

16 February 2024

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 2023**

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

1. Appendix 4E; and
2. 2023 Annual Report.

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

This announcement was authorised for release by the 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

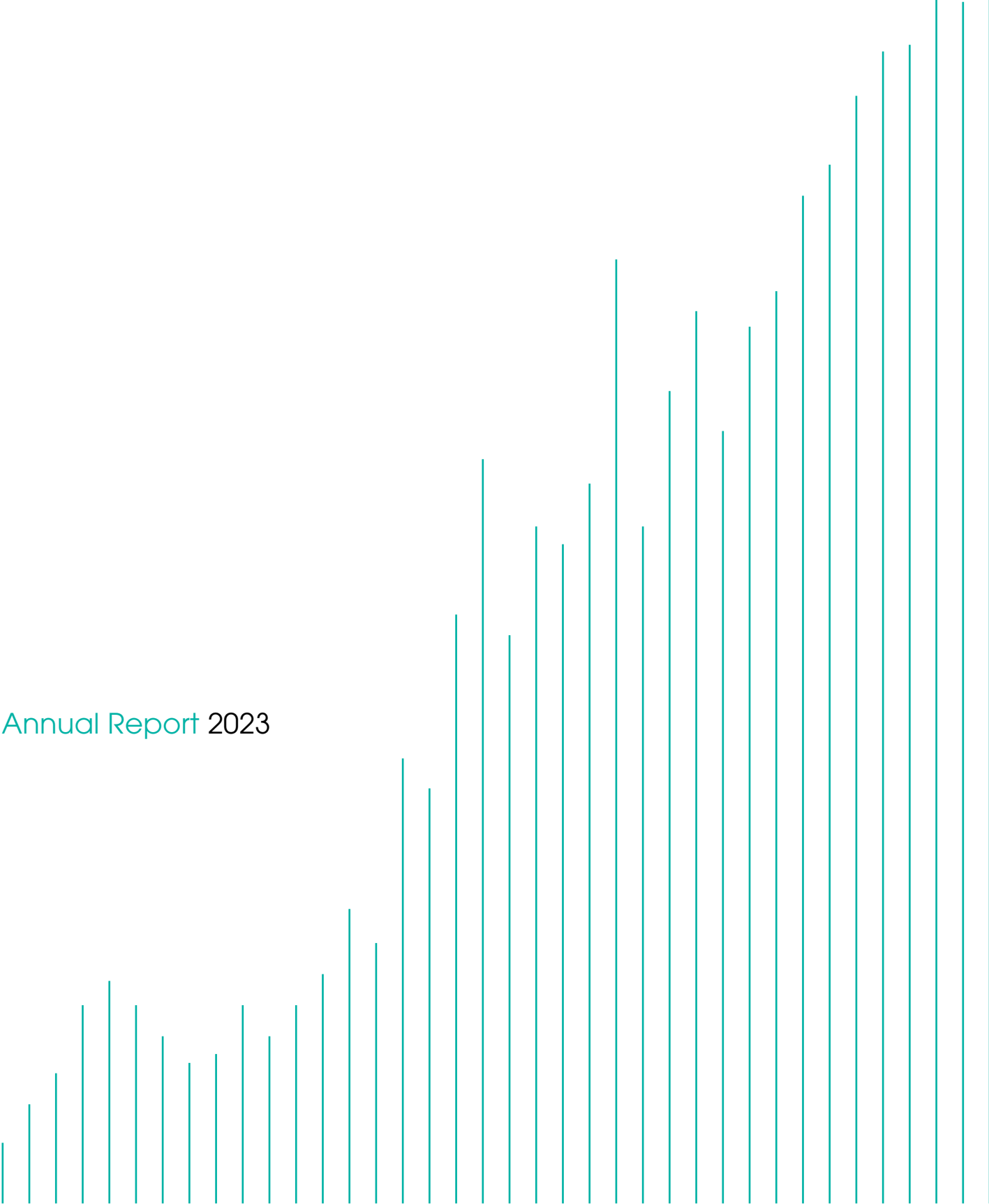
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|                                |                                    |
|--------------------------------|------------------------------------|
| Reporting period:              | 1 January 2023 to 31 December 2023 |
| Previous corresponding period: | 1 January 2022 to 31 December 2022 |

|                                                                        | Year ended<br>31 December 2023<br>\$ '000 | Year ended<br>31 December 2022<br>\$ '000 |           |
|------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------|-----------|
| Revenue from ordinary activities                                       | 247,002                                   | 237,515                                   | Up 4.0%   |
| Profit from ordinary activities after tax attributable to shareholders | 24,324                                    | 25,687                                    | Down 5.3% |
| Net tangible assets per ordinary shares                                | \$0.28                                    | \$0.28                                    |           |

| Dividend per ordinary share              | Amount per share | Record date      | Payment date      |
|------------------------------------------|------------------|------------------|-------------------|
| 2023 Interim dividend per share          | 3.0 cents        | 31 August 2023   | 12 September 2023 |
| 2023 Final dividend per share (declared) | 4.0 cents        | 29 February 2024 | 14 March 2024     |

Additional Appendix 4E disclosure requirements can be found in the 2023 Annual Report lodged separately with this document. This report is based on the consolidated financial statements which have been audited by KPMG.



