40,000**	**40,000**	177,000	177,000
Deposits (Cash Account)	**0.18%**	0.61%	**615**	**615**	635	635
Bell Financial Trust (previously known as the Bell Cash Trust)	**0.18%**	0.61%	**436,861**	**436,861**	381,795	381,795
			477,476	**477,476**	559,430	559,430

2020	Liabilities			Derivatives (assets)/ liabilities held to hedge long-term borrowings		
				Interest rate swap contracts used for hedging		
	Cash advance facility $'000	Deposits (Cash Account) $'000	Bell Financial Trust $'000	Assets $'000	Liabilities $'000	Total
Balance at 1 January	177,000	635	381,795	-	380	559,810
Changes from financing cash flows						
Deposits/(withdrawals) from client cash balances	-	(20)	-	-	-	(20)
Drawdown/(repayment) of borrowings	(137,000)	-	55,066	-	-	(81,934)
Total changes from financing cash flows	(137,000)	(20)	55,066	-	-	(81,954)
Changes in fair value	-	-	-	238	(380)	(142)
Other charges						
Liability-related						
Interest expense	612	1,249	1,215	-	-	3,076
Interest paid/(payable)	(612)	(1,249)	(1,215)	-	-	(3,076)
Total liability-related other changes	-	-	-	-	-	-
Balance at 31 December	40,000	615	436,861	238	-	477,714

	2019					
	Liabilities			Derivatives (assets)/ liabilities held to hedge long-term borrowings		
				Interest rate swap contracts used for hedging		
	Cash advance facility $'000	Deposits (Cash Account) $'000	Bell Financial Trust $'000	Assets $'000	Liabilities $'000	Total $'000
	36,000	1,644	274,797	-	75	312,516
	-	(1,009)	-	-	-	(1,009)
	141,000	-	106,998	-	-	247,998
	141,000	(1,009)	106,998	-	-	246,989
	-	-	-	-	305	305
	1,664	422	2,558	-	-	4,644
	(1,664)	(422)	(2,558)	-	-	(4,644)
	-	-	-	-	-	-
	177,000	635	381,795	-	380	559,810

22. Current tax liabilities

The current tax liability of the Group is $4,055,506 (2019: $2,152,006). This amount represents the amount of income taxes payable in respect of current and prior financial periods.

23. Provisions

	Consolidated 2020 $'000	Consolidated 2019 $'000
Legal provision	**500**	-
	500	-
Balance at 1 January	**-**	-
Arising during the year:		
Legal/other	**802**	-
Utilised:		
Legal/other	**(302)**	-
Balance at 31 December	**500**	-

Legal provision

This amount represents a provision for certain legal claims brought against the Group. In the Directors' opinion, the provision is appropriate to cover known contingent liabilities at 31 December 2020.

24. Employee benefits

	Consolidated 2020 $'000	Consolidated 2019 $'000
Salaries and wages accrued	**51,239**	33,174
Liability for annual leave	**6,828**	5,416
Total employee benefits	**58,067**	38,590
Liability for long-service leave	**4,868**	4,376
Total employee benefits	**62,935**	42,966

The present value of employee entitlements not expected to be settled within twelve months of balance date have been calculated using the following inputs or assumptions at the reporting date:

	Consolidated 2020 $'000	Consolidated 2019 $'000
Assumed rate of increase on wage/salaries	**3.0%**	3.0%
Discount rate	**0.95%**	1.25%
Settlement term (years)	**7**	7
Number of employees at year end	**732**	719

25. Reconciliation of cash flows from operating activities

	Consolidated 2020 $'000	2019 $'000
Cash flows from operating activities		
Profit after tax:	46,695	32,443
Adjustments for:		
Depreciation & amortisation	11,177	10,370
Net (gain)/loss on investments	(2,093)	(2,045)
Equity settled share-based payments	426	394
	56,205	41,162
Decrease/(increase) client receivables	36,900	(48,176)
Decrease other receivables	1,060	877
(Increase) derivative asset	(2)	(103)
(Increase)/decrease other assets	(98)	30
(Increase)/decrease deferred tax assets	(1,155)	3,660
(Increase) intangibles	(3,336)	(3,413)
Increase client payables	22,290	34,447
(Decrease)/increase other payables	(471)	6,734
Increase/decrease derivative liability	-	(57)
Increase current tax liabilities	1,904	1,990
Increase provisions	20,469	10,323
Increase/(decrease) deferred tax liability	1,435	(456)
Net cash from operating activities	135,201	47,018

Reconciliation of cash

For the purpose of the cash flow statement, cash and cash equivalents comprise:

	2020 $'000	2019 $'000
Group cash reserves		
Cash on hand	12	13
Cash at bank	139,639	82,534
	139,651	82,547
Margin lending cash		
Cash at bank	7,208	16,381
	7,208	16,381
Client cash		
Cash at bank (Trust account)	44,807	38,106
Segregated cash at bank (client)	92,377	58,103
	137,184	96,209
	284,043	195,137

26. Capital and reserves

	Consolidated 2020 $'000	2019 $'000
Ordinary shares		
On issue at 1 January	**204,237**	204,237
Share issue	**-**	-
On issue at 31 December	**204,237**	204,237

Movements in ordinary share capital

Date	Detail	Number of shares
1 January 2019	Opening balance	320,743,948
Share issue		-
31 December 2019	**Balance**	320,743,948
1 January 2020	Opening balance	**320,743,948**
Share issue		**-**
31 December 2020	**Balance**	**320,743,948**

Ordinary Shares

The authorised capital of the Group is $204,236,590 representing 320,743,948 fully paid ordinary shares.

