

16 February 2023

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 2022**

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

1. Appendix 4E; and
2. 2022 Annual Report.

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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

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Reporting period: 1 January 2022 to 31 December 2022  
Previous corresponding period: 1 January 2021 to 31 December 2021

	<b>Year ended 31 December 2022 \$ '000</b>	Year ended 31 December 2021 \$ '000	
Revenue from ordinary activities	237,115	292,146	Down 18.7%
Profit from ordinary activities after tax attributable to shareholders	25,687	44,118	Down 41.8%
Net tangible assets per ordinary shares	\$0.28	\$0.29	

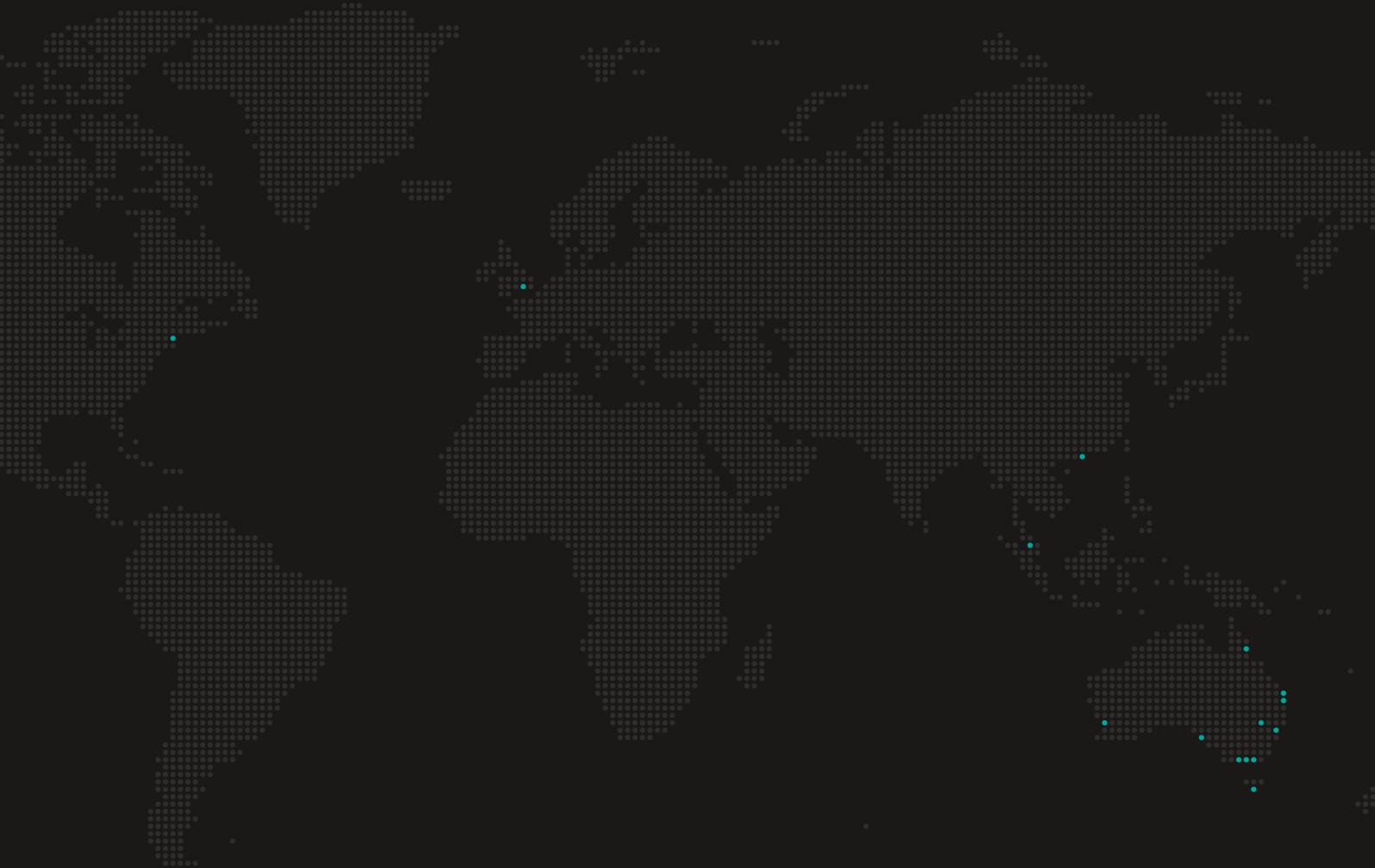
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<b>Dividend per ordinary share</b>	<b>Amount per share</b>	<b>Record date</b>	<b>Payment date</b>
2022 Interim dividend per share	2.5 cents	26 August 2022	6 September 2022
2022 Final dividend per share (declared)	4.5 cents	2 March 2023	15 March 2023

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Additional Appendix 4E disclosure requirements can be found in the 2022 Annual Report lodged separately with this document. This report is based on the consolidated financial statements which have been audited by KPMG.

# Annual Report 2022





## VALE COLIN MORTON BELL (OAM)

On 14 March 2022, the founder of our company Colin Bell sadly passed away. Our Chairman Alastair Provan sent the following email to all Bell Financial Group staff.

*I am very sad to announce that following a long and debilitating illness, Colin passed away this afternoon.*

*As the founder of our company Colin's enthusiasm, passion and vision has been, for the last 50 years, the driving force behind the growth and success of what started out as Option Investments, became C, A & L Bell Commodities Corporation Pty Ltd, and is now Bell Financial Group.*

*The same passion, tenacity, and long-term belief has also been behind the success of Bell Asset Management.*

*In addition to financial and commodities markets Colin's other great love was agriculture. As with BFG, over the last 30 years, Colin has almost single-handedly been responsible for putting together and structuring one of the finest large-scale mixed farming enterprises in the country, Australian Food & Agriculture Company.*

*With Colin's passing we lose a great friend, colleague, and leader. His extraordinary presence, business acumen, friendship, and unique ability to blend unwavering drive, sense of fair play and fun will be very sorely missed.*

*Our thoughts are with all of Colin's family.*

Alastair

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Bell Financial Group Ltd is an Australian-based provider of full service and online broking, corporate finance and financial advisory services to private, institutional and corporate clients. Bell Financial Group has over 750 employees, operates across 11 offices in Australia and has offices in New York, London, Hong Kong and Kuala Lumpur.

### Australia

Adelaide  
Brisbane  
Cairns  
Geelong  
Hobart  
Melbourne  
Mornington  
Noosa  
Orange  
Perth  
Sydney

### International

London  
New York  
Hong Kong  
Kuala Lumpur

## HIGHLIGHTS

Revenue

\$237.5m

18.7% decrease  
on 2021

Profit After Tax

\$25.7m

41.8% decrease  
on 2021

Funds Under Advice

\$72.8b

4.1% decrease  
on 2021

Earnings Per Share

8.0¢ share

42.0% decrease  
on 2021

Dividend Per Share

7.0¢ share

57.1% decrease  
on 2021

Return on Equity

15.7%

40.4% decrease  
on 2021

### BELL FINANCIAL GROUP

Bell Potter Securities Limited

BELL POTTER

BELL COMMODITIES

BELL FX

Retail and Institutional Equities

International Equities

Portfolio Administration

Commodities and Foreign Exchange

Superannuation

Fixed Income

Bell Potter Capital Limited

BELL POTTER CAPITAL

Bell Client Funds at Call

Margin Lending

Structured Products

Third Party Platform Pty Ltd

belldirect > desktopbroker >

BELL POTTER ONLINE

belldirect >  
ADVANTAGE

Retail Online Broking

Wholesale Online Broking

Institutional Online Broking

# OPERATING AND FINANCIAL REVIEW

## 1. GROUP

2022 was a difficult year on many fronts. There was a lot going on. Spiralling global inflation, higher interest rates combined with a chronic labour shortage resulted in significant upward pressure on costs.

In addition, unprecedented volatility in the energy markets, the conflict between Russia and Ukraine, strained relations with China, and a change in the Australian Federal Government, all contributed to a decline in the Australian equity market and an across the board drop in Equity Capital Market fee income.

Against this background I am pleased to report that the Group recorded, what I regard as, a very credible full year profit of \$25.7 million after tax.

All our business divisions were profitable.

Our Technology & Platforms and Products & Services businesses continue to grow and make increased contributions to Group earnings. Combined revenues across these business units of \$72.3 million and after tax earnings of \$17.3 million represent 31% of Group revenue and 67% of Group profit for the year. A strong endorsement of our ongoing investment and commitment to these growth areas of the Group.

Third Party Platform (TPP), our online broking and third party clearing business, now provides clearing services for 90% of Bell Potter Securities' Australian secondary market business. TPP has achieved a significant milestone in successfully completing the migration of our first external Third Party Clearing client, Macquarie Equities Limited, in the middle of the year.

TPP produced a record profit for the year and continues to be a key business focus, one which we will continue to expand and grow.

Bell Potter Capital, our Margin Lending, Structured Products, and Bell Financial Trust business had another strong year of revenue growth, and also produced a record profit for the year. The business was assisted by the current interest rate environment.

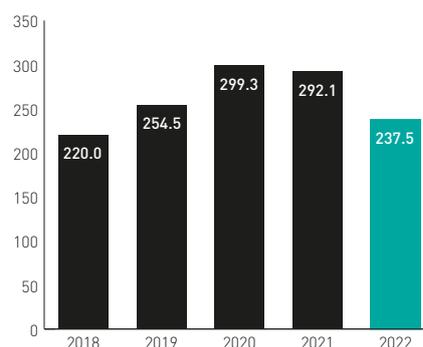
Retail and Institutional Broking revenues were understandably lower, a direct reflection of the prevailing market conditions.

Equity Capital Markets was the area where the market downturn had the greatest impact. Domestic and global Equity Capital Markets activity was down between 50 – 60%, and we were not immune. However, we successfully completed 85 transactions throughout the year, raising \$1.9 billion in new equity capital. And we improved our market position from 10th (2021) to 6th (2022) in the Australian Equity Capital Market League tables according to the Refinitiv 2022 Global Equity Capital Markets review.

In addition to the various challenges encountered during the year, in February 2022 we received notices from AUSTRAC for Bell Potter Securities, Bell Potter Capital and Third Party Platform requiring the appointment of an external auditor to assess compliance with our obligations under the Anti-Money Laundering and Counter-Terrorism Finance Act 2006 (Cth) (AML/CTF Act). The auditor's reports were completed on time and lodged with AUSTRAC in October. This has been a major exercise for most of the year in terms of staff time and cost, and we hope the matter will conclude soon.

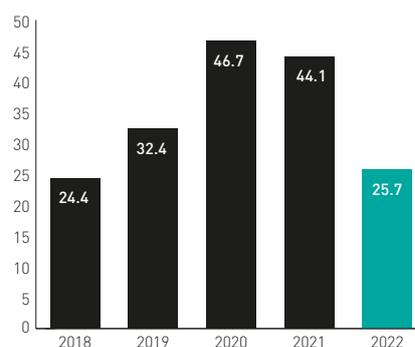
As I mentioned earlier, given the various headwinds throughout the year I think the Group has produced a very credible result which enables us to pay a final fully franked dividend of 4.5 cents per share, taking the full year fully franked dividend to 7 cents per share – a gross dividend yield of 10.2%. The Group remains well-capitalised with \$110 million in Group cash, is well-positioned to continue to invest in our existing businesses and to take advantage of opportunities that may arise in the future.

## REVENUE (\$M)



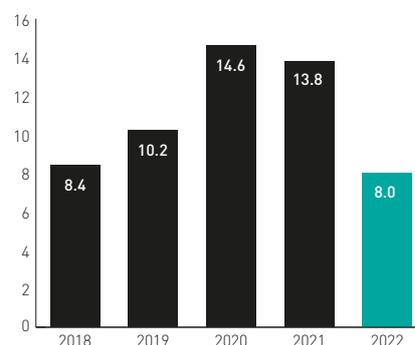
2022 revenue was down 18.7% on 2021, due in the main to lower Equity Capital Markets revenue, and to a reduction in equities execution revenue.