Annual Report 2023

Bell Potter Securities Ltd



Bell Potter Capital Ltd



Third Party Platform Pty Ltd



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Bell Financial Group Ltd is a highly diversified financial services and wealth management business. We aim to create value through ongoing investment in our people, technology and products. 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.

|                      |            |
|----------------------|------------|
| <b>Australia</b>     |            |
| Adelaide             | Mornington |
| Brisbane             | Noosa      |
| Cairns               | Orange     |
| Geelong              | Perth      |
| Hobart               | Sydney     |
| Melbourne            |            |
| <b>International</b> |            |
| London               |            |
| New York             |            |
| Hong Kong            |            |
| Kuala Lumpur         |            |



## HIGHLIGHTS

### Revenue

**\$247m**

4.0% increase on 2022

### Profit After Tax

**\$24.3m**

5.3% decrease on 2022

### Funds Under Advice

**\$79.8bn**

9.6% increase on 2022

### Earnings Per Share

**7.6¢ share**

5.0% decrease on 2022

### Dividend Per Share

**7.0¢ share**

No change on 2022

### Return on Equity

**15.0%**

4.5% decrease on 2022

## BELL FINANCIAL GROUP

### Bell Potter Securities Ltd

**BELL POTTER**

**BELL FX**

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

### Bell Potter Capital Ltd

**BELL POTTER CAPITAL**

- > Bell Client Funds at Call
- > Margin Lending
- > Structured Products

### Third Party Platform Pty Ltd

**belldirect** >

**desktopbroker** >

**belldirect** >  
**ADVANTAGE**

**BELL POTTER ONLINE**

**T P C**  
THIRD PARTY CLEARING

- > Retail Online Broking
- > Wholesale Online Broking
- > Institutional Online Broking
- > Third Party Clearing

# CHAIRMAN'S LETTER

In a challenging market, Bell Financial Group delivered a very commendable result across the 2023 financial year. Rising recurring revenues, a deepening use of proprietary technologies, and growth in key business areas all point to benefits of our growth strategy and ongoing focus on building long-term value.

2023 was a difficult year for markets, and for financial services businesses generally. Inflationary pressures, higher interest rates and geopolitical issues combined to impact investor confidence and financial market activity.

In this difficult trading environment, Bell Financial Group continued to deliver solid results, with profit after tax of \$24.3m for the year. It was pleasing to see strong growth in key business areas and a significant rise in recurring revenues, including a 19.7% increase in revenues from our portfolio lending and structured loan business, and a 6.2% increase in revenues in our Technology & Platforms business.

Bell Financial Group is built on three pillars: integrity, efficiency, and a focus on the long-term.

Our commitment to integrity and client service, and the trust our clients place in us, is reflected in our funds under advice, which increased to a new high of \$79.8bn. Meanwhile, our focus on efficiency and the long term led to a deepening use of proprietary technology to optimise and balance the interests of all of our stakeholders, including our shareholders, clients, staff and regulators.

Our decision to invest in Third Party Platform (TPP) in 2007, then acquire 100% of the business in 2018, was strategic and a very good example of the Bell Financial Group approach, and the benefits of long-term thinking. TPP is now integral to our business and our ongoing growth, providing the clearing engine for both our own businesses and for our clients, underpinning cost savings and future revenue opportunities.

2023 was also a year of change in our leadership team, as longstanding succession plans came into effect. I'm delighted to welcome Arnie Selvarajah and Dean Davenport as our new Co-CEOs, effective from 1 November 2023. Together, they combine more than 35 years' experience in executive roles with Bell Financial Group and TPP, alongside broader experience of the financial services industry. Their deep understanding of our business, our clients, and our market will be critical in continuing to carry the business forward.

31 October also saw the retirement of Alastair Provan, Executive Chairman of Bell Financial Group. For over 40 years, Alastair has been instrumental in transforming the Group from a small commodities business to the prominent diversified financial services business that it is today.

Alastair began his career with Bell Potter in 1983 before moving to Sydney in 1986 to help Colin Bell grow the business. He took on the role of Group Managing Director before eventually assuming the role of Executive Chairman for the Group.

Our success as a business is in no small part attributable to Alastair, and I want to thank him for his service as Executive Chairman. We will continue to benefit from his depth of understanding of both the financial services industry and the business in his new role as a Non-Executive Director of BFG.

I'd also like to thank you, our shareholders, our board, our staff and our clients for your ongoing support and trust in us.



**Brian Wilson AO**  
Chairman, Bell Financial Group

# OPERATING AND FINANCIAL REVIEW

Despite challenging market conditions, it is very pleasing to report the Group recorded a 2023 full year profit after tax of \$24.3 million.

It was the second difficult year in succession for equities markets and as a result, broking businesses. Persistently high inflation, further interest rate rises, and escalating geopolitical tensions contributed to an ongoing lack of investor confidence across markets.

The Russia-Ukraine conflict continues with no end in sight. The Hamas attacks in southern Israel and the subsequent Gaza invasion shocked the world, and tensions between China and the West persist, albeit with signs of improvement.

Notwithstanding this backdrop, all businesses remained profitable.

The result clearly demonstrates the fundamental strength and diversification within the Group. While traditional broking remained challenging, momentum continued in our Technology & Platforms and Products & Services businesses, with both divisions again producing record revenue and earnings. Their combined contribution is becoming increasingly meaningful which is clearly evident in the 2023 results where they represented 32.8% of Group revenue, and 83.1% of Group profit. We expect earnings growth in these businesses will continue.