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

All ordinary shares rank equally with regard to the Company's residual assets.

Retained earnings

As at 31 December 2020, there were retained profits of $55.4m (2019: $35.2m).

Foreign currency reserve

The foreign currency reserve comprises of any movements in the translation of foreign currency balances. Balance at 31 December 2020: $415,000 (2019: $771,000).

Other equity

Other equity comprises movements in equity as a result of transactions with subsidiaries in Bell Financial Group Ltd's capacity as a shareholder. Balance at 31 December 2020: $28,858,000 debit (2019: $28,858,000 debit).

Cash flow hedging reserve

The cash flow hedging reserve comprises the effective portion of the cumulative net change in the fair value of the interest rate swap related to hedged transactions. Balance at 31 December 2020: $238,000 debit (2019: $380,000 debit).

Share based payments reserve

The share based payments reserve arises on the grant of options, performance rights and deferred share rights to select employees under the Company's equity-based remuneration plans. Balance at 31 December 2020: Nil (2019: $9,000).

Treasury shares reserve

The treasury shares reserve represents the cost of shares held by the Employee Share Trust that the Group is required to include in the Consolidated Financial Statements. Balance at 31 December 2020: Nil (2019: $0.3m).

27. Dividends

Dividends recognised in the current year by the Group are:

	Cents per share	Total amount $ '000	Franked/ unfranked	Date of payment
2020				
Interim 2020 ordinary dividend	**4.00**	**12,830**	**Franked**	**27 August 2020**
Final 2020 ordinary dividend	**-**	**-**	**-**	**-**
2019				
Interim 2019 ordinary dividend	3.50	11,137	Franked	29 August 2019
Final 2019 ordinary dividend	4.50	14,433	Franked	18 March 2020

	Company	
	2020 $ '000	**2019 $ '000**
Dividend franking account		
30 percent franking credits available to shareholders of Bell Financial Group Ltd for subsequent financial years	**32,742**	26,558

The above available amounts are based on the balance of the dividend franking account at year-end adjusted for:

1. Franking credits that will arise from the payment of current tax liabilities.
2. Franking debits that will arise from payment of dividends recognised as a liability at year-end.
3. Franking credits that will arise from the receipt of dividends recognised as receivable at year-end.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends.

The impact on the dividend franking account of dividends declared but not recognised as a liability is to reduce it by $8.9m (2019: $6.2m).

28. Earnings per share

Earnings per share at 31 December 2020 based on profit after tax and a weighted average number of shares outlined below was 14.6 cents (2019: 10.2 cents). Diluted earnings per share at 31 December 2020 was 14.6 cents (2019: 10.2 cents).

Reconciliation of earnings used in calculating EPS

	Consolidated	
	2020 $'000	**2019 $'000**
Basic earnings per share		
Profit/(loss) after tax	**46,695**	32,443
Profit attributable to ordinary equity holders used for basic EPS	**46,695**	32,443
Adjustments for calculation of diluted earnings per share		
Profit attributable to ordinary equity holders used to calculate basic EPS	**46,695**	32,443
Effect of stock options issued	**-**	-
Profit attributable to ordinary equity holders used for diluted EPS	**46,695**	32,443

Weighted average number of ordinary shares used as the denominator

	Consolidated	
	2020	**2019**
Weighted average number of ordinary shares used to calculate basic EPS (net of treasury shares)	**320,507,243**	318,559,138
Weighted average number of ordinary shares at year-end	**320,507,243**	318,599,138
Weighted average number of ordinary shares used to calculate diluted EPS	**320,507,243**	318,599,138

29. Share-based payments

Long-Term Incentive Plan (LTIP)

The Board is responsible for administering the LTIP Rules and the terms and conditions of specific grants of options or performance rights to participants in the LTIP. The LTIP Rules include the following provisions:

- The Board may determine which persons will be eligible to participate in the LTIP from time to time. Eligible persons may be invited to apply to participate in the LTIP. The Board may in its discretion accept such applications.
- A person participating in the LTIP ("Executive") may be granted options or performance rights on conditions determined by the Board.
- The options or performance rights will vest on, and become exercisable on or after, a date predetermined by the Board ("the Vesting Date"), provided that the Executive remains employed as an executive of the Company as at that date. These terms may be accelerated at the discretion of the Board under specified circumstances.
- An unvested option or performance right will generally lapse at the expiry of the exercise period applicable to that option or performance right.
- Following the Vesting Date, the vested option or performance right may be exercised by the Executive subject to any exercise conditions and the payment of the exercise price (if any), and the Executive will then be allocated or issued shares on a one for one basis.
- The Company has established an Employee Share Trust for the purpose of acquiring and holding shares in the Company for the benefit of participants.

Fair value of options granted

There were no share options granted during the year to 31 December 2020 (2019: Nil).

Performance Rights

Under the LTIP Rules, performance rights are deferred equity taken as 100% shares, with the conditions, including vesting and the period of deferral, governed by the terms of the grant. Unvested performance rights are forfeited in certain situations set out in the LTIP Rules. Ordinary shares allocated under the LTIP on exercise of performance rights may be held in trust beyond the deferral period. The issue price for the performance rights is based on the closing price of the shares traded on the ASX on the grant date and performance hurdles are time related.