## PROFIT AFTER TAX (\$M)



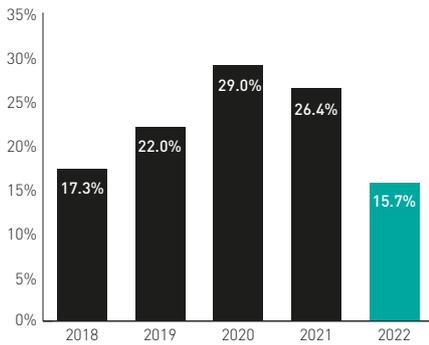
2022 Profit after Tax was \$25.7 million, down 41.8% on 2021.

## EARNINGS PER SHARE (CENTS)



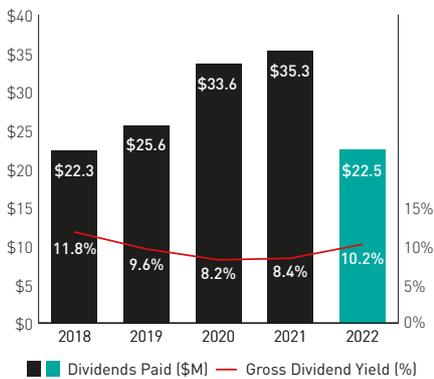
2022 Earnings Per Share (EPS) of 8.0 cents.

## RETURN ON EQUITY



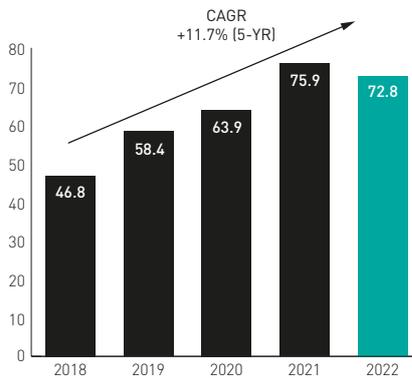
2022 Return on Equity (ROE) was 15.7%.

## DIVIDENDS PAID (\$M) AND GROSS DIVIDEND YIELD (%)



\$22.5 million in fully franked dividends were paid in 2022, representing a gross dividend yield of 10.2% (based on the 31 December 2022 BFG share price).

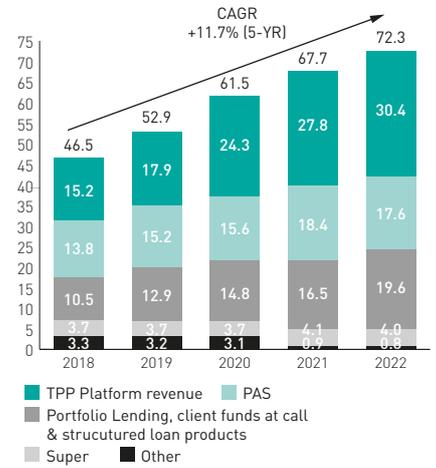
## FUNDS UNDER ADVICE (\$B)



Funds under Advice (FUA) at 31 December 2022 were \$72.8 billion, down 4.1% down on December 2021.

The S&P / ASX200 index was down 5.5% in 2022. Compound annual growth rate over a 5-year period is 11.7%.

## TECHNOLOGY & PLATFORMS AND PRODUCTS & SERVICES REVENUE BREAKDOWN (\$M)



Growth in the Technology & Platforms and Products & Services businesses remains core to our strategy. In a difficult year, revenue in this segment grew 7%, representing 31% of total Group revenue, and profit grew 13% representing 67% of total Group profit. Compound annual growth rates of 11.7% and 15.5% respectively.

## BFG Share Price Movement: January 2017 – December 2022



BFG share price closed at \$0.98 on 31 December 2022.

## 2. BROKING – RETAIL & INSTITUTIONAL

### BELL POTTER SECURITIES (BPS)

#### RETAIL & INSTITUTIONAL EQUITIES BROKERAGE and COMMODITIES & FX REVENUE (\$M)



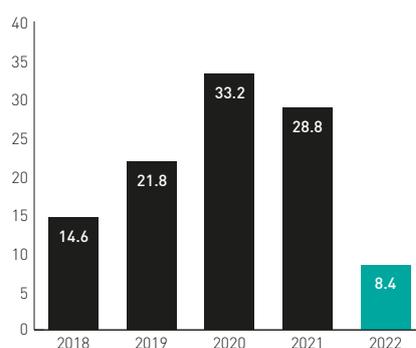
Brokerage from the Retail and Institutional desks and the Commodities and FX desks was \$103.3 million down 10.9% on 2021.

#### ECM AND SYNDICATION REVENUE (\$M)



Equity Capital Markets revenue was down 45.4% in 2022 in line with the broader downturn in ECM market activity. We improved our ranking from 10th in 2021, to 6th in 2022 for Australian Equity and Equity related proceeds raised according to the Refinitiv 2022 Global Equity Capital Markets review. We executed 85 transactions raising in excess of \$1.9 billion in new equity capital over the year.

#### PROFIT AFTER TAX (\$M) RETAIL & INSTITUTIONAL BROKING

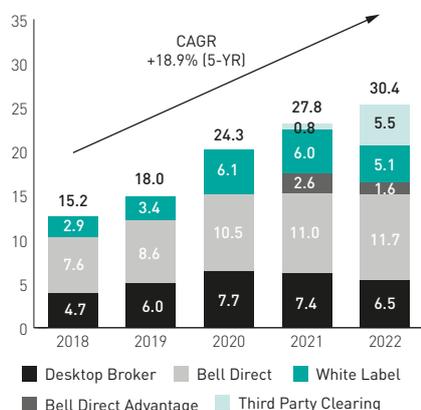


\$8.4 million profit after tax, down 70.8% on 2021.

### 3. TECHNOLOGY & PLATFORMS

#### THIRD PARTY PLATFORM (TPP)

##### REVENUE (\$M)



\$30.4 million revenue, a 9.4% increase on 2021. A 5-year compound annual growth rate of 18.9%.

TPP operates six distinct businesses:

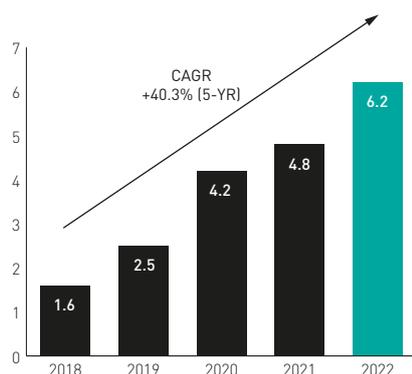
- Bell Direct – our proprietary online retail broking business.
- Bell Direct Advantage - General advice High Net Wealth desk.
- Desktop Broker – provides execution and clearing services to the Financial Planning industry.

- 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, enabling it to provide Third Party Clearing services to the Australian stockbroking industry.

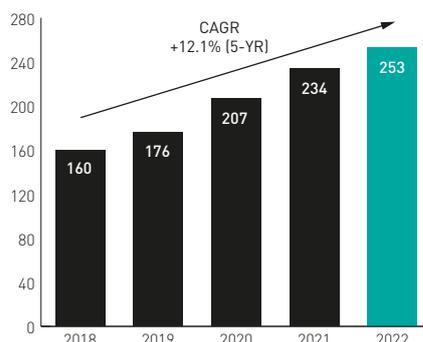
- Technology – Continuous development of proprietary software applications for TPP and the wider Bell Financial Group.

##### PROFIT AFTER TAX (\$M) TECHNOLOGY & PLATFORMS



\$6.2 million net profit after tax, a 29.2% increase on 2021. A 5-year compound annual growth rate of 40.3%.

##### TPP CLIENT ACCOUNTS ('000)

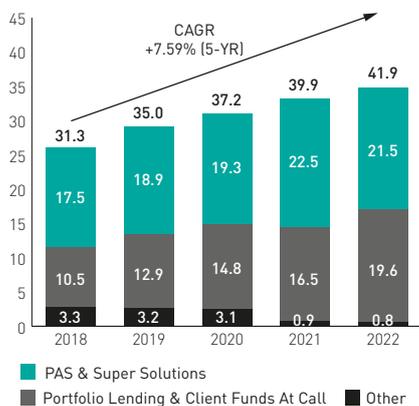


TPP client numbers increased 8.1% in 2022, to more than 253,000. A 5-year compound annual growth rate of 12.1%.

## 4. PRODUCTS & SERVICES

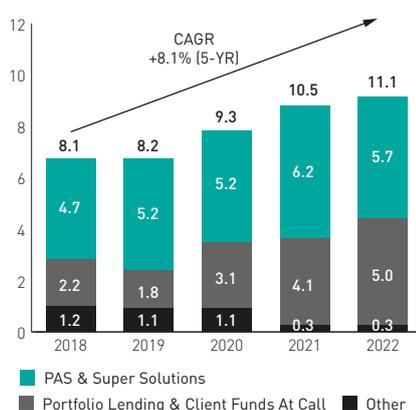
### BELL POTTER CAPITAL (BPC)

#### REVENUE (\$M)



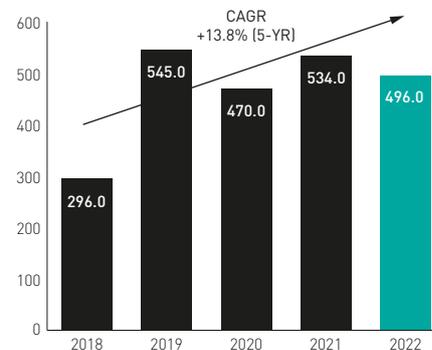
Bell Potter Capital (BPC) revenue increased 5% year on year to \$41.9 million. A 5-year compound annual growth rate of 7.6%.

#### PROFIT AFTER TAX (\$M) PRODUCTS & SERVICES



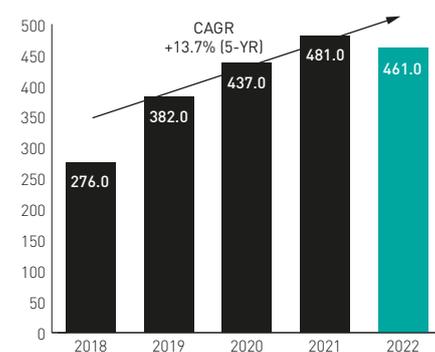
\$11.1 million net profit after tax, a 5.4% increase on 2021. A 5-year compound annual growth rate of 8.1%.

#### LOAN BOOK (\$M)



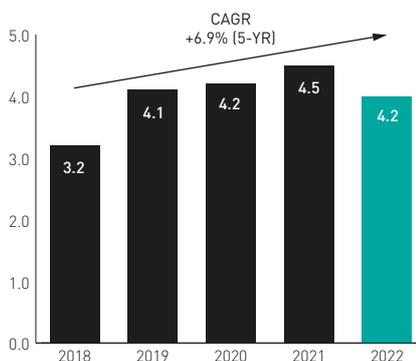
The Margin Loan book decreased 7.1% to \$496 million in 2022 reflecting a reduction in risk appetite given the uncertainty in markets. Compound annual growth rate over a 5-year period is 13.8%.

#### BELL FINANCIAL TRUST (\$M) CLIENT FUNDS AT CALL



Client funds at call closed the year at \$461 million, down 4.1% on the prior year reflecting the downturn in overall activity in equities markets. Compound annual growth rate over a 5-year period is 13.7%.

#### PORTFOLIO ADMINISTRATION & SUPERANNUATION ASSETS (\$B)



Portfolio Administration Service and Superannuation product assets decreased 6.7% in 2022. Compound annual growth rate over a 5-year period is 6.9%.

## 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.

In November 2021 we created a new position, Chief Technology Officer, whose role is to bring together the various IT, Programming and Development teams we have across Bell Potter Securities, Bell Potter Capital and Third Party Platform to form one strong, cohesive unit with responsibility for maintaining our existing platforms and developing enhanced capability for the Group. We now have a team of more than 100 specialist IT professionals across the Group.

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.

### OUTLOOK

A good start to the year with Australian equities up 6% in January. Indications the current interest rate and inflation cycles may be close to peaking and improving relations with China are positive signs.

From our perspective we continue to focus and invest in the strategies that have proved successful while continuing to look for new growth opportunities. Our Technology and Platforms and Products & Services businesses are growing strongly and now contribute meaningfully to our revenue and earnings. We expect this trend will continue in 2023 and in the years ahead.