Our Equity Capital Markets (ECM) division made another noteworthy contribution despite the many factors weighing on financial markets. Deal momentum was particularly strong in the final quarter, and has carried into the start of 2024, giving us a good start to the new year.

We successfully executed 87 ECM transactions across the year, raising more than \$1.9 billion in new capital. This placed us sixth in the Australian Equity Capital Market league tables according to LSEG's 2023 Global Equity Capital Markets Deals Intelligence.

Throughout the year we were focused on new initiatives, the completion of projects, and there were changes to the leadership team.

We held our inaugural Emerging Leaders Program, where we are developing the next generation of Advisers and Managers from within our business.

The migration of Bell Potter Securities clients to Third Party Platform's (TPP's) proprietary clearing platform was completed during 2023, and we now operate on a single integrated middle and back office platform. This delivers cost synergies, reliability and scale, and paves the way for an improved, streamlined client experience going forward.

We recently appointed a new Group Head of Sales who is focused on further developing the distribution channels for our products and services.

We continued to strengthen our cybersecurity threat intelligence and security framework, and we refined our security practices for faster threat detection and response. Staff awareness training is ongoing, further enhancing our cybersecurity posture.

2023 also saw the finalisation of AUSTRAC's review of our Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF) compliance measures, with AUSTRAC concluding their review with no further regulatory action. This was a pleasing outcome, which provides certainty to our shareholders and clients.

In December we made the difficult decision to close the Bell Commodities Futures business. This decision was not taken lightly given the historical significance of the Futures business, however persistent pricing, cost pressures, and the difficulty in achieving scale no longer justified the capital commitment required to operate the business.

This year has also seen changes in our leadership team with Alastair Provan retiring from his position as Executive Chairman in November. For the past 40 years Alastair has played an instrumental role in both managing and creating the business that it is today. While Alastair steps back from day-to-day responsibilities, he will remain involved with the Group as a Non-Executive Director. The transition from Alastair's leadership was several years in the planning, and we assumed our roles as Co-CEO following his retirement. Between the two of us, we have extensive financial services experience, including a combined 45 years in executive roles with Bell Financial Group.

## OUTLOOK

Equity markets showed signs of improvement in the final quarter of 2023, and there are early signs this is carrying into 2024.

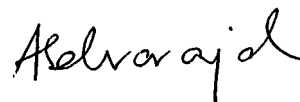
Our ECM deal pipeline remains strong, and a number of deals completed in January giving us a good start to 2024. There are also some positive signs activity is improving in secondary markets, which have been assisted with Australian equity markets hitting record highs in early February.

We will focus on improving the distribution of our products and services through our internal Adviser network, as well as developing new distribution channels. We also expect to start realising the full cost synergies and benefits of scale now that we are operating on a single integrated middle and back office platform.

We intend looking for growth opportunities, both internal and external that are complementary to, and leverage our core strengths, and we will continue to invest in our people, our technology and our products.

We are both excited to take on the challenges that we know that lie ahead. We have an outstanding leadership team, and with the support and ongoing enthusiasm of everyone across the Group, we believe we are well positioned to lead the Group into its next phase of growth.

Finally, we would like to thank our staff, our clients, and our shareholders for their ongoing support.



**Arnie Selvarajah**  
Co-CEO, Bell Financial Group

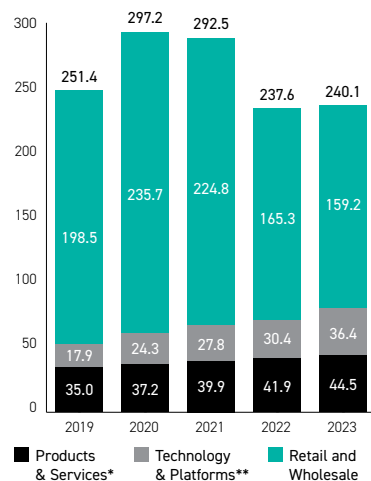


**Dean Davenport**  
Co-CEO, Bell Financial Group

# OPERATING AND FINANCIAL REVIEW (CONTINUED)

## 1. GROUP

### REVENUE (\$M)

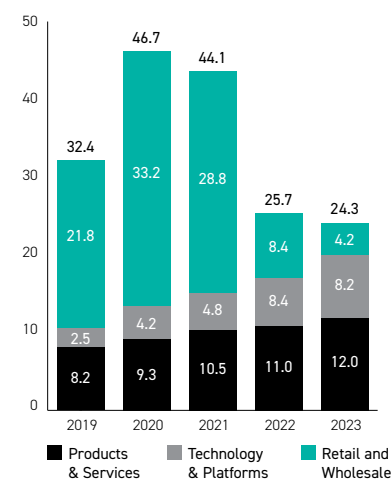


Growth in Products & Services and Technology & Platforms revenue was offset by a reduction in Retail and Wholesale brokerage revenues.

\* Based on Bell Potter Capital net interest revenue.

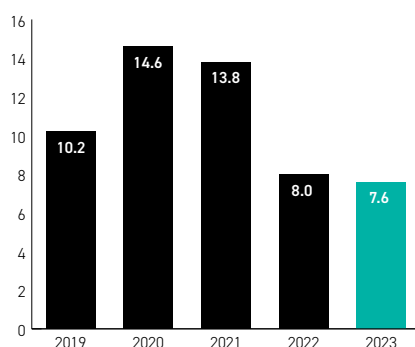
\*\* Includes clearing revenue paid by Bell Potter Securities and product fees paid by Bell Potter Capital.