Reconciliation of outstanding performance rights:

	Consolidated	
	2020 **000**	**2019** **000**
Outstanding 1 January	-	2,000
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	(2,000)
Outstanding balance 31 December	-	-

Expenses arising from share-based payment transactions

	Consolidated	
	2020 **$'000**	**2019** **$'000**
Employee share options	-	-
Performance rights	-	-
Employee share issue	**426**	394
Total expense recognised as employee costs	**426**	394

30. Financial instruments

Exposure to credit, interest rate, currency and liquidity risks arise in the normal course of the Group's business.

Credit risk

Management has a process in place to monitor the exposure to credit risk on an ongoing basis. The Group requires collateral in respect of margin loans made in the course of business within Bell Potter Capital. This collateral is generally in the form of the underlying security the margin loan is used to invest in. A loan-to-value ratio (LVR) is determined for each security with regard to market weight, index membership, liquidity, volatility, dividend yield, industry sector and advice from Bell Financial's research department. A risk analyst performs a review of the LVR and the recommendation is submitted to management. Management does not expect any counterparty to fail to meet its obligations. There are no individual loans greater than 10% of the total loans and advance balance.

Advisers and clients are provided with early warning of accounts in deficit from 5% up to 10% and clients receive a margin call if their account is in deficit by more than 10%. Margin calls are made based on the end-of-day position but can be made intraday at management's discretion.

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the Statement of Financial Position as outlined below:

		Consolidated	
	Note	2020 $'000	2019 $'000
Trade debtors	14	**82,027**	86,221
Clearing house deposits	14	**9,159**	27,129
Segregated deposits with clearing brokers	14	**34,267**	49,003
Loans and advances	19	**469,076**	543,489
Sundry debtors	14	**4,545**	5,605

The ageing of trade receivables at reporting date is outlined below:

Consolidated	Gross 2020 $'000	Impairment 2020 $'000	Gross 2019 $'000	Impairment 2019 $'000
Ageing of receivables				
Not past due	**81,667**	**-**	85,909	-
Past due 0 – 30 days	**348**	**-**	78	-
Past due 31 – 365 days	**12**	**-**	234	-
More than one year	**-**	**-**	-	-

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectible are written off. A provision for impairment of trade receivables is established based on lifetime expected credit losses. This assessment is based on past events, current conditions and reasonable and supportable information about future events and economic conditions.

30. Financial instruments continued

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest and excluding the impact of netting agreements.

Consolidated 2020	Carrying Amount $'000	Contracted Cashflow $'000	6-months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	5+ years $'000
Non-derivative liabilities							
Trade & other payables	**267,785**	**(267,785)**	**(267,785)**	-	-	-	-
Cash deposits	**615**	**(615)**	**(615)**	-	-	-	-
Cash advance facilities	**40,000**	**(40,000)**	**(40,000)**	-	-	-	-
Bell Financial Trust	**436,861**	**(436,861)**	**(436,861)**	-	-	-	-
Derivative liabilities							
Hedging derivative	**238**	**(238)**	**(238)**	-	-	-	-
Foreign currency swap	-	-	-	-	-	-	-

Consolidated 2019	Carrying Amount $'000	Contracted Cashflow $'000	6-months or less $'000	6-12 months $'000	1-2 years $'000	2-5 years $'000	5+ years $'000
Non-derivative liabilities							
Trade & other payables	245,611	(245,611)	(245,611)	-	-	-	-
Cash deposits	635	(635)	(635)	-	-	-	-
Cash advance facilities	177,000	(177,000)	(177,000)	-	-	-	-
Bell Financial Trust	381,795	(381,795)	(381,795)	-	-	-	-
Derivative liabilities							
Hedging derivative	380	(380)	(380)	-	-	-	-
Foreign currency swap	-	-	-	-	-	-	-

The Group manages liquidity by maintaining reserves, banking facilities and reserve borrowing facilities and by continuously monitoring forecast and actual cash flows and matching up maturity profiles of financial assets and liabilities. Rolling cash projections are used to monitor cash flow requirements and optimise cash returns on investments. A bank facility is also available to be drawn upon in order to meet both short and long-term liquidity requirements.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control exposures within acceptable parameters, while optimising returns.

Interest rate risk

The Group's investments in fixed-rate debt securities and its fixed-rate borrowings are exposed to a risk of change in their fair value due to changes in interest rates. The Group's investments in variable-rate debt securities and its variable-rate borrowings are exposed to a risk of change in cash flows due to changes in interest rates. Interest rate swaps are used to hedge exposure to fluctuations in interest rates. Changes in the fair value of these derivative hedging instruments are recognised directly in equity to the extent that the hedge is effective. To the extent the hedge is ineffective, changes in the fair value are recognised in profit or loss.

In managing interest rate risk the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer-term, however, permanent changes in interest rates will have an impact on profit.

Investments in equity securities and short-term receivables and payables are not exposed to interest rate risk.

Equity price risk

All instruments are subject to the risk that future changes in market conditions may make an instrument less valuable. As trading instruments are valued with reference to the market or Black Scholes model, changes in equity prices directly affect reported income each period. The Group monitors equity price movements to ensure there is no material impact on the Group's activities.