#### 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 Lending
- Bell Financial Trust
- Structured Loan Products
- Bell Potter Portfolio Administration Service (PAS)
- Bell Potter Personal Superannuation Solutions
- Australian Equities Research

The final migration of Bell Potter Securities' clients to Third Party Platform Clearing should occur in the first half of 2023 and we will look to expand our Third Party Clearing function.

We have a strong Equity Capital Markets pipeline with several transactions already completed. Domestic secondary market transaction activity has also improved.

Again, all our business units remain profitable, and we look forward to another solid performance by Bell Financial Group in 2023.

I would like to thank our staff, our clients, and our shareholders for their continued support and contribution to the ongoing success of the Group.



**Alastair Provan**  
Executive Chairman

# DIRECTORS' REPORT

For the year ended 31 December 2022

The Directors of Bell Financial Group Limited (Bell Financial Group) present their report with the financial report on the consolidated entity consisting of Bell Financial Group and its controlled entities (the Group) for the financial year ended 31 December 2022.

## Board of Directors

The Directors of Bell Financial Group are stated with their qualifications, experience and special responsibilities. Each Director held office for the entire year.

### ALASTAIR PROVAN

Mr Provan is the Executive Chairman of Bell Financial Group 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 Group 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**

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

Non-Executive Director,  
McPherson's Limited  
(September 2010-February 2022)

Non-Executive Director,  
WPP AUNZ Limited  
(May 2008-May 2021)

### **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.

### **CHRISTINE FELDMANIS**

*BComm, MAppFin, SFFin, TFASFA, FAICD, CPA, CSA, AGIA, JP*

Ms Feldmanis is a Non-Executive Director. She is also a member of the Group Risk and Audit Committee. Ms Feldmanis was appointed to the Board in 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, Utilities of Australia Pty Ltd, Deputy Chair of 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, United Malt Group Ltd (January 2023-present)

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

# DIRECTORS' REPORT CONTINUED

For the year ended 31 December 2022

## Principal activities

The principal activities of Group during the year were the provision of full service broking, online broking, corporate finance and financial advisory services to private, institutional and corporate clients, and the development of proprietary technology, platforms, products and services. With over 750 employees, the Group operates across 11 offices in Australia and has offices in New York, London, Hong Kong and Kuala Lumpur. In the opinion of the Directors, there were no significant changes to the principal activities of the Group during the year that are not otherwise disclosed in this report.

## Operating and financial review

Please refer to pages 2 to 7 of this report for the following in respect of the Group:

- a review of operations during the financial year and the results of those operations,
- likely developments in the Group's operations in future financial years and the expected results of those operations,
- comments on the financial position, and
- comments on business strategies and prospects for future financial years.

In respect of likely developments, business strategies and prospects for future financial years, material which if included would be likely to result in unreasonable prejudice to the Group, has been omitted.

## Dividends

Subsequent to the year ended 31 December 2022, the Directors have resolved to pay a fully franked final dividend of 4.5 cents per share. This dividend is payable on 15 March 2023.

Dividends paid to shareholders during the financial year ended 31 December 2022 were as follows:

Dividend	Per share	Total \$'000	Fully Franked	Date of payment
<b>2022</b>				
Interim 2022 ordinary	2.5 cents	8,019	Yes	6 September 2022
Final 2021 ordinary	6.5 cents	20,848	Yes	16 March 2022
<b>2021</b>				
Interim 2021 ordinary	4.5 cents	14,433	Yes	26 August 2021
Final 2020 ordinary	6.5 cents	20,848	Yes	17 March 2021

## State of affairs

On 16 February 2022, Bell Financial Group announced that three operating subsidiaries, Bell Potter Securities Limited, Bell Potter Capital Limited and Third Party Platform Pty Ltd, received notices from AUSTRAC requiring the appointment of an external auditor to carry out an audit of those entities' compliance with particular aspects of their obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act).

Bell Financial Group announced on 25 October 2022 that we had received a report from the external auditor for each entity and that those reports had been provided to AUSTRAC in accordance with the notice requirements. Each of the reports related to a defined period ending on 16 February 2022. Since then, Bell Financial Group has made a number of refinements to our approach to AML/CTF compliance, including updates to the subsidiaries' risk assessments and their AML/CTF program.

At this stage it is uncertain whether AUSTRAC will take any further action arising from the audit, or the nature of the action it may take if it decides to do so. Accordingly, the potential outcome and total costs and exposure in connection with the audit remain uncertain.

There were no other significant changes in the Group's state of affairs during the year that are not otherwise disclosed in this report.

## Board and Board Committee meetings and attendance

The number of meetings of the Board of Directors (the Board) and the Group Risk and Audit Committee (GRAC) held during the year and each Director's attendance at those meetings is stated below:

Director	Board		GRAC	
	Held	Attended	Held	Attended
Alastair Provan	8	8	–	–
Graham Cubbin	8	8	4	4
Brian Wilson AO	8	8	4	4
Christine Feldmanis	8	8	4	4

The Chairman may attend any GRAC meeting but is not a member of the GRAC.

## Directors' shareholdings and other relevant interests

As at the date of this report, the Directors have the following relevant interests in Bell Financial Group ordinary shares:

Director	Fully paid ordinary shares	Deemed relevant interest	Total
Alastair Provan <sup>1</sup>	5,239,998	146,355,350	151,595,348
Graham Cubbin	216,000	–	216,000
Brian Wilson AO	1,200,000	–	1,200,000
Christine Feldmanis	125,000	–	125,000

1. Alastair Provan is deemed to have a relevant interest in the BFG ordinary shares held by Bell Group Holdings Pty Ltd (ACN 004 845 710), Bell Securities Pty Ltd (ACN 006 465 498) and Bell Asset Management (Holdings) Pty Ltd (ACN 078 023 248) – 146,355,350 BFG ordinary shares.

As at the date of this report, Alastair Provan and his related parties hold three units in the Bell Financial Trust, a registered scheme that is made available by a related body corporate of Bell Financial Group and Christine Feldmanis's related party holds one unit in the Bell Financial Trust.

## 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 Group, 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 Group recognises the importance of good corporate governance. As required under the ASX listing rules, Bell Financial Group 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 the Corporate Governance Statement is located at the Corporate Governance section of our website: [www.bellfg.com.au/#corporate-governance](http://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 and Guidelines, Description of Risk Management Policy and Framework, Trading Policy, Whistleblower Policy and Modern Slavery Statement are also located here.

## Directors' and officers' indemnity and insurance

Bell Financial Group has entered into a Deed of Access, Insurance and Indemnity with each Director. Under the Deed, Bell Financial Group has agreed to indemnify the Director, to the maximum extent permitted by law, against certain liabilities and legal costs.

Bell Financial Group maintains a directors' and officers' insurance policy that provides cover for the Directors, officers, company secretaries and senior executives in the Group. The insurance policy prohibits disclosure of the premium payable under the policy and the nature of the liabilities insured.

## 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

Amounts paid or payable to KPMG, the auditor of the Group, for non-audit services provided during the year ended 31 December 2022 totalled \$31,104 (2021: \$30,285). Further details are set out in Note 38 Auditor's remuneration of the financial report.

The Directors are satisfied, in accordance with the advice provided by the GRAC, that the provision of non-audit services during the year by KPMG is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001* (Cth) and did not compromise the auditor independence requirements of the *Corporations Act 2001* (Cth), for the following reasons:

- the non-audit services provided were 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.

# DIRECTORS' REPORT CONTINUED

For the year ended 31 December 2022

## Events after the end of the financial year

As at the date of this report, the Directors are not aware of any matter or circumstance that has arisen since 31 December 2022 that has significantly affected, or may significantly affect:

- (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.

## Remuneration Report (audited)

This Remuneration Report describes Bell Financial Group's 'Key Management Personnel' (KMP) remuneration arrangements as required by the *Corporations Act 2001* (Cth).

### 1. KMP

Bell Financial Group's KMP during the reporting period were:

#### Directors

Alastair Provan	Executive Chairman
Graham Cubbin	Independent Director
Brian Wilson AO	Independent Director
Christine Feldmanis	Non-Executive 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

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

### 2. Overview of remuneration policy and framework

Bell Financial Group 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. Independent Directors and 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.

	2018	2019	2020	2021	2022
Net profit/(loss) after tax \$'000	\$24,737	\$32,443	\$46,695	\$44,118	<b>\$25,687</b>
Share price at year end \$	\$0.85	\$1.19	\$1.82	\$1.865	<b>\$0.98</b>
Earnings per Share (cents)	8.4	10.2	14.6	13.8	<b>8.0</b>
Dividends paid \$'000	\$23,312	\$24,660	\$27,263	\$35,281	<b>\$28,867</b>

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 Group 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.

## 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 2022.

## 8. Service agreements

### 8.1 Executive Chairman

Bell Financial entered into a service agreement 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 or 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.

# DIRECTORS' REPORT CONTINUED

For the year ended 31 December 2022

## Remuneration Report (audited) (continued)

### 8. Service agreements (continued)

#### 8.3 Independent Directors and Non-Executive Directors

On appointment to the Board, each Independent Director and 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. Independent Directors and 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	90,703	9,297	100,000
Graham Cubbin	90,703	9,297	100,000
Christine Feldmanis	100,000	-	100,000

#### 8.4 KMP remuneration

Details of the remuneration of each KMP are tabled below.

Directors		Salary & fees \$	Short-term		Total
			STI cash bonus \$	Non-monetary benefits \$	
<b>Executive Directors</b>					
Alastair Provan, Executive Chairman	2022	519,846	500,000	-	1,019,846
	2021	521,645	500,000	-	1,021,645
<b>Independent Directors and Non-Executive Directors</b>					
Graham Cubbin	2022	90,703	-	-	90,703
	2021	91,117	-	-	91,117
Brian Wilson AO	2022	90,703	-	-	90,703
	2021	91,117	-	-	91,117
Christine Feldmanis	2022	100,000	-	-	100,000
	2021	100,000	-	-	100,000
Craig Coleman <sup>1</sup>	2022	-	-	-	-
	2021	12,176	-	-	12,176
<b>Total compensation:</b>	<b>2022</b>	<b>801,252</b>	<b>500,000</b>	<b>-</b>	<b>1,301,252</b>
<b>Directors (consolidated)</b>	<b>2021</b>	<b>816,054</b>	<b>500,000</b>	<b>-</b>	<b>1,316,054</b>

1. Craig Coleman retired from the Board on 17 February 2021.

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 %
<b>24,430</b>	-	-	-	<b>1,044,276</b>	<b>48%</b>	<b>0%</b>
22,631	-	-	-	1,044,276	48%	0%
<b>9,297</b>	-	-	-	<b>100,000</b>	<b>0%</b>	<b>0%</b>
8,883	-	-	-	100,000	0%	0%
<b>9,297</b>	-	-	-	<b>100,000</b>	<b>0%</b>	<b>0%</b>
8,883	-	-	-	100,000	0%	0%
-	-	-	-	<b>100,000</b>	<b>0%</b>	<b>0%</b>
-	-	-	-	100,000	0%	0%
-	-	-	-	-	<b>0%</b>	<b>0%</b>
1,157	-	-	-	13,333	0%	0%
<b>43,024</b>	-	-	-	<b>1,344,276</b>	<b>37%</b>	<b>0%</b>
41,555	-	-	-	1,357,609	37%	0%

# DIRECTORS' REPORT CONTINUED

For the year ended 31 December 2022

## Remuneration Report (audited) (continued)

### 8. Service agreements (continued)

#### 8.4 KMP remuneration (continued)

		Short-term			Total
		Salary & fees \$	STI cash bonus \$	Non-monetary benefits \$	
<b>Senior Executives</b>					
Lewis Bell, Head of Compliance	<b>2022</b>	<b>365,072</b>	-	-	<b>365,072</b>
	2021	366,871	-	-	366,871
Andrew Bell, Executive Director of Bell Potter Securities	<b>2022</b>	<b>283,129</b>	-	-	<b>283,129</b>
	2021	491,505	-	-	491,505
Dean Davenport, Chief Financial Officer	<b>2022</b>	<b>324,359</b>	<b>225,000</b>	-	<b>549,359</b>
	2021	287,405	225,000	-	512,405
Rowan Fell, Chief Executive Officer of Bell Potter Capital	<b>2022</b>	<b>274,578</b>	<b>550,000</b>	-	<b>824,578</b>
	2021	280,904	550,000	-	830,904
<b>Total compensation: Executives (consolidated)</b>	<b>2022</b>	<b>1,247,138</b>	<b>775,000</b>	-	<b>2,022,138</b>
	2021	1,426,685	775,000	-	2,201,685

#### 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 2022 \$
Opening balance	2,020,423
Closing balance <sup>1</sup>	1,541,295
Interest charged	64,425

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

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 22 \$	Balance 31 Dec 22 \$	Interest paid and payable in period \$	Highest balance in period <sup>1</sup> \$
Lewis Bell	298,908	-	11,947	1,306,982
Andrew Bell	539,310	463,417	11,078	539,310
Rowan Fell	971,756	1,005,515	36,943	1,171,911
Dean Davenport	210,449	72,361	4,456	215,802

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.