### PROFIT AFTER TAX (\$M)



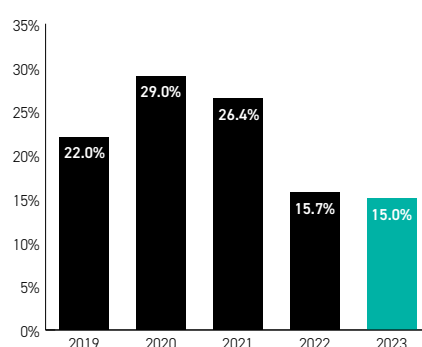
2023 profit after tax was \$24.3 million, down 5.3% on 2022. A credible result in difficult markets. The pleasing aspect was the growing contributions by the Technology & Platforms and Products & Services businesses.

### EARNINGS PER SHARE (CENTS)



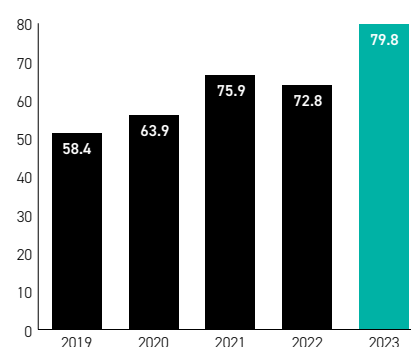
2023 earnings per share (EPS) of 7.6 cents, down 5% on 2022.

### RETURN ON EQUITY



2023 return on equity (ROE) was 15%, down 4.5% on 2022.

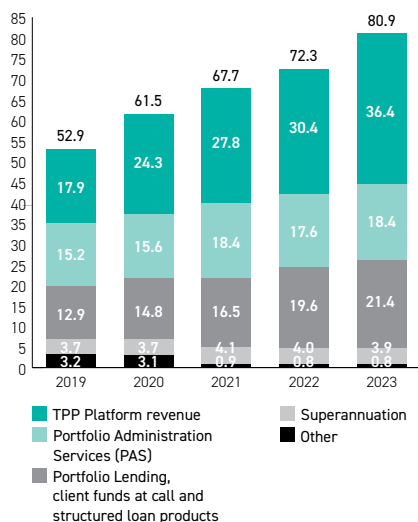
### FUNDS UNDER ADVICE (\$B)



Funds under advice (FUA) at 31 December 2023 were at a record \$79.8 billion, up 9.6% on December 2022.

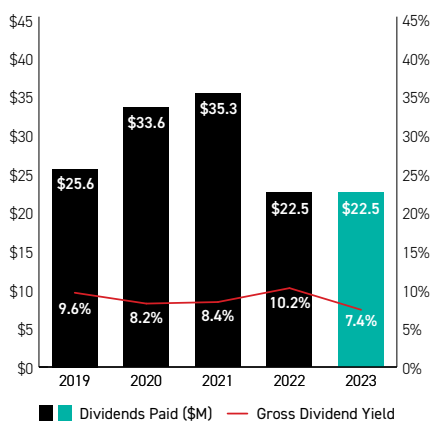
The S&P/ASX200 index was up 7.8% over the same period.

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



The Technology & Platforms and Products & Services businesses continue to provide growing recurring revenue streams. Revenue in grew 11.9%, representing 32.8% of total Group revenue, and profit grew 16.9% representing 83.1% of total Group profit. A 5-year compound annual growth rate (CAGR) of 11.2% (revenue) and 17.3% (profit) respectively.

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



\$22.5 million in fully franked dividends were paid in 2023, representing a gross dividend yield of 7.4% (based on the 31 December 2023 BFG share price of \$1.35).

## BFG SHARE PRICE MOVEMENT

January 2019 – December 2023

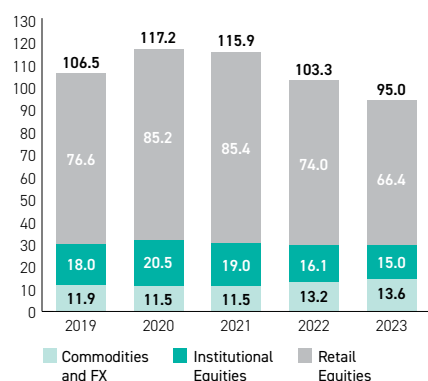


# OPERATING AND FINANCIAL REVIEW (CONTINUED)

## 2. BROKING – RETAIL AND INSTITUTIONAL

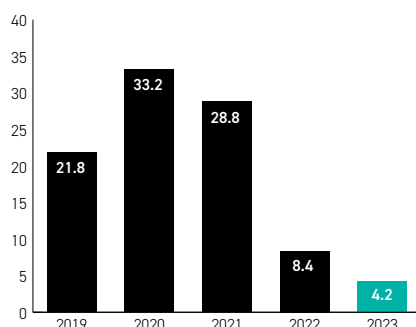
### BELL POTTER SECURITIES (BPS)

RETAIL AND INSTITUTIONAL EQUITIES  
BROKERAGE AND COMMODITIES AND  
FX REVENUE (\$M)



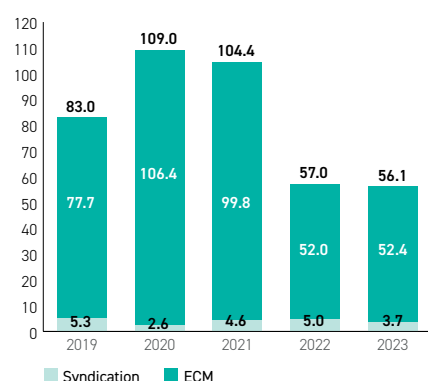
Brokerage revenue from the Retail and Institutional desks and the Commodities and FX desks was \$95 million (down 8% on 2022).