The Group is exposed to equity price risks through its listed and unlisted investments. These investments are classified as financial assets or liabilities at fair value through the profit or loss.

Foreign currency risk

The Group is exposed to insignificant currency risk on monetary assets and liabilities held in a currency other than the respective functional currency of the Group. The Group ensures the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

Sensitivity analysis

Interest rate risk

At 31 December 2020, it is estimated that a general decrease of one-percentage point in interest rates would decrease the Group's profit before income tax by approximately $2,766,000 (2019: $1,800,000 decrease to profit) and would decrease equity by approximately $1,936,200 (2019: $1,260,000 decrease to equity). Interest rate swaps have been included in this calculation. A general increase of one-percentage point in interest rates would have an equal but opposite effect.

Equity price risk

At 31 December 2020, it is estimated that a 10% decrease in equity prices would decrease the Group's profit before income tax by approximately $1,565,000 (2019: $1,356,000 decrease to profit) and would decrease equity by approximately $1,095,500 (2019: $949,000 decrease to equity). A 10% increase in equity prices would have an equal but opposite effect. The impact of an equity price decrease excludes the impact on options that are used to mitigate the risk on limited recourse margin loans issued to clients.

30. Financial instruments continued

Effective interest rates

In respect of income-earning financial assets and interest-bearing financial liabilities, the following tables indicate their average effective interest rates at the reporting date and the expected periods in which they mature.

		2020						
Consolidated	Note	Average Effective interest rate %	Total $'000	6 months or less $'000	6–12 months $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
Fixed rate instruments								
Loans and advances	19	5.30%	129,688	128,198	1,490	-	-	-
Cash advance facility	21	1.35%	(40,000)	(40,000)	-	-	-	-
			89,688	88,198	1,490	-	-	-
Variable rate instruments								
Cash and cash equivalents	13	0.31%	284,043	284,043	-	-	-	-
Loans and advances	19	4.36%	339,388	339,388	-	-	-	-
Deposits and borrowings	21	0.18%	(615)	(615)	-	-	-	-
Bell Financial Trust	21	0.18%	(436,861)	(436,861)	-	-	-	-
			185,955	185,955	-	-	-	-

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				
31 December 2020	Note	Designated at fair value $'000	Fair value hedging instruments $'000	Loans and receivables $'000	Other financial liabilities $'000	Total $'000
Financial assets measured at fair value						
Equity securities/unlisted options	15	15,645	-	-	-	15,645
Foreign currency swap		105	-	-	-	105
Loans and advances	19	-	-	60,148	-	60,148
		15,750	-	60,148	-	75,898
Financial assets not measured at fair value						
Trade and other receivables	14	-	-	129,998	-	129,998
Cash and cash equivalents	13	-	-	284,043	-	284,043
Loans and advances	19	-	-	408,928	-	408,928
		-	-	822,969	-	822,969
Financial liabilities measured at fair value						
Interest rate swaps used for hedging		-	238	-	-	238
Foreign currency swap		-	-	-	-	-
		-	238	-	-	238
Financial liabilities not measured at fair value						
Trade and other payables	20	-	-	-	263,847	263,847
Deposits and borrowings	21	-	-	-	477,476	477,476
		-	-	-	741,323	741,323

1. Loans and advances measured at fair value decreased from $145,969,000 at 31 December 2019 to $60,148,000 at 31 December 2020 due to net new/repaid loans of $86,019,000 with the remaining movement due to net fair value changes.

2019						
Average Effective interest rate %	Total $'000	6 months or less $'000	6–12 months $'000	1–2 years $'000	2–5 years $'000	More than 5 years $'000
5.14%	221,752	215,041	6,711	-	-	-
2.08%	(177,000)	(177,000)	-	-	-	-
	44,752	38,041	6,711	-	-	-
1.17%	195,137	195,137	-	-	-	-
5.43%	321,737	321,737	-	-	-	-
0.61%	(635)	(635)	-	-	-	-
0.61%	(381,795)	(381,795)	-	-	-	-
	134,444	134,444	-	-	-	-

Fair Value			
Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
3,931	11,714	-	15,645
-	105	-	105
-	-	60,148	60,148
3,931	11,819	60,148	75,898
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	238	-	238
-	-	-	-
-	238	-	238
-	-	-	-
-	-	-	-
-	-	-	-

30. Financial instruments continued

Fair value measurements continued

(a) Accounting classifications and fair values continued

		Carrying Amount				
31 December 2019	**Note**	**Designated at fair value $'000**	**Fair value hedging instruments $'000**	**Loans and receivables $'000**	**Other financial liabilities $'000**	**Total $'000**
Financial assets measured at fair value						
Equity securities/unlisted options	15	13,559	-	-	-	13,559
Foreign currency swap		103	-	-	-	103
Loans and advances	19	-	-	145,969	-	145,969
		13,662	-	145,969	-	159,631
Financial assets not measured at fair value						
Trade and other receivables	14	-	-	167,958	-	167,958
Cash and cash equivalents	13	-	-	195,137	-	195,137
Loans and advances	19	-	-	397,520	-	397,520
		-	-	760,615	-	760,615
Financial liabilities measured at fair value						
Interest rate swaps used for hedging		-	380	-	-	380
Foreign currency swap		-	-	-	-	-
		-	380	-	-	380
Financial liabilities not measured at fair value						
Trade and other payables	20	-	-	-	242,701	242,701
Deposits and borrowings	21	-	-	-	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.