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 %
<b>24,430</b>	-	-	-	<b>389,502</b>	<b>0%</b>	<b>0%</b>
22,631	-	-	-	389,502	0%	0%
<b>24,004</b>	-	-	-	<b>307,133</b>	<b>100%</b>	<b>0%</b>
26,719	-	-	-	518,224	100%	0%
<b>27,500</b>	<b>14,807</b>	-	-	<b>591,666</b>	<b>38%</b>	<b>0%</b>
26,250	36,345	-	63,700	638,700	45%	0%
<b>27,500</b>	<b>27,922</b>	-	-	<b>880,000</b>	<b>63%</b>	<b>0%</b>
26,250	22,846	-	-	880,000	63%	0%
<b>103,434</b>	<b>42,729</b>	-	-	<b>2,168,301</b>	<b>50%</b>	<b>0%</b>
101,850	59,191	-	63,700	2,426,426	63%	0%

## DIRECTORS' REPORT CONTINUED

For the year ended 31 December 2022

### Rounding of amounts

In accordance with *ASIC Corporations (Rounding in Financial/Directors' Reports) Instruments 2016/191*, amounts in this report have been rounded off to the nearest thousand dollars, unless otherwise indicated.

### Lead auditor's independence declaration

The lead auditor's independence declaration is set out on page 19 and forms part of the Directors' Report for the financial year ended 31 December 2022.

This report is made in accordance with a resolution of the Directors.

A handwritten signature in black ink, appearing to be 'A. Provan', with a horizontal line underneath.

**Alastair Provan**  
Executive Chairman

16 February 2023

# LEAD AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 31 December 2022



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

To 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 Ltd for the financial year ended 31 December 2022 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.

A handwritten version of the KPMG logo in blue ink.

KPMG

A handwritten signature in blue ink, appearing to read 'C. Wooden'.

Chris Wooden

*Partner*

Melbourne

16 February 2023

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# STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2022

	Note	Consolidated \$'000	
		2022	2021
Rendering of services	6, 7.	206,415	269,084
Finance income	10.	33,303	22,708
Investment gains /(losses)	8.	(3,439)	(669)
Other income	9.	1,236	1,023
<b>Total revenue</b>		<b>237,515</b>	292,146
Employee expenses	11.	(138,289)	(173,500)
Depreciation and amortisation expenses	16,17,31.	(10,657)	(11,649)
Occupancy expenses		(2,845)	(2,905)
System and communication expenses		(10,933)	(10,539)
Market information expenses		(7,373)	(7,024)
ASX & Other clearing expenses		(5,807)	(6,561)
Professional expenses		(5,670)	(3,447)
Finance expenses	10.	(7,540)	(3,115)
Other expenses		(11,393)	(10,291)
<b>Total expenses</b>		<b>(200,507)</b>	(229,031)
<b>Profit before income tax</b>		<b>37,008</b>	63,115
Income tax expense	12.	(11,321)	(18,997)
<b>Profit for the year</b>		<b>25,687</b>	44,118
<b>Attributable to:</b>			
Equity holders of the Company		25,687	44,118
<b>Profit for the year</b>		<b>25,687</b>	44,118
<b>Earnings per share:</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings per share	28.	8.0	13.8
Diluted earnings per share	28.	8.0	13.8

The notes on pages 25 to 63 are an integral part of these Consolidated Financial Statements.

# STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

	Note	Consolidated \$'000	
		2022	2021
<b>Profit for the year</b>		<b>25,687</b>	44,118
<b>Other comprehensive income/(loss)</b>			
<b>Items that may be classified to profit or loss</b>			
Change in fair value of cash flow hedge, net of tax		<b>385</b>	251
Foreign operations – foreign currency translation differences, net of tax		<b>505</b>	284
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>890</b>	535
<b>Total comprehensive income for the year</b>		<b>26,577</b>	44,653
<b>Attributable to:</b>			
Equity holders of the Company		<b>26,577</b>	44,653
Non-controlling interests		-	-
<b>Total comprehensive income for the year</b>		<b>26,577</b>	44,653

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

The notes on pages 25 to 63 are an integral part of these Consolidated Financial Statements.

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

		Consolidated \$'000	
	Note	2022	2021*
<b>Assets</b>			
Cash and cash equivalents	13.	289,207	352,742
Trade and other receivables	14.	253,846	281,627*
Prepayments		1,464	1,201
Financial assets at fair value	15.	15,573	13,346
Derivative assets	30.	435	179
Loans and advances	19.	495,756	534,006
Right of use assets	31.	45,474	12,179
Deferred tax assets	18.	4,908	4,542
Property, plant and equipment	16.	1,460	2,005
Goodwill	17.	130,413	130,413
Intangible assets	17.	15,466	14,796
<b>Total assets</b>		<b>1,254,002</b>	<b>1,347,036*</b>
<b>Liabilities</b>			
Trade and other payables	20.	421,998	457,340*
Deposits and borrowings	21.	505,434	573,100
Current tax liabilities	22.	1,397	1,849
Lease liabilities	31.	52,035	16,275
Derivative liabilities	30.	-	9
Employee benefits	24.	37,234	58,917
Provisions	23.	500	500
<b>Total liabilities</b>		<b>1,018,598</b>	<b>1,107,990*</b>
<b>Net assets</b>		<b>235,404</b>	<b>239,406</b>
<b>Equity</b>			
Contributed equity	26.	204,237	204,237
Other equity	26.	(28,858)	(28,858)
Reserves	26.	(1,017)	(555)
Retained earnings	26.	61,042	64,222
<b>Total equity attributable to equity holders of the Company</b>		<b>235,404</b>	<b>239,046</b>

The notes on pages 25 to 63 are an integral part of these Consolidated Financial Statements.

\* 31 December 2021 comparative amounts have been restated. Refer to note 1a for further information.

## STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2022

	Share Capital \$'000	Other Equity \$'000	Treasury Shares Reserve \$'000	Share Based Pay- ments Reserve \$'000	Cash Flow Hedge Reserve \$'000	Foreign Currency Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 January 2021</b>	204,237	(28,858)	-	-	(238)	415	55,385	230,941
<b>Total comprehensive income</b>								
Profit/(loss) for the year	-	-	-	-	-	-	44,118	44,118
<b>Other comprehensive income</b>								
Change in fair value of cash flow hedges	-	-	-	-	251	-	-	251
Translation of foreign currency reserve	-	-	-	-	-	284	-	284
Total other comprehensive income	-	-	-	-	251	284	-	535
<b>Total comprehensive income for the year</b>	-	-	-	-	251	284	44,118	44,653
<b>Transactions with owners, recorded directly in equity</b>								
Transfer of retained earnings	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(1,695)	-	-	-	-	(1,695)
Share based payments	-	-	-	-	-	-	-	-
Employee share awards exercised	-	-	428	-	-	-	-	428
Issuance of share based payment	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(35,281)	(35,281)
<b>Balance at 31 December 2021</b>	204,237	(28,858)	(1,267)	-	13	699	64,222	239,046

The notes on pages 25 to 63 are an integral part of these Consolidated Financial Statements.

	Share Capital \$'000	Other Equity \$'000	Treasury Shares Reserve \$'000	Share Based Pay- ments Reserve \$'000	Cash Flow Hedge Reserve \$'000	Foreign Currency Reserve \$'000	Retained Earnings \$'000	Total Equity \$'000
<b>Balance at 1 January 2022</b>	204,237	(28,858)	(1,267)	-	13	699	64,222	239,046
<b>Total comprehensive income</b>								
Profit/(loss) for the year	-	-	-	-	-	-	25,687	25,687
<b>Other comprehensive income</b>								
Change in fair value of cash flow hedges	-	-	-	-	385	-	-	385
Translation of foreign currency reserve	-	-	-	-	-	506	-	506
Total other comprehensive income	-	-	-	-	385	506	-	891
<b>Total comprehensive income for the year</b>	-	-	-	-	385	506	25,687	26,578
<b>Transactions with owners, recorded directly in equity</b>								
Transfer of retained earnings	-	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	(1,353)	-	-	-	-	(1,353)
Share based payments	-	-	-	-	-	-	-	-
Employee share awards exercised	-	-	-	-	-	-	-	-
Issuance of share based payment	-	-	-	-	-	-	-	-
Dividends	-	-	-	-	-	-	(28,867)	(28,867)
<b>Balance at 31 December 2022</b>	204,237	(28,858)	(2,620)	-	398	1,205	61,042	235,404

The notes on pages 25 to 63 are an integral part of these Consolidated Financial Statements.

# STATEMENT OF CASH FLOWS

For the year ended 31 December 2022

	Note	Consolidated \$'000	
		2022	2021
<b>Cash flows from/(used in) operating activities</b>			
Cash receipts from customers and clients		218,006	282,100
Cash paid to suppliers and employees		(214,707)	(236,177)
Net cash from client related receivables and payables		(9,379)	40,858
Cash generated from operations 1		(6,080)	86,781
Dividends received		335	2
Interest received		32,480	22,778
Interest paid		(7,540)	(3,115)
Income taxes paid		(12,139)	(21,606)
<b>Net cash from operating activities</b>	25.	7,056	84,840
<b>Cash flows from/(used in) investing activities</b>			
Proceeds from sale of investments		5,243	9,620
Acquisition of property, plant and equipment		(436)	(986)
Acquisition of other investments		(10,827)	(9,532)
<b>Net cash used in investing activities</b>		(6,020)	(898)
<b>Cash flows from/(used in) financing activities</b>			
Dividends paid		(28,867)	(35,281)
On market share purchases		(1,353)	(1,695)
Payment of lease liabilities		(4,472)	(10,425)
<i>Bell Potter Capital (Margin Lending)</i>			
(Withdrawals)/Deposits from client cash balances		(19,666)	43,624
(Issuance)/Drawdown of margin loans		37,787	(63,466)
(Repayment)/Drawdown of borrowings		(48,000)	52,000
<b>Net cash used in financing activities</b>		(64,571)	(15,243)
Net (decrease)/increase in cash and cash equivalents		(63,535)	68,699
Cash and cash equivalents at 1 January		352,742	284,043
<b>Cash and cash equivalents at 31 December</b>	13, 25.	289,207	352,742

The notes on pages 25 to 63 are an integral part of these Consolidated Financial Statements.

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 stockbroking, 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 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 16 February 2023.

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) Instrument 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.

### Comparative Amounts

2021 comparative numbers have been restated to reflect client and clearing broker positions on a gross basis that were previously netted. As a result, the following accounts have been restated: 31 December 2021 segregated deposits with clearing brokers have increased by \$39.6m (from \$122.6m to \$162.2m), and 31 December 2021 segregated client liabilities have increased by \$39.6m (from \$264.8m to \$304.4m). The impact on the opening balance of the comparative period was an increase of \$12.5m in both segregated deposits with clearing brokers and segregated client liabilities. There was no impact on profit or loss, retained earnings or earnings per share.

### b) Principles of consolidation

#### 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 1. Significant accounting policies (continued)

### c) Revenue recognition (continued)

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 inception of lease. 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 hedge accounting model in AASB 9 Financial Instruments. 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:

### 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 1. Significant accounting policies (continued)

### k) Trade and other receivables

Trade receivables issued are initially recognised when they are originated. A trade receivable is initially measured at the transaction price. 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 the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to: the gross carrying amount of the financial asset; or the amortised cost of the financial liability.