PROFIT AFTER TAX (\$M)  
RETAIL AND INSTITUTIONAL BROKING



\$4.2 million profit after tax, down 50.6% on 2022. A direct reflection of difficult market conditions.

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

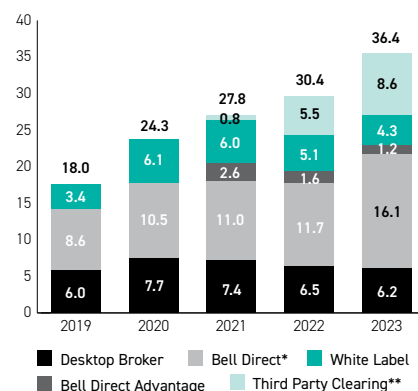


Equity Capital Markets (ECM) and Syndication revenue was down slightly in 2023. We executed 87 transactions raising in excess of \$1.9 billion in new equity capital over the year, placing us sixth in the Australian Equity Capital Market league tables according to LSEG's 2023 Global Equity Capital Markets Deals Intelligence.

## 3. TECHNOLOGY & PLATFORMS

### THIRD PARTY PLATFORM (TPP)

REVENUE (\$M)



\$36.4 million revenue, a 19.7% increase on 2022. More than ten consecutive years of strong growth.

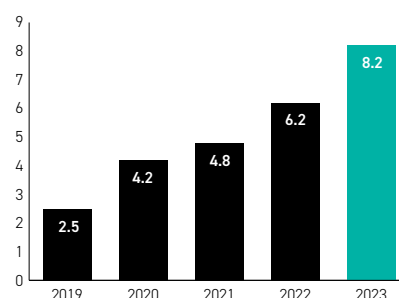
Third Party Clearing (TPP) operates five distinct businesses:

- Bell Direct – Proprietary online retail broking business.
- Bell Direct Advantage – High Net Wealth desk.
- Desktop Broker – Execution and clearing services for the financial planning industry.
- White Label Online Broking – Turn-key online broking solution. Clients include Macquarie and HSBC.
- Third Party Clearing – TPP is an ASX General Participant, enabling it to provide Third Party Clearing services to the stockbroking industry.

\* Includes product fees paid by Bell Potter Capital.

\*\* Includes Bell Potter Securities third party clearing revenue.

PROFIT AFTER TAX (\$M)  
TECHNOLOGY & PLATFORMS

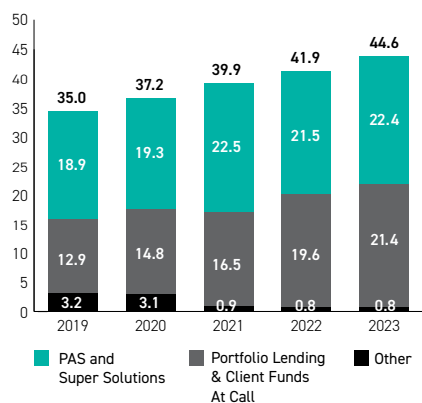


\$8.2 million net profit after tax, a 32.8% increase on 2022. And a 5-year (CAGR) of 34.7%.

## 4. PRODUCTS & SERVICES

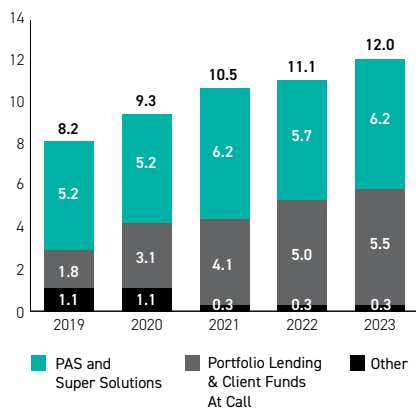
### BELL POTTER CAPITAL (BPC)

#### REVENUE (\$M)



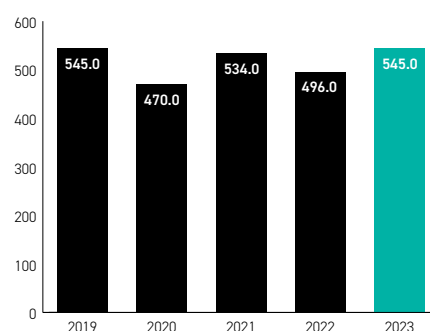
Bell Potter Capital (BPC) revenue increased 6.2% year on year to \$44.5 million.

#### PROFIT AFTER TAX (\$M)



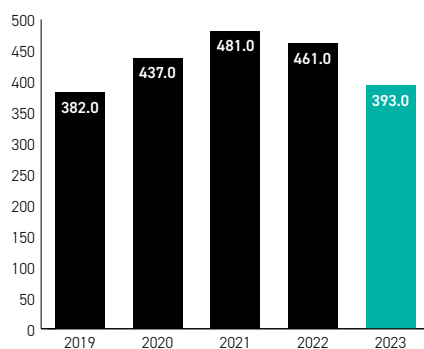
\$12 million profit after tax, a 7.9% increase on 2022, and a 5-year CAGR of 10%.