There were no reclassifications on the fair value levels during the years ended 31 December 2020 and 2019.

	Fair Value			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
	2,706	10,853	-	13,559
	-	103	-	103
	-	-	145,969	145,969
	2,706	10,956	145,969	159,631
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	-	-	-
	-	380	-	380
	-	-	-	-
	-	380	-	380
	-	-	-	-
	-	-	-	-
	-	-	-	-

31. Leases

The Group has entered into commercial property leases for its office accommodation. These leases have a remaining life of up to 10 years. The Group has no other capital or lease commitments.

Right-of-use assets

	Consolidated 2020 $'000	Consolidated 2019 $'000
Balance at 1 January	**22,801**	31,019
Depreciation charge for the year	**(8,370)**	(8,420)
Additions to right-of-use assets	**1,783**	132
Effect of movements in exchange rates	**(92)**	70
Balance at 31 December	**16,122**	22,801

Lease Liabilities

	Consolidated 2020 $'000	Consolidated 2019 $'000
Balance at 1 January	**30,568**	39,677
Interest on lease liabilities for the year	**1,303**	1,642
Addition to lease liabilities	**1,784**	131
Rent payments	**(11,200)**	(10,955)
Effect of movements in exchange rates	**(98)**	73
Balance at 31 December	**22,357**	30,568

Amounts recognised in profit or loss

	Consolidated 2020 $'000	Consolidated 2019 $'000
Depreciation on right-of-use assets	**8,370**	8,420
Interest on lease liabilities	**1,303**	1,642
Expenses relating to short-term leases	**1,919**	1,658
	11,592	11,720

Amounts recognised in statements of cash flows

	Consolidated 2020 $'000	Consolidated 2019 $'000
Total cash outflows for lease	**(11,200)**	(10,955)

32. Parent entity disclosures

As at, and throughout the financial year ending 31 December 2020, the parent company of the Group was Bell Financial Group Ltd.

	Consolidated 2020 $'000	Consolidated 2019 $'000
Results of the parent entity		
Profit for the year	**26,189**	24,441
Total comprehensive income for the year	**26,189**	24,441
Financial position of parent entity at year end		
Current assets	**16,149**	2,029
Non-current assets	**217,724**	206,125
Total assets	**233,873**	208,154
Current liabilities	**45,277**	18,904
Total liabilities	**45,277**	18,904
Total equity of the parent entity comprising of:		
Contributed equity	**204,237**	204,237
Reserves	**-**	290
Retained earnings/(losses)	**(15,641)**	(15,277)
Total equity	**188,596**	189,250

There are currently no complaints or claims made against the parent entity.

Parent entity contingent liabilities

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.

33. Related parties

The following were key management personnel of the Group at any time during the reporting period:

Executive Directors	Senior Executives	Non-Executive Directors
A Provan	L Bell	C Coleman
	A Bell	G Cubbin
	R Fell	B Wilson AO
	D Davenport	C Feldmanis

Key management personnel compensation

The key management personnel compensation comprised:

	Consolidated 2020	Consolidated 2019
Short-term employee benefits	**3,525,980**	3,919,181
Other long-term benefits	**29,961**	81,383
Post-employment benefits	**131,379**	172,331
Termination benefits	**-**	-
Share-based payments	**59,500**	48,000
	3,746,820	4,220,895

33. Related parties continued

Loans to key management personnel and their related parties

Details regarding loans outstanding at the reporting date to key management personnel and their related parties at any time in the reporting period, are as follows:

	Opening balance $	Closing balance $	Interest paid and payable in the reporting period $	Number in Group at 31 December[1]
Total for key management personnel 2020	**2,273,518**	**1,896,810**	**67,056**	**21**
Total for key management personnel 2019	3,039,829	2,835,739	120,672	42
Total for other related parties 2020	**-**	**-**	**-**	**-**
Total for other related parties 2019	-	-	-	-
Total for key management personnel and their related parties 2020	**2,273,518**	**1,896,810**	**67,056**	**21**
Total for key management personnel and their related parties 2019	3,039,829	2,835,739	120,672	42

1. Number in Group includes KMP and other related parties with loans at any time during the year.

Interest is payable at prevailing market rates on all loans to key management persons and their related entities. These rates are available to all clients and may vary marginally depending on individual negotiations. The principal amounts are repayable per terms agreed on an individual basis. Interest received on the loans totalled $67,056 (2019: $120,672). No amounts have been written-down or recorded as allowances for impairment, as the balances are considered fully collectable.

Movements in shares 2020

The movement during the reporting period in the number of ordinary shares in Bell Financial Group Ltd held, directly, indirectly or beneficially, by each Director and key management person, including their related parties, is as follows:

	Held at 1 January 2020	Purchases	Received on exercise of options	Sales	Held at 31 December 2020
Directors					
A Provan[2]	**43,457,863**	**300,000**	**-**	**-**	**43,757,863**
C Coleman	**2,176,740**	**-**	**-**	**-**	**2,176,740**
G Cubbin	**216,000**	**-**	**-**	**-**	**216,000**
B Wilson AO	**1,200,000**	**-**	**-**	**-**	**1,200,000**
C Feldmanis	**-**	**50,000**	**-**	**-**	**50,000**
Senior Executives					
LM Bell[2]	**42,723,555**	**303,537**	**-**	**-**	**43,027,092**
AG Bell[2]	**32,303,972**	**220,000**	**-**	**-**	**32,523,972**
R Fell	**875,000**	**25,000**	**-**	**-**	**900,000**
D Davenport	**228,039**	**35,000**	**-**	**-**	**263,039**

2. The number of shares held by Alastair Provan, Lewis Bell and Andrew Bell includes those held indirectly through Bell Group Holdings Pty Limited and Bell Securities Pty Ltd.