### 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 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 CGUs currently in place consist of Retail, Institutional, Technology & Platforms and Product & Services.

The Group provides traditional stockbroking, investment and financial advisory services to private, institutional and corporate clients. It also develops proprietary technology, platforms, products and services for the Australian stockbroking market. 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 the subject of Management focus in terms of future business decisions.

#### Other intangible assets

##### Software

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, the asset is controlled by the Group, 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.

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:

	2022	2021
Software	10 years	10 years
Customer list	10 years	10 years

### q) Financial instruments

All investments are initially recognised at fair value 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* 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.

##### i. Classification and measurement of financial assets and financial liabilities

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 2021 and 2022.

#### **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 the financial asset derecognised and the fair value of the new financial asset is recognised in profit or loss.

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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 1. Significant accounting policies (continued)

### q) Financial instruments (continued)

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 2022 (2021: 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 the Group's exposure to credit risk and there was no significant impact to credit provisioning over trade and other receivables as at 31 December 2022 (2021: Nil).

#### 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 the Group's exposure to credit risk and there was no significant impact to credit provisioning over loans and advances as at 31 December 2022 (2021: Nil).

#### iii. Hedge accounting

The Group ensures 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:

	2022	2021
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.

## 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 2022, 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 new and amended standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.

- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16).
- Annual Improvements to IFRS Standards 2018–2020.
- 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).c
- IFRS 17 Insurance Contracts and amendments to IFRS 17 Insurance Contracts.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- Definition of Accounting Estimates (Amendments to IAS 8).

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 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 2022 (2021: 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 provisions and contingent liabilities

From time to time, claims are raised against the Group by clients and third parties. The recognition of any provision requires judgement to determine management's best estimate of the provision. As at 31 December 2022, a \$500,000 provision has been recorded against known potential claims. (Refer to note 23).

On 16 February 2022, Bell Financial Group announced that three operating subsidiaries, Bell Potter Securities Limited, Bell Potter Capital Limited and Third Party Platform Pty Ltd, received notices from AUSTRAC requiring the appointment of an external auditor to carry out an audit of those entities' compliance with particular aspects of their obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act).

Bell Financial Group announced on 25 October 2022 that we had received a report from the external auditor for each entity and that those reports had been provided to AUSTRAC in accordance with the notice requirements. Each of the reports related to a defined period ending on 16 February 2022. Since then, Bell Financial Group has made a number of refinements to our approach to AML/CTF compliance, including updates to the subsidiaries' risk assessments and their AML/CTF program.

At this stage it is uncertain whether AUSTRAC will take any further action arising from the audit, or the nature of the action it may take if it decides to do so. Accordingly, the potential outcome and total costs and exposure in connection with the audit remain uncertain.

## Financial assets

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.

## 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 2022, goodwill has been allocated to the Group's CGUs (Operating divisions) as follows:

	2022 \$'m	2021 \$'m
Retail	22.6	22.6
Institutional	31.4	31.4
Technology & Platforms	39.2	39.2
Product & Services	37.2	37.2
	<b>130.4</b>	<b>130.4</b>

### 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 11% (2021: 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 (2021: 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 (2021: 5.0% 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 (2021: 5.0% 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 7.9% p.a (2021: 9.6% 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 (2021: 8.1% p.a) average growth over the five year forecast period, and an increase in Portfolio Administration fees of 7.0% p.a (2021: 7.0% p.a) average growth over the five year forecast period.

### Sensitivity analysis

As at 31 December 2022, the recoverable amounts for the retail segment 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 11.75% 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 29% for retail, the estimated recoverable amounts would be equal to the carrying amounts. Further, if the terminal value multiple decreased to approximately 1.4 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; and
- 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 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.

Internal 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.

## 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 5. Segment Reporting

### Business segments

The segments reported below are 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: traditional retail client broking (Retail client focus); and
- Institutional: traditional wholesale client broking (Institutional and Wholesale client focus).

	Technology & Platforms \$'000	Products & Services \$'000	Retail \$'000	Institutional \$'000	Consolidated \$'000
<b>31 December 2022</b>					
Revenue from operations	23,875	22,247	113,514	46,779	206,415
Profit after tax	6,183	11,044	2,464	5,996	25,687
Segment assets	225,584	574,518	384,565	69,335	1,254,002
<b>Total assets</b>	<b>225,584</b>	<b>574,518</b>	<b>384,565</b>	<b>69,335</b>	<b>1,254,002</b>
Segment liabilities	140,054	522,158	339,027	17,359	1,018,598
<b>Total liabilities</b>	<b>140,054</b>	<b>522,158</b>	<b>339,027</b>	<b>17,359</b>	<b>1,018,598</b>

### Other segment details

Finance revenue	713	29,111	3,479	–	33,303
Finance expense	(156)	(5,370)	(1,730)	(284)	(7,540)
Depreciation/amortisation	(2,737)	(149)	(6,589)	(1,182)	(10,657)

	Technology & Platforms \$'000	Products & Services \$'000	Retail \$'000	Institutional \$'000	Consolidated \$'000
<b>31 December 2021</b>					
Revenue from operations	25,076	23,359	142,936	77,713	269,084
Profit after tax	4,790	10,514	10,466	18,348	44,118
Segment assets	162,232	642,995	455,751	86,058	1,347,036
<b>Total assets</b>	<b>162,232</b>	<b>642,995</b>	<b>455,750</b>	<b>86,058</b>	<b>1,347,036</b>
Segment liabilities	81,385	589,244	401,928	35,433	1,107,990
<b>Total liabilities</b>	<b>81,385</b>	<b>589,244</b>	<b>401,928</b>	<b>35,433</b>	<b>1,107,990</b>

### Other segment details

Finance revenue	53	22,171	484	–	22,708
Finance expense	(80)	(2,075)	(845)	(115)	(3,115)
Depreciation/amortisation	(2,599)	(161)	(7,445)	(1,444)	(11,649)

### Geographical segments

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

\* 31 December 2021 comparative amounts have been restated. Refer to note 1a for further information.

## 6. Rendering of services

	Consolidated	
	2022 \$'000	2021 \$'000
Brokerage	120,814	138,495
Fee income	58,361	105,584
Portfolio administration revenue	21,503	22,522
Other	5,737	2,483
	<b>206,415</b>	<b>269,084</b>

## 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	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Brokerage	18,711	23,604	122	145	93,694	103,988	8,287	10,758	120,814	138,495
Fee income	521	295	-	-	19,635	38,739	38,205	66,550	58,361	105,584
Portfolio administration revenue	-	-	21,503	22,522	-	-	-	-	21,503	22,522
Other	4,643	1,177	622	692	185	209	287	405	5,737	2,483
	23,875	25,076	22,247	23,359	113,514	142,936	46,779	77,713	206,415	269,084

## 8. Investment gains/(losses)

	Consolidated	
	2022 \$'000	2021 \$'000
Dividends received	335	2
Profit/(loss) on financial assets held at fair value through profit or loss – Shares in listed corporations and unlisted options held in listed corporations	252	3,018
Profit/(loss) on financial assets held at fair value through profit or loss – Geared equity investments <sup>1</sup>	(4,026)	(3,689)
	(3,439)	(669)

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	
	2022 \$'000	2021 \$'000
Sundry income	1,236	1,023
	1,236	1,023

## 10. Finance income and (expenses)

	Consolidated	
	2022 \$'000	2021 \$'000
Interest income on bank deposits	4,591	604
Interest income on loans and advances	28,712	22,104
Total finance income	33,303	22,708
Bank interest and fee expense	(2,303)	(1,387)
Interest expense on deposits	(3,127)	(741)
Interest expense on leases	(2,110)	(987)
Total finance (expense)	(7,540)	(3,115)
Net finance income/(expense)	25,763	19,593

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

### 11. Employee expenses

	Consolidated	
	2022 \$'000	2021 \$'000
Wages and salaries	(121,161)	(155,293)
Superannuation	(8,262)	(8,129)
Payroll tax	(7,068)	(7,839)
Other employee expenses	(1,798)	(1,811)
Equity-settled share-based payments	-	(428)
	<b>(138,289)</b>	<b>(173,500)</b>

### 12. Income tax expense

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Current tax expense</b>		
Current period	11,600	19,452
Taxable loss not recognised	65	61
Adjustment for prior periods	78	(31)
	<b>11,743</b>	<b>19,482</b>
<b>Deferred tax expense</b>		
Relating to origination and reversal of temporary differences	(422)	(485)
Total income tax expense	<b>11,321</b>	<b>18,997</b>

### Numerical reconciliation between tax expense and pre-tax profit

	Consolidated 2022		Consolidated 2021	
	%	\$'000	%	\$'000
Accounting profit before income tax		37,008		63,115
Income tax using the Company's domestic tax rate	30.00%	11,102	30.00%	18,934
Non-deductible expenses	0.21%	76	0.05%	33
Adjustments in respect of current income tax of previous year	0.21%	78	-0.05%	(31)
Income tax credit not recognised	0.17%	65	0.10%	61
	<b>30.59%</b>	<b>11,321</b>	<b>30.1%</b>	<b>18,997</b>

### Tax consolidation

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

### 13. Cash and cash equivalents

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Group cash reserves<sup>1</sup></b>		
Cash on hand	12	13
Cash at bank	110,299	136,480
	<b>110,311</b>	136,493
<b>Margin lending cash</b>		
Cash at bank	6,589	36,840
	<b>6,589</b>	36,840
<b>Client cash</b>		
Cash at bank (Trust account)	36,807	49,634
Cash at bank (Segregated account)	135,500	129,775
	<b>172,307</b>	179,409
<b>Cash and cash equivalents in the Statement of Cash Flows</b>	<b>289,207</b>	352,742

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.

	2022 \$'000	2021 \$'000
<b>1. Group Cash – summary of key movements</b>		
Group cash – 1 January	136,493	139,651
<b>Cash profit</b>		
Cash Revenue	241,479	289,442
<b>Less Cash Expenses</b>		
Employee expenses	(163,372)	(180,969)
Occupancy expenses	(9,433)	(14,318)
Systems and communications	(10,933)	(10,539)
Market information expenses	(7,373)	(7,024)
ASX & Other clearing expenses	(5,807)	(6,561)
Professional expenses	(5,670)	(3,447)
Finance expenses	(5,429)	(2,128)
Other expenses	(11,393)	(10,291)
Total expenses	(219,410)	(235,277)
Net Cash operating profit	22,069	54,165
<b>Balance Sheet</b>		
Tax instalments paid	(12,139)	(21,606)
Dividends paid	(28,867)	(35,281)
Clearing house deposits received/(paid)	(1,252)	(760)
Financial asset sales (net)	(5,584)	88
Acquisition of property, plant and equipment	(436)	(986)
General working capital movement	27	1,222
Group cash – 31 December	<b>110,311</b>	136,493

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

### 14. Trade and other receivables

	Consolidated	
	2022 \$'000	2021* \$'000
Trade debtors	151,049	100,905
Less: provision for impairment	-	-
	151,049	100,905
Clearing house deposits	10,160	9,488
Segregated deposits with clearing brokers	79,875	162,125*
Less : provision for impairment	-	-
	90,035	171,613*
Sundry debtors	12,762	9,109
	253,846	281,627*

No impairment allowance in respect of loans and receivables noted during the year (2021: Nil). Information about the Group's exposure to credit and market risks is included in Note 30.

\* 31 December 2021 comparative amounts have been restated. Refer to note 1a for further information.