#### LOAN BOOK (\$M)



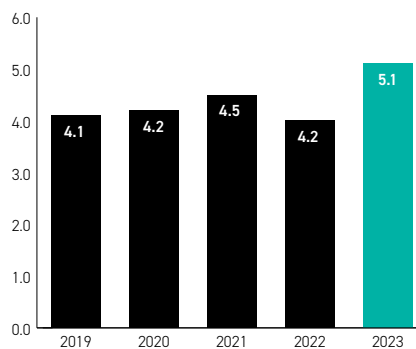
The margin loan book increased 9.9% to \$545 million in 2023.

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



Client funds at call closed the year at \$393 million, down 14.9%.

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



Funds under administration in our Portfolio Administration Service (PAS) and our superannuation products increased 20.1% in 2023 – a pleasing result in a difficult market.

# DIRECTORS' REPORT

For the year ended 31 December 2023

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 2023.

## Board of Directors

As at the date of this report, the Directors of Bell Financial Group and their qualifications, experience and special responsibilities are stated below. Other than Andrew Bell, the Directors each held office throughout the entire financial year ended 31 December 2023. Mr Bell joined the Board as a Non-Executive Director effective 1 November 2023. Mr Provan retired as the Executive Chairman effective 31 October 2023, however he remains on the board as a Non-Executive Director. Mr Wilson became the Chairman effective 1 November 2023.

### BRIAN WILSON AO

MCom (Hons), Hon DUniv

Mr Wilson is the Chairman and he 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. Mr Wilson was formerly Chairman of Australia's Foreign Investment Review Board, Chancellor of University of Technology Sydney, a member of the Payments System Board of the Reserve Bank of Australia, a Senior Advisor to The Carlyle Group and Chairman of the UTS Foundation. 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.

### ALASTAIR PROVAN

Mr Provan is a Non-Executive Director. He was the Executive Chairman of Bell Financial Group from August 2019 to October 2023. 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-March 2023)
- > Non-Executive Director, McPherson's Limited (September 2010-February 2022)
- > Non-Executive Director, WPP AUNZ Limited (May 2008-May 2021)

## CHRISTINE FELDMANIS

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

Ms Feldmanis is an Independent 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, Rabobank Australia Ltd, Utilities of Australia Pty Ltd, 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-November 2023)
- > Non-Executive Director, Perpetual Equity Investment Company Ltd (September 2014-October 2020)

## ANDREW BELL

BComm, MBA

Andrew Bell is a Non-Executive Director. He was appointed to the Board in November 2023. Mr Bell joined Bell Commodities alongside his brother Colin Bell in 1978, and he helped to build and develop Bell Financial Group's businesses in derivatives, equities and capital markets. Mr Bell has been a Director of Bell Potter Securities Ltd and Bell Potter Capital Ltd since 2001. Prior to joining Bell Commodities, Mr Bell was an executive at investment banks in Melbourne and London. He is an Adviser to retail and corporate clients at Bell Potter Securities.

# DIRECTORS' REPORT (CONTINUED)

## Co-Chief Executive Officers

### ARNIE SELVARAJAH

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BComm, MBA (Executive) (AGSM), ACA, MSIAA

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Mr Selvarajah is the Co-Chief Executive Officer of Bell Financial Group (appointed November 2023). He joined Bell Financial Group in 2008 and held the position of Chief Executive Officer of the Technology & Platforms business, Third Party Platform Pty Ltd, for more than 15 years. Mr Selvarajah has been a Director of Bell Potter Securities Ltd since 2018, Third Party Platform Pty Ltd since 2010 and Bell Potter Capital Ltd since 2023. Prior to joining Bell Financial Group, Mr Selvarajah held senior roles with CBA, CommSec and Bankers Trust, as well within the FMCG sector at National Foods.

### DEAN DAVENPORT

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BBus

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Mr Davenport is the Co-Chief Executive Officer of Bell Financial Group (appointed November 2023). He is also currently the Acting Chief Financial Officer. Mr Davenport was previously the Chief Financial Officer and Chief Operating Officer of Bell Financial Group for over 25 years. Mr Davenport is a qualified Chartered Accountant with over 30 years' financial services experience. He has been a Director of Bell Potter Securities Ltd since 2013, Third Party Platform Pty Ltd since 2020 and Bell Potter Capital Ltd since 2007. Prior to joining Bell Financial Group, Mr Davenport was employed at KPMG.

## Principal activities

The principal activities of the 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 December 2023, Bell Potter Securities Limited commenced the closure of its futures business (Bell Commodities) and will cease executing and clearing futures and options contracts in 1Q 2024. In the opinion of the Directors, there were no other significant changes to the principal activities of the Group during the financial year.

## Operating and financial review

Please refer to pages 3 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 2023, the Directors have resolved to pay a fully franked final dividend of 4.0 cents per share. This dividend is payable on 14 March 2024.