Movements in shares 2019

	Held at 1 January 2019	Purchases	Received on exercise of options	Sales	Held at 31 December 2019
Directors					
A Provan[2]	43,457,863	-	-	-	43,457,863
C Coleman	2,126,740	50,000	-	-	2,176,740
G Cubbin	216,000	-	-	-	216,000
B Wilson AO	1,200,000	-	-	-	1,200,000
C Bell[2]	43,083,154	-	-	-	43,083,154
Senior Executives					
LM Bell[2]	42,548,555	175,000	-	-	42,723,555
AG Bell[2]	32,089,972	214,000	-	-	32,303,972
R Fell	840,000	35,000	-	-	875,000
D Davenport	221,939	106,100	-	(100,000)	228,039

2. The number of shares held by Colin Bell, Alastair Provan, Lewis Bell and Andrew Bell includes those held indirectly through Bell Group Holdings Pty Limited and Bell Securities Pty Ltd.

Other key management personnel transactions

There are no other transactions with key management persons or their related parties other than those that have been disclosed in this report.

Ultimate parent

Bell Group Holdings Pty Ltd is the ultimate parent company of Bell Financial Group Ltd. There are no outstanding amounts owed by or to the ultimate parent entity at 31 December 2020 (2019: nil). There is no interest receivable or payable at 31 December 2020 (2019: nil).

Subsidiaries

The table below outlines loans made by the Company to wholly owned subsidiaries.

	2020 $	2019 $
Subsidiary		
Bell Potter Platforms Pty Ltd[1]	**691**	632
Third Party Platform Pty Limited[1]	**230,803**	-
Bell Potter Capital Limited[2]	**8,098,527**	8,052,473
Bell Potter (US) Holdings Inc[1]	**1,940,125**	1,935,735
Bell Potter Securities (US) LLC	**1,912**	1,912
	10,272,058	9,990,752

1. Loan is interest free and unsecured.
2. The loan from the parent entity to Bell Potter Capital Limited represents a subordinated loan that attracts interest at 1.82% per annum (2019: 2.67% per annum).

Loans made by wholly owned subsidiaries to the Company: $21,023,657 (2019: $17,036,667).

During the course of the financial year subsidiaries conducted transactions with each other on terms equivalent to those on an arm's length basis. They are fully eliminated on consolidation. As at 31 December 2020, all outstanding amounts are considered fully collectable.

34. Group entities

	Consolidated		
		Interest	
	Incorporation	2020	2019
Bell Financial Group Ltd			
Significant subsidiaries			
Bell Potter Securities Limited	Australia	**100%**	100%
Bell Potter Capital Limited	Australia	**100%**	100%
Third Party Platform Pty Ltd	Australia	**100%**	100%
Bell Potter Securities Limited (UK)	United Kingdom	**100%**	100%
Bell Potter Securities (HK) Limited	Hong Kong	**100%**	100%
Bell Potter (US) Holdings Inc	United States	**100%**	100%

35. Guarantees

From time to time Bell Financial has provided financial guarantees in the ordinary course of business which amount to $7.0m (2019: $6.6m) and are not recorded in the Statement of Financial Position as at 31 December 2020.

36. Contingent liabilities and contingent assets

The Company has agreed to indemnify its wholly owned subsidiary, Bell Potter Securities Limited, in the event that any contingent liabilities of Bell Potter Securities Limited results in a loss.

Contingent liabilities of the Company exist in relation to claims and/or possible claims which, at the date of signing these accounts, have not been resolved. An assessment of the likely loss to the Company has been made in respect of the identified claims, on a claim by claim basis, and specific provision has been made where appropriate. The Company does not consider that the outcome of any other current proceedings, either individually or in aggregate, is likely to materially affect its operations of financial position.

37. Subsequent events

Except as noted below, there were no significant events from 31 December 2020 to the date of this report.

Final Dividend

On 17 February 2021, the Directors resolved to pay a fully franked final dividend of 6.5 cents per share.

38. Auditor's remuneration

	Consolidated	
	2020 $	2019 $
Audit services		
Auditor of the Company		
KPMG:		
Audit and review of financial reports	**366,490**	366,204
Total remuneration for audit services	**366,490**	366,204
Audit related services		
Auditor of the Company		
KPMG Australia:		
Other regulatory audit services	**106,000**	109,000
Total remuneration for audit related services	**106,000**	109,000
Non-audit related services		
Tax services	**29,405**	27,185
	501,895	502,389

DIRECTORS' DECLARATION

1. In the opinion of the Directors of Bell Financial Group Limited ('the Company'):

   (a) the Consolidated Financial Statements and notes that are set out on pages 18 to 60 and the Remuneration Report on pages 12 to 16 in the Directors' Report, are in accordance with the *Corporations Act 2001*, including:

      (i) giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance, for the financial year ended on that date; and

      (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*;

   (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the *Corporations Act 2001* from the Chief Executive Officer (who is the Executive Chairman) and the Chief Financial Officer for the financial year ended 31 December 2020.