### 15. Financial assets at fair value

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Held at fair value through profit or loss</b>		
Shares in listed corporations	5,040	1,805
Unlisted options held in listed corporations	4,245	5,217
Options held in listed corporations <sup>1</sup>	6,288	6,324
	15,573	13,346

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

## 16. Property, plant and equipment

<b>Consolidated</b>	<b>Fixtures and fittings \$'000</b>	<b>Office equipment \$'000</b>	<b>Leasehold improvements \$'000</b>	<b>Total \$'000</b>
<b>Cost</b>				
Balance at 1 January 2021	2,123	6,045	7,295	15,463
Additions	102	452	432	986
Disposals	-	-	-	-
Effect of movements in exchange rates	5	9	17	31
Balance at 31 December 2021	2,230	6,506	7,744	16,480
Balance at 1 January 2022	<b>2,230</b>	<b>6,506</b>	<b>7,744</b>	<b>16,480</b>
Additions	<b>159</b>	<b>162</b>	<b>115</b>	<b>436</b>
Disposals	-	<b>(34)</b>	-	<b>(34)</b>
Effect of movements in exchange rates	<b>(1)</b>	<b>4</b>	<b>11</b>	<b>14</b>
Balance at 31 December 2022	<b>2,388</b>	<b>6,638</b>	<b>7,870</b>	<b>16,896</b>
<b>Accumulated depreciation</b>				
Balance at 1 January 2021	(1,796)	(5,220)	(6,490)	(13,506)
Depreciation charge for the year	(83)	(536)	(328)	(947)
Disposals	-	-	-	-
Effect of movements in exchange rates	(5)	(7)	(10)	(22)
Balance at 31 December 2021	(1,884)	(5,763)	(6,828)	(14,475)
Balance at 1 January 2022	<b>(1,884)</b>	<b>(5,763)</b>	<b>(6,828)</b>	<b>(14,475)</b>
Depreciation charge for the year	<b>(90)</b>	<b>(505)</b>	<b>(395)</b>	<b>(990)</b>
Disposals	-	<b>34</b>	-	<b>34</b>
Effect of movements in exchange rates	<b>1</b>	<b>(4)</b>	<b>(2)</b>	<b>(5)</b>
Balance at 31 December 2022	<b>(1,973)</b>	<b>(6,238)</b>	<b>(7,225)</b>	<b>(15,436)</b>
<b>Carrying amount</b>				
At 1 January 2021	327	825	805	1,957
At 31 December 2021	346	743	916	2,005
At 31 December 2022	<b>415</b>	<b>400</b>	<b>645</b>	<b>1,460</b>

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 17. Goodwill and intangible assets

	Goodwill \$'000	Identifiable intangibles \$'000	Total \$'000
<b>Cost</b>			
Balance at 1 January 2021	130,413	23,965	154,378
Acquisitions – internally developed	–	3,451	3,451
Balance at 31 December 2021	130,413	27,416	157,829
Balance at 1 January 2022	<b>130,413</b>	<b>27,416</b>	<b>157,829</b>
Acquisitions – internally developed	–	<b>3,400</b>	<b>3,400</b>
Balance at 31 December 2022	<b>130,413</b>	<b>30,816</b>	<b>161,229</b>
<b>Accumulated amortisation and impairment losses</b>			
Balance at 1 January 2021	–	(10,204)	(10,204)
Amortisation	–	(2,416)	(2,416)
Balance at 31 December 2021	–	(12,620)	(12,620)
Balance at 1 January 2022	–	<b>(12,620)</b>	<b>(12,620)</b>
Amortisation	–	<b>(2,730)</b>	<b>(2,730)</b>
Balance at 31 December 2022	–	<b>(15,350)</b>	<b>(15,350)</b>
<b>Carrying amount</b>			
At 1 January 2021	130,413	13,761	144,174
At 31 December 2021	130,413	14,796	145,209
At 31 December 2022	<b>130,413</b>	<b>15,466</b>	<b>145,879</b>

## 18. Deferred tax assets and liabilities

The movement in deferred tax balances are as follows:

	Balance as at 1 January \$'000	Recognised in profit or loss \$'000	Balance at 31 December \$'000
<b>Consolidated 2022</b>			
Property, plant and equipment	(25)	54	29
Employee benefits	5,217	78	5,295
Carry forward tax loss	40	(1)	39
Other items	(690)	235	(455)
	<b>4,542</b>	<b>366</b>	<b>4,908</b>
<b>Consolidated 2021</b>			
Property, plant and equipment	26	(51)	(25)
Employee benefits	5,524	(307)	5,217
Carry forward tax loss	40	–	40
Other items	(1,450)	760	(690)
	4,140	402	4,542

Unrecognised deferred tax assets relating to tax losses at 31 December 2022: \$245,000 (2021: \$167,000).

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	
	2022 \$'000	2021 \$'000
Margin Loans measured at amortised cost	413,955	444,119
Margin Loans measured at fair value through profit and loss	81,801	89,887
	<b>495,756</b>	534,006

There were no impaired, past due or renegotiated loans at 31 December 2022 (2021: nil).

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

## 20. Trade and other payables

	Consolidated	
	2022 \$'000	2021* \$'000
Settlement obligations	168,894	132,524
Sundry creditors and accruals	26,654	20,511
Segregated client liabilities	226,450	304,305*
	<b>421,998</b>	457,340*

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

\* 31 December 2021 comparative amounts have been restated. Refer to note 1a for further information.

## 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	
	2022 \$'000	2021 \$'000
Deposits <sup>1</sup>	844	1,449
Bell Financial Trust <sup>2</sup>	460,590	479,651
Cash advance facility <sup>3</sup>	44,000	92,000
	<b>505,434</b>	573,100

1. Deposits relate to Margin Lending business (Bell Potter Capital) which are largely at call.
2. Represents funds held on behalf of Bell Potter Capital in the Bell Financial Trust which are held at call.
3. Represents drawn funds from the Bell Potter Capital cash advance facility of \$150m (2021: \$150m).

## Interest rate risk exposures

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

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 21. Deposits and borrowings (continued)

### Terms and debt repayment schedule

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

	2022	2021	2022		2021	
	Average effective interest rate		Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
<b>Consolidated</b>						
Cash advance facility	1.83%	0.51%	44,000	44,000	92,000	92,000
Deposits (Cash Account)	0.60%	0.11%	844	844	1,449	1,449
Bell Financial Trust	0.60%	0.11%	460,590	460,590	479,651	479,651
			505,434	505,434	573,100	573,100

	2022					
	Liabilities			Derivatives (assets)/ liabilities held to hedge long-term borrowings		
	Cash advance facility	Deposits	Bell Financial Trust	Interest rate swap contracts used for hedging		Total
	\$'000	\$'000	\$'000	Assets \$'000	Liabilities \$'000	\$'000
<b>Balance at 1 January</b>	92,000	1,449	479,651	13	-	573,113
<b>Changes from financing cash flows</b>						
Deposits/(withdrawals) from client cash balances	-	605	-	-	-	605
Drawdown/(repayment) of borrowings	(48,000)	-	(19,061)	-	-	(67,061)
<b>Total changes from financing cash flows</b>	(48,000)	605	(19,061)	-	-	(67,666)
<b>Changes in fair value</b>	-	-	-	385	-	385
<b>Other charges</b>						
Liability-related						
Interest expense	898	143	3,126	-	-	4,167
Interest paid/(payable)	(898)	(143)	(3,126)	-	-	(4,167)
<b>Total liability-related other changes</b>	-	-	-	-	-	-
Balance at 31 December	44,000	844	460,590	398	-	505,832

2021

Liabilities			Derivatives (assets)/ liabilities held to hedge long-term borrowings		Total \$'000
Cash advance facility \$'000	Deposits \$'000	Bell Financial Trust \$'000	Interest rate swap contracts used for hedging		
			Assets \$'000	Liabilities \$'000	
40,000	615	436,861	-	238	477,714
-	834	-	-	-	834
52,000	-	42,790	-	-	94,790
52,000	834	42,790	-	-	95,624
-	-	-	13	(238)	(225)
324	221	741	-	-	1,286
(324)	(221)	(741)	-	-	(1,286)
-	-	-	-	-	-
92,000	1,449	479,651	13	-	573,113

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

### 22. Current tax liabilities

The current tax liability of the Group is \$1,396,978 (2021: \$1,848,768). This amount represents the amount of income taxes payable in respect of current and prior financial periods.

### 23. Provisions

	Consolidated	
	2022 \$'000	2021 \$'000
Legal provision	500	500
	<b>500</b>	<b>500</b>
Balance at 1 January	500	500
<b>Arising during the year:</b>		
Legal/other	-	400
<b>Utilised:</b>		
Legal/other	-	(400)
<b>Balance at 31 December</b>	<b>500</b>	<b>500</b>

#### 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 liabilities at 31 December 2022.

### 24. Employee benefits

	Consolidated	
	2022 \$'000	2021 \$'000
Salaries and wages accrued	23,969	46,081
Liability for annual leave	7,925	7,697
Total employee benefits	<b>31,894</b>	<b>53,778</b>
Liability for long-service leave	5,340	5,139
Total employee benefits	<b>37,234</b>	<b>58,917</b>

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	
	2022 \$'000	2021 \$'000
Assumed rate of increase on wage/salaries	3.0%	3.0%
Discount rate	3.45%	1.60%
Settlement term (years)	7	7
Number of employees at year end	752	762

## 25. Reconciliation of cash flows from operating activities

	Consolidated	
	2022	2021
	\$'000	\$'000
<b>Cash flows from operating activities</b>		
Profit after tax:	25,687	44,118
<i>Adjustments for:</i>		
Depreciation & amortisation	10,657	11,649
Net (gain)/loss on investments	3,820	747
Equity settled share-based payments	-	428
	<b>40,164</b>	56,942
(Increase) client receivables	<b>(8,119)</b>	(107,512)
(Increase) other receivables	<b>(3,653)</b>	(4,564)
(Increase) derivative asset	<b>(256)</b>	(74)
(Increase) other assets	<b>(263)</b>	(173)
(Increase) deferred tax assets	<b>(995)</b>	(89)
(Increase) intangibles	<b>(3,400)</b>	(3,451)
(Decrease)/increase client payables	<b>(1,435)</b>	148,319
Increase other payables	<b>6,143</b>	1,958
Increase derivative liability	<b>376</b>	22
(Decrease) current tax liabilities	<b>(452)</b>	(2,207)
(Decrease) provisions	<b>(21,683)</b>	(4,018)
Increase/(decrease) deferred tax liability	<b>629</b>	(313)
Net cash from operating activities	<b>7,056</b>	84,840

### Reconciliation of cash

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

#### Group cash reserves

Cash on hand	12	13
Cash at bank	110,299	136,480
	<b>110,311</b>	136,493

#### Margin lending cash

Cash at bank	6,589	36,840
	<b>6,589</b>	36,840

#### Client cash

Cash at bank (Trust account)	36,807	49,634
Segregated cash at bank (client)	135,500	129,775
	<b>172,307</b>	179,409
	<b>289,207</b>	352,742

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 26. Capital and reserves

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Ordinary shares</b>		
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 2021	Opening balance	320,743,948
Share issue		–
31 December 2021	<b>Balance</b>	<b>320,743,948</b>
1 January 2022	Opening balance	320,743,948
Share issue		–
31 December 2022	<b>Balance</b>	<b>320,743,948</b>

### 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 2022, there were retained profits of \$61m (2021: \$64.2m).

### Foreign currency reserve

The foreign currency reserve comprises of any movements in the translation of foreign currency balances. Balance at 31 December 2022: \$1,205,000 (2021: \$699,000).

### 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 2022: \$28,858,000 debit (2021: \$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 2022: \$398,000 (2021: \$13,000).

### 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 2022: Nil (2021: Nil).

### 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 2022: \$2,620,000 debit (2021: \$1,267,000 debit).

## 27. Dividends

Dividends recognised in the current year by the Group are:

	Cents per share	Total amount \$'000	Franked/ unfranked	Date of payment
<b>2022</b>				
Interim 2022 ordinary dividend	2.5	8,019	Franked	6 September 2022
Final 2022 ordinary dividend	-	-	-	-
<b>2021</b>				
Interim 2021 ordinary dividend	4.5	14,433	Franked	26 August 2021
Final 2021 ordinary dividend	6.5	20,848	Franked	16 March 2022

	Company	
	2022 \$'000	2021 \$'000
<b>Dividend franking account</b>		
30 percent franking credits available to shareholders of Bell Financial Group Ltd for subsequent financial years	38,660	39,037

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 \$6.2m (2021: \$8.9m).

## 28. Earnings per share

Earnings per share at 31 December 2022 based on profit after tax and a weighted average number of shares outlined below was 8.0 cents (2021: 13.8 cents). Diluted earnings per share at 31 December 2022 was 8.0 cents (2021: 13.8 cents).