Dividends paid to shareholders during the financial year ended 31 December 2023 were as follows:

| Dividend              | Per share | Total \$'000 | Fully Franked | Date of payment   |
|-----------------------|-----------|--------------|---------------|-------------------|
| <b>2023</b>           |           |              |               |                   |
| Interim 2023 ordinary | 3.0 cents | 9,622        | Yes           | 12 September 2023 |
| Final 2022 ordinary   | 4.5 cents | 14,333       | Yes           | 15 March 2023     |
| <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     |

## State of affairs

There were no other significant changes in the Group's state of affairs during the financial year ended 31 December 2023 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), and individual attendance by Directors at those meetings at which they were eligible to attend and vote during the financial year, is stated below:

| Director                 | Board |          | GRAC |          |
|--------------------------|-------|----------|------|----------|
|                          | Held  | Attended | Held | Attended |
| Brian Wilson AO          | 6     | 6        | 4    | 4        |
| Alastair Provan          | 6     | 6        | -    | -        |
| Graham Cubbin            | 6     | 6        | 4    | 4        |
| Christine Feldmanis      | 6     | 6        | 4    | 4        |
| Andrew Bell <sup>1</sup> | 1     | 1        | -    | -        |

1. Mr A Bell was appointed to the Board on 1 November 2023.

## 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       |
|------------------------------|----------------------------|--------------------------|-------------|
| Brian Wilson AO              | 1,200,000                  | -                        | 1,200,000   |
| Alastair Provan <sup>1</sup> | 5,939,998                  | 146,355,350              | 152,295,348 |
| Graham Cubbin                | 216,000                    | -                        | 216,000     |
| Christine Feldmanis          | 175,000                    | -                        | 175,000     |
| Andrew Bell                  | 2,738,000                  | -                        | 2,738,000   |

1. Mr 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.

The following Directors and/or their related parties hold units in the Bell Financial Trust, a registered scheme that is made available by a related body corporate of Bell Financial Group:

- Mr Provan and his related parties – 3 units,
- Ms Feldmanis's related party – 1 unit, and
- Mr A Bell and his related parties – 4 units.

# DIRECTORS' REPORT (CONTINUED)

## 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.

## 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, 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 2023 totalled \$31,721 (2022: \$31,104). 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) ('Corporations Act') and did not compromise the auditor independence requirements of the Corporations Act, 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.

## 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 and has significantly affected or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group, 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. KMP include senior executives with the authority and responsibility for planning, directing and controlling the activities of the Group as well as Non-Executive Directors (NEDs). The NEDs are required by the Corporations Act to be included as KMP for the purposes of disclosures in the Remuneration Report, however do not consider themselves part of management. In this report, "Executive KMP" refers to KMP who are not on the Board.

### 1. KMP

| Name                           | Position                                  | Term as KMP for 2023                   |
|--------------------------------|-------------------------------------------|----------------------------------------|
| <b>Non-Executive Directors</b> |                                           |                                        |
| Brian Wilson AO <sup>1</sup>   | Independent Chairman                      | Full year                              |
| Alastair Provan <sup>2</sup>   | Non-Executive Director                    | Full year                              |
| Graham Cubbin                  | Independent Director                      | Full year                              |
| Christine Feldmanis            | Independent Director                      | Full year                              |
| Andrew Bell <sup>3</sup>       | Non-Executive Director                    | Full year                              |
| <b>Senior Executives</b>       |                                           |                                        |
| Arnie Selvarajah               | Co-CEO                                    | Appointed as Co-CEO on 1 November 2023 |
| Dean Davenport                 | Co-CEO and Acting Chief Financial Officer | Full year                              |
|                                |                                           | Appointed as Co-CEO on 1 November 2023 |
| Lewis Bell                     | Head of Compliance                        | Ceased to be a KMP on 31 October 2023  |
| Rowan Fell                     | CEO of Bell Potter Capital Ltd            | Ceased to be a KMP on 31 October 2023  |

1. Mr Wilson became the Chairman on 1 November 2023.
2. Mr Provan retired as the Executive Chairman on 31 October 2023 and remains on the Board as a Non-Executive Director.
3. Mr A Bell was appointed to the Board on 1 November 2023.

### 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. 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 for the financial year ended 31 December 2023, the Board had regard to the following financial indicators in respect of the current financial year and previous financial years.

|                                    | 2019     | 2020     | 2021     | 2022     | 2023     |
|------------------------------------|----------|----------|----------|----------|----------|
| Net profit/(loss) after tax \$'000 | \$32,443 | \$46,695 | \$44,118 | \$25,687 | \$24,324 |
| Share price at year end \$         | \$1.19   | \$1.82   | \$1.865  | \$0.98   | \$1.35   |
| Earnings per Share (cents)         | 10.2     | 14.6     | 13.8     | 8.0      | 7.6      |
| Dividends paid \$'000              | \$24,660 | \$27,263 | \$35,281 | \$28,867 | \$24,055 |

Bell Financial Group has established two equity-based plans to assist in the attraction, retention and motivation of Executive KMP, management and employees of the Group, 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.

# DIRECTORS' REPORT (CONTINUED)

## Remuneration Report (audited) (continued)

### 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 Group'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 Bell Financial Group'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 Group.

### 6. Short-term incentive bonus

The Group 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.

For the financial year ended 31 December 2023, there were 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 Group'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 for the year ended 31 December 2023, which is a discretionary annual cash bonus, up to three times annual salary, determined based on the Group'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 Group's financial performance and growth.

### 7. Long-term incentive plan (LTIP)

The LTIP is part of the Group's remuneration strategy and is designed to align the interests of the Group's Executive KMP, other executives and advisers with the interests of shareholders to assist the Group 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 Group 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 Group.

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 2023.

## 8. Service agreements

### 8.1 Executive Chairman

Bell Financial Group entered into a service agreement with its former Executive Chairman, Alastair Provan effective from listing in December 2007. The agreement set 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 8.5.

Mr Provan retired as Executive Chairman effective 31 October 2023. The Board waived the requirement for Mr Provan to provide six months' written notice. He remains on the Board as a Non-Executive Director.