Note 1(a) of the Consolidated Financial Statements includes a statement of compliance with International Financial Reporting Standards.

This declaration is made on 17 February 2021 in accordance with a resolution of the Directors:

Alastair Provan
Executive Chairman

17 February 2021

KPMG

Independent Auditor's Report

To the shareholders of Bell Financial Group Ltd

Report on the audit of the Financial Report

Opinion

We have audited the ***Financial Report*** of Bell Financial Group Ltd (the Group).

In our opinion, the accompanying Financial Report of the Group is in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the Group's financial position as at 31 December 2020 and of its financial performance for the year ended on that date; and
- complying with *Australian Accounting Standards* and the *Corporations Regulations 2001*.

The ***Financial Report*** comprises:

- Consolidated Statement of financial position as at 31 December 2020;
- Consolidated Statement of Profit or Loss, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows for the year then ended;
- Notes including a summary of significant accounting policies; and
- Directors' Declaration.

The ***Group*** consists of the Group and the entities it controlled at the year-end or from time to time during the financial year.

Basis for opinion

We conducted our audit in accordance with *Australian Auditing Standards*. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report.

We are independent of the Group in accordance with the *Corporations Act 2001* and the ethical requirements of the *Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

KPMG

Key Audit Matters

Key Audit Matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Report of the current period.

This matter was addressed in the context of our audit of the Financial Report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Valuation of Goodwill ($130,413,000)

Refer to Note 17 to the financial report

The key audit matter	How the matter was addressed in our audit
A key audit matter for us was the Group's annual testing of goodwill for impairment given the size of the balance (being 12% of total assets). We focused on the identification of new Cash Generating Units (CGUs) and the reallocation of goodwill including the events and changes in conditions that lead to a change of CGUs and the method used to reallocate goodwill. We focused on the significant forward-looking assumptions the Group applied in their value in use model, including: • Forecast cash flows – the Group has continued to experience competitive market conditions and volatility in the global investment market. This increases the risk of inaccurate forecasts for us to consider and goodwill being impaired. • Forecast growth rates and terminal multiples – in addition to the uncertainties described above, the Group's models are sensitive to small unfavourable changes in these assumptions, reducing available headroom. This drives additional audit effort specific to their feasibility and consistency of application to the Group's strategy. • Discount rates - these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to. The Group's modelling is sensitive to small changes in the discount rate. We involved our valuation specialists with the assessment.	Working with our valuation specialists, our procedures included the following: • We considered the Group's determination of their new CGUs based on our understanding of changes to the operations of the Group's business and how independent cash flows were generated, against the requirements of the accounting standards. • We analysed the Group's internal reporting to assess changes to the Group's monitoring and management of activities and assessed the reallocation of goodwill and intangible assets on this basis. • We analysed the Group's assessment of impairment prior to the reallocation of goodwill. • We considered the appropriateness of the value in use method applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards. • We assessed the integrity of the value in use model used, including the accuracy of the underlying formulas. • We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the model. We noted previous trends where forecasts for certain CGU's were not achieved and how they impacted the business, for use in our testing. • We considered the sensitivity of the model by varying key assumptions, such as forecast growth rates, terminal multiples and discount rates, within a reasonably possible range, to identify those CGUs at higher risk of impairment and to focus our further procedures.

KPMG

The Group uses a complex model to perform their annual testing of goodwill for impairment. The model uses historical performance adjusted for a range of internal and external sources as inputs to the assumptions. Certain CGU's of the Group have not met prior forecasts in some instances historically, increasing our audit effort in assessing the reliability of current forecasts for each CGU. Complex modelling, using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application. These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application. We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.	• We challenged the Group's significant forecast cash flow and growth assumptions considering competitive market conditions. We applied increased scepticism to forecasts in the CGU's where previous forecasts were not achieved. We compared forecast expense growth rates to published studies and considered differences for the Group's operations. We used our knowledge of the Group, the Group's past performance, business and customers, and our industry experience. • We checked the consistency of the growth rate to the past performance of the Group, and our experience regarding the feasibility of these in the industry in which they operate and compared the forecast cash flows contained in the value in use model to those contained within the Board reviewed goodwill impairment assessment memorandum. • We assessed the current net profit after tax multiples and to those of comparable companies. • We independently developed a discount rate range considered comparable using publicly available market data for comparable entities to the Group and the industry it operates in. • We assessed the Group's analysis of the market capitalisation compared to net assets of the Group. This included consideration of the market capitalisation range implied by recent share price trading ranges to the Group's net assets. • We assessed the disclosures in the Financial Report using our understanding of the issues obtained from our testing and against the requirements of the accounting standards.

Other Information

Other Information is financial and non-financial information in Bell Financial Group Ltd's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express an audit opinion or any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor's Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- preparing the Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001;*
- implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- assessing the Group and Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group and Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objective is:

- to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
- to issue an Auditor's Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with *Australian Auditing Standards* will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Report.

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our Auditor's Report.