### Reconciliation of earnings used in calculating EPS

	Consolidated	
	2022 \$'000	2021 \$'000
<b>Basic earnings per share</b>		
Profit after tax	25,687	44,118
Profit attributable to ordinary equity holders used for basic EPS	25,687	44,118
<b>Adjustments for calculation of diluted earnings per share</b>		
Profit attributable to ordinary equity holders used to calculate basic EPS	25,687	44,118
Effect of stock options issued	-	-
Profit attributable to ordinary equity holders used for diluted EPS	25,687	44,118

### Weighted average number of ordinary shares used as the denominator

	Consolidated	
	2022	2021
Weighted average number of ordinary shares used to calculate basic EPS (net of treasury shares)	319,313,419	320,450,886
Weighted average number of ordinary shares at year-end	319,313,419	320,450,886
Weighted average number of ordinary shares used to calculate diluted EPS	319,313,419	320,450,886

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 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 2022 (2021: 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	
	2022	2021
	000	000
Outstanding 1 January	-	-
Granted during the year	-	-
Forfeited during the year	-	-
Exercised during the year	-	-
Outstanding balance 31 December	-	-

### Expenses arising from share-based payment transactions

	Consolidated	
	2022	2021
	\$'000	\$'000
Employee share options	-	-
Performance rights	-	-
Employee share issue	-	428
Total expense recognised as employee costs	-	428

### 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:

	Note	Consolidated	
		2022 \$'000	2021 \$'000
Trade debtors	14.	151,049	100,905
Clearing house deposits	14.	10,160	9,488
Segregated deposits with clearing brokers	14.	79,875	162,125*
Loans and advances	19.	495,756	534,006
Sundry debtors	14.	12,762	9,109

\* 31 December 2021 comparative amounts have been restated. Refer to note 1a for further information.

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

Consolidated	Gross	Impairment	Gross	Impairment
	2022 \$'000	2022 \$'000	2021 \$'000	2021 \$'000
<b>Ageing of receivables</b>				
Not past due	150,941	-	100,751	-
Past due 0 – 30 days	39	-	65	-
Past due 31 – 365 days	69	-	89	-
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.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

### 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.

	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
<b>Consolidated 2022</b>							
<b>Non-derivative liabilities</b>							
Trade & other payables	421,998	(421,998)	(421,998)	-	-	-	-
Cash deposits	844	(844)	(844)	-	-	-	-
Cash advance facilities	44,000	(44,000)	(44,000)	-	-	-	-
Bell Financial Trust	460,590	(460,590)	(460,590)	-	-	-	-
Lease Liabilities	52,035	(62,902)	(3,611)	(3,586)	(8,595)	(20,795)	(26,315)
<b>Derivative liabilities</b>							
Hedging derivative	-	-	-	-	-	-	-
Foreign currency swap	-	-	-	-	-	-	-

	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
<b>Consolidated 2021</b>							
<b>Non-derivative liabilities</b>							
Trade & other payables	457,340*	(457,340)*	(457,340)*	-	-	-	-
Cash deposits	1,449	(1,449)	(1,449)	-	-	-	-
Cash advance facilities	92,000	(92,000)	(92,000)	-	-	-	-
Bell Financial Trust	479,651	(479,651)	(479,651)	-	-	-	-
Lease Liabilities	16,275	(18,188)	(2,546)	(1,941)	(3,821)	(8,255)	(1,625)
<b>Derivative liabilities</b>							
Hedging derivative	-	-	-	-	-	-	-
Foreign currency swap	-	-	-	-	-	-	-

\* 31 December 2021 comparative amounts have been restated. Refer to note 1a for further information.

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 2022, 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 \$2,830,000 (2021: \$3,159,000 decrease to profit) and would decrease equity by approximately \$1,981,000 (2021: \$2,211,000 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 2022, it is estimated that a 10% decrease in equity prices would decrease the Group's profit before income tax by approximately \$1,557,000 (2021: \$1,335,000 decrease to profit) and would decrease equity by approximately \$1,090,000 (2021: \$935,000 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.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 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.

Consolidated	Note	Average effective interest rate %	2022					
			Total \$'000	6 months or less \$'000	6 – 12 months \$'000	1 – 2 years \$'000	2 – 5 years \$'000	More than 5 years \$'000
<b>Fixed rate instruments</b>								
Loans and advances	19.	6.23%	92,950	92,252	698	-	-	-
Cash advance facility	21.	1.83%	(44,000)	(44,000)	-	-	-	-
			48,950	48,252	698	-	-	-
<b>Variable rate instruments</b>								
Cash and cash equivalents	13.	1.31%	289,207	289,207	-	-	-	-
Loans and advances	19.	5.16%	402,806	402,806	-	-	-	-
Deposits and borrowings	21.	0.60%	(844)	(844)	-	-	-	-
Bell Financial Trust	21.	0.60%	(460,590)	(460,590)	-	-	-	-
			230,579	230,579	-	-	-	-

### 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. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

31 DECEMBER 2022	Note	Carrying Amount				Total \$'000
		Designated at fair value \$'000	Fair value hedging instruments \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	
<b>Financial assets measured at fair value</b>						
Equity securities/unlisted options	15.	15,573	-	-	-	15,573
Interest rate swaps used for hedging		-	398	-	-	398
Foreign currency swap		37	-	-	-	37
Loans and advances	19.	-	-	81,801	-	81,801
		15,610	398	81,801	-	97,809
<b>Financial assets not measured at fair value</b>						
Trade and other receivables	14.	-	-	253,846	-	253,846
Cash and cash equivalents	13.	-	-	289,207	-	289,207
Loans and advances	19.	-	-	413,955	-	413,955
		-	-	957,008	-	957,008
<b>Financial liabilities measured at fair value</b>						
Foreign currency swap		-	-	-	-	-
		-	-	-	-	-
<b>Financial liabilities not measured at fair value</b>						
Trade and other payables	20.	-	-	-	412,452	412,452
Deposits and borrowings	21.	-	-	-	505,434	505,434
		-	-	-	917,886	917,886

1. Loans and advances measured at fair value decreased from \$89,887,000 at 31 December 2021 to \$81,801,000 at 31 December 2022 due to net new/repaid loans of \$7,623,000 with the remaining movement due to net fair value changes.

2021

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
4.65%	173,144	168,288	4,856	–	–	–
0.51%	(92,000)	(92,000)	–	–	–	–
	81,144	76,288	4,856	–	–	–
0.10%	352,742	352,742	–	–	–	–
4.20%	360,862	360,862	–	–	–	–
0.11%	(1,449)	(1,449)	–	–	–	–
0.11%	(479,651)	(479,651)	–	–	–	–
	232,504	232,504	–	–	–	–

Fair Value

Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
5,040	10,533	–	15,573
–	398	–	398
–	37	–	37
–	–	81,801	81,801
5,040	10,968	81,801	97,809
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–
–	–	–	–

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 30. Financial instruments (continued)

### Fair value measurements (continued)

#### (a) Accounting classifications and fair values (continued)

31 DECEMBER 2021	Note	Carrying Amount				Total \$'000
		Designated at fair value \$'000	Fair value hedging instruments \$'000	Loans and receivables \$'000	Other financial liabilities \$'000	
<b>Financial assets measured at fair value</b>						
Equity securities/unlisted options	15.	13,346	–	–	–	13,346
Interest rate swaps used for hedging		–	13	–	–	13
Foreign currency swap		157	–	–	–	157
Loans and advances	19.	–	–	89,887	–	89,887
		13,503	13	89,887	–	103,403
<b>Financial assets not measured at fair value</b>						
Trade and other receivables	14.	–	–	281,627*	–	281,627*
Cash and cash equivalents	13.	–	–	352,742	–	352,742
Loans and advances	19.	–	–	444,119	–	444,119
		–	–	1,078,488*	–	1,078,488*
<b>Financial liabilities measured at fair value</b>						
Foreign currency swap		–	–	–	–	–
		–	–	–	–	–
<b>Financial liabilities not measured at fair value</b>						
Trade and other payables	20.	–	–	–	451,001*	451,001*
Deposits and borrowings	21.	–	–	–	573,100	573,100
		–	–	–	1,024,101*	1,024,101*

1. Loans and advances measured at fair value increased from \$60,148,000 at 31 December 2020 to \$89,887,000 at 31 December 2021 due to net new/repaid loans of \$28,275,000 with the remaining movement due to net fair value changes.

\* 31 December 2021 comparative amounts have been restated. Refer to note 1a for further information.

#### (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 2022 and 2021.

**Fair Value**

Level 1 \$'000	Level 2 \$'000	Level 3 <sup>1</sup> \$'000	Total \$'000
1,805	11,541	-	13,346
-	13	-	13
-	157	-	157
-	-	89,887	89,887
1,805	11,711	89,887	103,403
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

### 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	
	2022 \$'000	2021 \$'000
Balance at 1 January	12,179	16,122
Depreciation charge for the year	(6,937)	(8,286)
Additions to right-of-use assets	40,166	4,281
Effect of movements in exchange rates	66	62
Balance at 31 December	45,474	12,179

#### Lease Liabilities

	Consolidated	
	2022 \$'000	2021 \$'000
Balance at 1 January	16,275	22,357
Interest on lease liabilities for the year	2,110	987
Addition to lease liabilities	40,166	4,298
Rent payments	(6,588)	(11,414)
Effect of movements in exchange rates	72	47
Balance at 31 December	52,035	16,275

#### Amounts recognised in profit or loss

	Consolidated	
	2022 \$'000	2021 \$'000
Depreciation on right-of-use assets	6,937	8,286
Interest on lease liabilities	2,110	987
Expenses relating to short-term leases	1,813	1,810
	10,860	11,083

#### Amounts recognised in statements of cash flows

	Consolidated	
	2022 \$'000	2021 \$'000
Total cash outflows for lease	(6,588)	(11,414)

## 32. Parent entity disclosures

As at, and throughout the financial year ending 31 December 2022, the parent company of the Group was Bell Financial Group Ltd.

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Results of the parent entity</b>		
Profit for the year	29,531	35,040
Total comprehensive income for the year	29,531	35,040
<b>Financial position of parent entity at year end</b>		
Current assets	46,590	12,121
Non-current assets	223,633	222,374
Total assets	270,223	234,495
Current liabilities	83,826	47,409
Total liabilities	83,826	47,409
<b>Total equity of the parent entity comprising of:</b>		
Contributed equity	204,237	204,237
Reserves	(2,620)	(1,267)
Retained earnings/(losses)	(15,220)	(15,884)
Total equity	186,397	187,086

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:

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

### Key management personnel compensation

The key management personnel compensation comprised:

	<b>Consolidated</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	3,323,390	3,517,739
Other long-term benefits	42,729	59,191
Post-employment benefits	146,458	143,405
Termination benefits	-	-
Share-based payments	-	63,700
	<b>3,512,577</b>	<b>3,784,035</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

### 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 of loans in Group at 31 December <sup>1</sup>
Total for key management personnel 2022	2,020,423	1,541,295	64,425	24
Total for key management personnel 2021	1,896,810	2,020,423	52,649	28
Total for other related parties 2022	-	-	-	-
Total for other related parties 2021	-	-	-	-
Total for key management personnel and their related parties 2022	2,020,423	1,541,295	64,425	24
Total for key management personnel and their related parties 2021	1,896,810	2,020,423	52,649	28

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 \$64,425 (2021: \$52,649). No amounts have been written-down or recorded as allowances for impairment, as the balances are considered fully collectable.

#### Movements in shares 2022

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 2022	Purchases	Received on exercise of options	Sales	Held at 31 December 2022
<b>Directors</b>					
A Provan <sup>2</sup>	43,757,863	282,870	-	-	44,040,733
G Cubbin	216,000	-	-	-	216,000
B Wilson AO	1,200,000	-	-	-	1,200,000
C Feldmanis	50,000	75,000	-	-	125,000
<b>Senior Executives</b>					
LM Bell <sup>2</sup>	43,142,824	312,460	-	-	43,455,284
AG Bell <sup>2</sup>	32,553,972	187,924	-	-	32,741,896
R Fell	900,000	-	-	-	900,000
D Davenport	298,039	-	-	-	298,039

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 2021

	Held at 1 January 2021	Purchases	Received on exercise of options	Sales	Held at 31 December 2021
<b>Directors</b>					
A Provan <sup>2</sup>	43,757,863	-	-	-	43,757,863
C Coleman <sup>3</sup>	2,176,740	-	-	(1,896,740)	280,000
G Cubbin	216,000	-	-	-	216,000
B Wilson AO	1,200,000	-	-	-	1,200,000
C Feldmanis	50,000	-	-	-	50,000
<b>Senior Executives</b>					
LM Bell <sup>2</sup>	43,027,092	115,732	-	-	43,142,824
AG Bell <sup>2</sup>	32,523,972	30,000	-	-	32,553,972
R Fell	900,000	-	-	-	900,000
D Davenport	263,039	35,000	-	-	298,039

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.