KPMG

Report on the Remuneration Report

Opinion

In our opinion, the Remuneration Report of Bell Financial Group Ltd for the year ended 31 December 2020, complies with *Section 300A* of the *Corporations Act 2001*.

Directors' responsibilities

The Directors of the Group are responsible for the preparation and presentation of the Remuneration Report in accordance with *Section 300A* of the *Corporations Act 2001*.

Our responsibilities

We have audited the Remuneration Report included in pages 12 to 16 of the Directors' report for the year ended 31 December 2020.

Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with *Australian Auditing Standards*.

KPMG

KPMG

Chris Wooden

Partner

Melbourne

17 February 2021

SHAREHOLDER INFORMATION

The following information is current as at 31 January 2021.

Distribution of shares

Range	Number of shareholders	Number of shares	% of issued capital
1 – 1,000	477	268,007	0.08
1,001 – 5,000	994	2,952,853	0.92
5,001 – 10,000	670	5,373,677	1.68
10,001 – 100,000	1,508	49,757,851	15.51
100,001 and over	244	262,391,560	81.81
Total	**3,893**	**320,743,948**	**100.00**

There were 105 shareholders who held less than a marketable parcel (less than $500 of shares).

Twenty largest shareholders

Rank	Name	Number of shares	% of issued capital
1.	BELL GROUP HOLDINGS PTY LIMITED	143,998,350	44.90
2.	CITICORP NOMINEES PTY LIMITED	5,807,772	1.81
3.	MR JAMES GORDON MOFFATT	5,400,000	1.68
4.	MR ANAND SELVARAJAH	3,892,334	1.21
5.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	3,655,296	1.14
6.	BELL POTTER NOMINEES LTD <BB NOMINEES A/C>	3,484,750	1.09
7.	COLIN BELL PTY LTD	2,814,627	0.88
8.	MR ALASTAIR PROVAN + MRS JANIS PROVAN <A & J PROVAN SUPER FUND A/C>	2,700,000	0.84
9.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,611,495	0.81
10.	MORSON HOLDINGS PTY LTD	2,609,699	0.81
11.	NATIONAL NOMINEES LIMITED	2,526,364	0.79
12.	MR LEE WILLIAM MUCO	2,300,000	0.72
13.	BELL SECURITIES PTY LIMITED	2,232,000	0.70
14.	CERTUS CAPITAL PTY LTD	2,129,623	0.66
15.	FRANUNTA SUPER PTY LTD <FRANUNTA SUPER FUND A/C>	1,819,400	0.57
16.	MR LIONEL ALEXANDER MCFADYEN + MRS JENNIFER JUNE MCFADYEN <THE MCFADYEN FAMILY A/C>	1,687,480	0.53
17.	BOND STREET CUSTODIANS LIMITED <CPCPL – TU0022 A/C>	1,669,097	0.52
18.	MILDRIDGE PTY LTD <BELL SUPERANNUATION ACCOUNT>	1,640,000	0.51
19.	NEWECONOMY COM AU NOMINEES PTY LIMITED <900 ACCOUNT>	1,611,769	0.50
20.	MR ALASTAIR PROVAN + MRS JANIS PROVAN <ALASTAIR & JANIS PROVAN A/C>	1,560,876	0.49

Substantial shareholdings

The following shareholders were registered by the Company as substantial shareholders, having declared a relevant interest in accordance with the Corporations Act:

Substantial shareholder	Number of shares	% of issued capital
BELL GROUP HOLDINGS PTY LIMITED	146,230,350	45.59[1]
ALASTAIR PROVAN	151,229,420	47.10[1,2]
COLIN BELL	150,554,711	46.94[1,3]
LEWIS BELL	149,998,649	46.92[1,4]

1. Bell Group Holdings Pty Limited (BGH) holds 143,998,350 BFG ordinary shares. BGH's wholly-owned subsidiary, Bell Securities Pty Limited (BSPL) holds 2,232,000 BFG ordinary shares. Colin Bell, Alastair Provan and Lewis Bell each hold more than 20% of BGH and therefore under the Corporations Act they are each deemed to have a relevant interest in the 146,230,350 BFG ordinary shares held by BGH and BSPL.
2. Alastair Provan has a relevant interest in 4,999,070 BFG ordinary shares.
3. Colin Bell has a relevant interest in 4,324,361 BFG ordinary shares.
4. Lewis Bell has a relevant interest in 3,768,299 BFG ordinary shares.

Voting rights

Bell Financial has one class of fully paid ordinary shares. On a show of hands, every member present at the meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. There are no voting rights attached to the options or performance rights.

On-market buy-back

There is no current on-market buy-back.

DIRECTORY

Bell Financial Group Ltd

ABN
59 083 194 763

Directors
Alastair Provan, Executive Chairman
Graham Cubbin, Independent Director
Brian Wilson AO, Independent Director
Christine Feldmanis, Non-Executive Director
Craig Coleman, Independent Director

Company Secretary
Cindy-Jane Lee

Registered Office
Level 29, 101 Collins Street
Melbourne VIC 3000
Telephone 03 9256 8700

Share Registry
Computershare Investor Services Pty Limited
452 Johnston Street
Abbotsford VIC 3067
Telephone 03 9415 5000

ASX Code
BFG
Shares are listed on the Australian Securities Exchange

Banker
Australia and New Zealand Banking Group Limited

Auditor
KPMG

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www.bellfg.com.au

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