3. Craig Coleman retired from the board on the 17 February 2021

## 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 2022 (2021: nil). There is no interest receivable or payable at 31 December 2022 (2021: nil).

## Subsidiaries

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

	2022 \$	2021 \$
<b>Subsidiary</b>		
Bell Potter Platforms Pty Ltd <sup>1</sup>	-	686
Third Party Platform Pty Limited <sup>1</sup>	278,616	90,218
Bell Potter Capital Limited <sup>2</sup>	8,295,295	8,286,530
Bell Potter (US) Holdings Inc <sup>1</sup>	1,949,834	1,945,473
Bell Potter Securities (US) LLC	-	-
	<b>10,523,745</b>	10,322,907

1. Loan is interest free, unsecured and has no fixed term.

2. The loan from the parent entity to Bell Potter Capital Limited represents a subordinated loan that attracts interest at 4.60% per annum (2021: 1.60% per annum).

Loans made by wholly owned subsidiaries to the Company: \$31,535,286 (2021: \$31,496,711). Loan is interest free, unsecured and has no fixed term.

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 2022, all outstanding amounts are considered fully collectable.

# NOTES TO THE FINANCIAL STATEMENTS CONTINUED

For the year ended 31 December 2022

## 34 Group entities

	Incorporation	Consolidated	
		2022	Interest 2021
Bell Financial Group Ltd			
<b>Significant subsidiaries</b>			
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 \$7.6m (2021: \$8.3m) and are not recorded in the Statement of Financial Position as at 31 December 2022.

## 36. Contingent liabilities and contingent assets

The Company has agreed to indemnify its wholly owned subsidiaries, Bell Potter Securities Limited, Bell Potter Capital Limited and Third Party Platform Pty Ltd in the event that any contingent liabilities of the wholly owned subsidiaries results in a loss.

Contingent liabilities of the Company exist in relation to claims and/or possible claims including regulatory matters 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 or financial position.

On 16 February 2022, Bell Financial Group announced that three operating subsidiaries, Bell Potter Securities Limited, Bell Potter Capital Limited and Third Party Platform Pty Ltd, received notices from AUSTRAC requiring the appointment of an external auditor to carry out an audit of those entities' compliance with particular aspects of their obligations under the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cth) (AML/CTF Act).

Bell Financial Group announced on 25 October 2022 that we had received a report from the external auditor for each entity and that those reports had been provided to AUSTRAC in accordance with the notice requirements. Each of the reports related to a defined period ending on 16 February 2022. Since then, Bell Financial Group has made a number of refinements to our approach to AML/CTF compliance, including updates to the subsidiaries' risk assessments and their AML/CTF program.

At this stage it is uncertain whether AUSTRAC will take any further action arising from the audit, or the nature of the action it may take if it decides to do so. Accordingly, the potential outcome and total costs and exposure in connection with the audit remain uncertain.

## 37. Subsequent events

Except as noted below, there were no significant events from 31 December 2022 to the date of this report.

### Final Dividend

On 16 February 2023, the Directors resolved to pay a fully franked final dividend of 4.5 cents per share.

### 38. Auditor's remuneration

	Consolidated	
	2022	2021
	\$	\$
<b>Audit services</b>		
Auditor of the Company		
<i>KPMG:</i>		
Audit and review of financial reports	392,137	389,036
Total remuneration for audit services	392,137	389,036
<b>Audit related services</b>		
Auditor of the Company		
<i>KPMG Australia:</i>		
Other regulatory audit services	126,649	109,180
Total remuneration for audit related services	126,649	109,180
<b>Non-audit related services</b>		
Tax services	31,104	30,285
	549,890	528,501

## 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 20 to 63 and the Remuneration Report on pages 12 to 17 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 2022 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 2022.

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

This declaration is made on 16 February 2023 in accordance with a resolution of the Directors:



**Alastair Provan**  
Executive Chairman

16 February 2023



## 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 Company).

In our opinion, the accompanying Financial Report of the Company 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 2022 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 2022;
- 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 Company 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 audits 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 (including Independence Standards) (the Code)* that are relevant to our audits of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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## 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 Notes 2 and 17 to the Financial Report

The key audit matter	How the matter was addressed in our audit
<p>A key audit matter for us was the Group's annual testing of goodwill, particularly the Retail CGU, for impairment. Certain conditions impacting the Group increased the judgement applied by us when evaluating the evidence available.</p> <p>We focused on the significant forward-looking assumptions the Group applied in their value in use models, including:</p> <ul style="list-style-type: none"> <li>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.</li> <li>Forecast growth rates and terminal value 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.</li> <li>Discount rates - these are complicated in nature and vary according to the conditions and environment the specific Cash Generating Unit (CGU) is subject to from time to time. The Group's modelling is sensitive to small changes in the discount rate.</li> </ul> <p>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.</p> <p>Complex modelling, using forward-looking assumptions tends to be prone to greater risk for potential bias, error and inconsistent application.</p>	<p>Working with our valuation specialists, our procedures included the following:</p> <ul style="list-style-type: none"> <li>We considered the appropriateness of the value in use models applied by the Group to perform the annual test of goodwill for impairment against the requirements of the accounting standards.</li> <li>We assessed the integrity of the value in use models used, including the accuracy of the underlying formulas.</li> <li>We assessed the accuracy of previous Group forecasts to inform our evaluation of forecasts incorporated in the models. We noted previous trends where forecasts for certain CGUs were not achieved and how they impacted the business, for use in our testing.</li> <li>We considered the sensitivity of the models by varying key assumptions, such as forecast growth rates, terminal value multiples and discount rates, within a reasonably possible range. We considered the interdependencies of key assumptions when performing the sensitivity analysis and what the Group considers to be reasonably possible. We did this to identify those CGUs at higher risk of impairment and to focus our further procedures.</li> <li>We challenged the Group's significant forecast cashflows, growth rate assumptions and terminal value multiples considering competitive market conditions and the continuing volatility in the global investment market. We applied increased scepticism to forecasts in the CGU's where previous forecasts were not achieved. We used our knowledge of the Group, the Group's past and recent performance, business and customers, and our industry experience. We further assessed the Group's forecast cashflows and terminal value multiples by</li> </ul>



<p>These conditions necessitate additional scrutiny by us, in particular to address the objectivity of sources used for assumptions, and their consistent application.</p> <p>We involved valuation specialists to supplement our senior audit team members in assessing this key audit matter.</p>	<p>comparing the Group's current and forecast net profit after tax valuation multiple to publicly available data of comparable companies.</p> <ul style="list-style-type: none"><li>• We checked the consistency of the growth rate assumptions 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.</li><li>• 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.</li><li>• We assessed the disclosures in the Financial Report using our understanding obtained from our testing and against the requirements of the accounting standards.</li></ul>
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### 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 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 the 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 audits 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](https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf). This description forms part of our Auditor's Report.

## Report on the Remuneration Report

### Opinion

In our opinion, the Remuneration Report of Bell Financial Group Ltd for the year ended 31 December 2022, complies with *Section 300A* of the *Corporations Act 2001*.

### Directors' responsibilities

The Directors of the Company 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 17 of the Directors' report for the year ended 31 December 2022.

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

KPMG

Chris Wooden

Partner

Melbourne

16 February 2023

## SHAREHOLDER INFORMATION

The following information is current as at 31 January 2023.

### Voting rights

At a meeting of shareholders, voting on resolutions will be conducted by poll and each shareholder will have one vote for each fully paid share held. Shareholders may vote directly or by proxy, attorney or representative, depending on whether the shareholder is an individual or a company. We have one class of fully paid ordinary shares and these do not have any voting restrictions.

### Twenty largest shareholders

	Shareholder name	Number of shares held	% of shares
1	BELL GROUP HOLDINGS PTY LIMITED	143,998,350	44.90
2	MR JAMES GORDON MOFFATT	6,260,000	1.95
3	CITICORP NOMINEES PTY LIMITED	5,899,087	1.84
4	MR ANAND SELVARAJAH	3,892,334	1.21
5	MR DEAN JAMES SURKITT	3,100,000	0.97
6	MR ALASTAIR PROVAN + MRS JANIS PROVAN <A & J PROVAN SUPER FUND ACCOUNT>	2,900,000	0.90
7	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	2,863,105	0.89
8	COLIN BELL PTY LTD	2,814,627	0.88
9	MORSON HOLDINGS PTY LTD	2,609,699	0.81
10	BELL POTTER NOMINEES LTD	2,572,750	0.80
11	MR LEE WILLIAM MUCO	2,300,000	0.72
12	BELL SECURITIES PTY LIMITED	2,232,000	0.70
13	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,820,746	0.57
14	MILDTRIDGE PTY LTD	1,820,000	0.57
15	MR ALASTAIR PROVAN + MRS JANIS PROVAN <ALASTAIR & JANIS PROVAN A/C>	1,600,000	0.50
16	MR LIONEL ALEXANDER MCFADYEN + MRS JENNIFER JUNE MCFADYEN	1,582,480	0.49
17	MR CON ZEMPILAS	1,500,000	0.47
18	WARANA GRANGE PTY LTD	1,484,610	0.46
19	ESTATE LATE COLIN BELL	1,458,194	0.45
20	WALTER UNGER	1,300,914	0.41
	<b>Total</b>	<b>194,008,896</b>	<b>60.49</b>

### Distribution of shares

Range	Number of shareholders	Number of shares	% of shares
1 – 1,000	551	296,596	0.09
1,001 – 5,000	1,096	3,222,584	1.00
5,001 – 10,000	733	5,800,710	1.81
10,001 – 100,000	1,680	52,602,817	16.40
100,001 shares and over	265	258,821,241	80.69
<b>Total</b>	<b>4,325</b>	<b>320,743,948</b>	<b>100.00</b>

There were 184 shareholders (representing 29,896 shares) who held less than a marketable parcel.

## SHAREHOLDER INFORMATION CONTINUED

### Substantial shareholders

The following shareholders are registered by Bell Financial Group Limited 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	146,355,350	45.63 <sup>1</sup>
ALASTAIR PROVAN	151,595,348	47.26 <sup>1,2</sup>
ESTATE LATE COLIN BELL	150,628,171	46.96 <sup>1,3</sup>
LEWIS BELL	150,528,649	46.93 <sup>1,4</sup>

1. Bell Group Holdings Pty Limited (BGH) and its subsidiaries Bell Securities Pty Limited and Bell Asset Management (Holdings) Pty Ltd hold 146,230,350 BFG ordinary shares. Alastair Provan, Estate Late Colin Bell 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 its subsidiaries.
2. Alastair Provan has a relevant interest in 5,239,998 BFG ordinary shares.
3. Estate Late Colin Bell has a relevant interest in 4,272,821 BFG ordinary shares.
4. Lewis Bell has a relevant interest in 4,173,299 BFG ordinary shares.

### Securities purchased on-market

The following securities were purchased on-market during the financial year for the purpose of the employee incentive share scheme.

	Number of shares	Average price paid per share
Ordinary shares	1,235,000	\$1.095

### On-market buy-back

There is no current on-market buy-back.

### 2023 Annual General Meeting

Bell Financial Group Limited's 2023 AGM will be held at 10:00am on Wednesday, 19 April 2023. Details of the meeting will be sent to shareholders separately.

# 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

### 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

### Auditor

KPMG

### Website Address

[www.bellfg.com.au](http://www.bellfg.com.au)

**Bell Financial Group Limited**

Level 29, 101 Collins Street  
Melbourne VIC 3000  
Australia

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Melbourne VIC 3001  
Australia

[www.bellfg.com.au](http://www.bellfg.com.au)