### 8.2 Co-CEOs

Effective 1 November 2023 the Board appointed new Co-CEOs, Arnie Selvarajah and Dean Davenport, who were internal appointments. The Board has engaged a remuneration consultant to provide advice on appropriate short-term and long-term incentives for the Co-CEOs and will finalise their remuneration after reviewing that advice. Effective 1 November 2023, each Co-CEO has been paid fixed remuneration of \$600,000 (including superannuation) p.a. For the financial year ended 31 December 2023, each Co-CEO was paid an STI cash bonus of \$275,000 (including superannuation). A summary of Mr Selvarajah's and Mr Davenport's remuneration is set out in the KMP remuneration table in Section 8.5.

### 8.3 Senior Executives

All key executives are permanent employees of Bell Financial Group. 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 Group may terminate an employment contract by providing written notice or making payment in lieu of notice in accordance with the Group's termination policies. The Group may terminate an employment contract at any time for serious misconduct.

### 8.4 Non-Executive Directors

On appointment to the Board, each Non-Executive Director was provided with a letter of appointment setting out the terms of their appointment, including responsibilities, duties, rights and remuneration, relevant to the office of director. Non-Executive Directors do not receive bonuses, incentive payments or equity-based pay. They receive a fixed annual fee inclusive of compulsory superannuation contributions. Each Non-Executive Director was paid an annual fee of \$100,000 (including superannuation) for the year ended 31 December 2023.

# DIRECTORS' REPORT (CONTINUED)

## Remuneration Report (audited) (continued)

### 8. Service agreements (continued)

#### 8.5 KMP remuneration

Details of the remuneration of each KMP are tabled below.

|                                 |      | Short-term             |                         |                                     |           |
|---------------------------------|------|------------------------|-------------------------|-------------------------------------|-----------|
|                                 |      | Salary<br>& fees<br>\$ | STI<br>cash bonus<br>\$ | Other short<br>term benefits*<br>\$ | Total     |
| <b>Non-Executive Directors</b>  |      |                        |                         |                                     |           |
| Brian Wilson AO, Chairman       | 2023 | 90,294                 | -                       | -                                   | 90,294    |
|                                 | 2022 | 90,703                 | -                       | -                                   | 90,703    |
| Alastair Provan <sup>1</sup>    | 2023 | 446,799                | 500,000                 | 34,983                              | 981,782   |
|                                 | 2022 | 519,846                | 500,000                 | 41,866                              | 1,061,712 |
| Graham Cubbin                   | 2023 | 90,294                 | -                       | -                                   | 90,294    |
|                                 | 2022 | 90,703                 | -                       | -                                   | 90,703    |
| Christine Feldmanis             | 2023 | 100,000                | -                       | -                                   | 100,000   |
|                                 | 2022 | 100,000                | -                       | -                                   | 100,000   |
| Andrew Bell <sup>2</sup>        | 2023 | 15,015                 | -                       | -                                   | 15,015    |
|                                 | 2022 | -                      | -                       | -                                   | -         |
| <b>Total compensation:</b>      | 2023 | 742,402                | 500,000                 | 34,983                              | 1,277,385 |
| <b>Directors (consolidated)</b> | 2022 | 801,252                | 500,000                 | 41,866                              | 1,343,118 |

\* Mr Provan's 2022 other short-term and other long-term benefits did not reflect the entitlements earned in 2022. The 2022 amounts have therefore been restated to include the entitlements earned in that year. All of Mr Provan's accrued leave entitlements were paid out upon his retirement as Executive Chairman on 31 October 2023.

1. Mr Provan retired as the Executive Chairman on 31 October 2023 and remains on the Board as a Non-Executive Director. Includes \$16,667 as remuneration for Non-Executive Director effective 1 November 2023.
2. Mr A Bell was appointed as a Non-Executive Director on 1 November 2023.

|                                                                           |      | Short-term             |                         |                                     |           |
|---------------------------------------------------------------------------|------|------------------------|-------------------------|-------------------------------------|-----------|
|                                                                           |      | Salary<br>& fees<br>\$ | STI<br>cash bonus<br>\$ | Other short<br>term benefits*<br>\$ | Total     |
| <b>Senior Executives</b>                                                  |      |                        |                         |                                     |           |
| Arnie Selvarajah, Co-CEO <sup>1</sup>                                     | 2023 | 95,434                 | 275,000                 | -                                   | 370,434   |
|                                                                           | 2022 | -                      | -                       | -                                   | -         |
| Dean Davenport, Co-CEO and Acting Chief<br>Financial Officer <sup>2</sup> | 2023 | 381,218                | 275,000                 | 24,615                              | 680,833   |
|                                                                           | 2022 | 324,359                | 225,000                 | 14,807                              | 564,166   |
| Lewis Bell, Former Head of Compliance <sup>3</sup>                        | 2023 | 302,806                | -                       | -                                   | 302,806   |
|                                                                           | 2022 | 365,072                | -                       | -                                   | 365,072   |
| Rowan Fell, CEO of Bell Potter Capital <sup>3</sup>                       | 2023 | 210,200                | 500,000                 | 41,884                              | 752,084   |
|                                                                           | 2022 | 274,578                | 550,000                 | 27,922                              | 852,500   |
| Andrew Bell, Executive Director<br>of Bell Potter Securities <sup>3</sup> | 2023 | 188,562                | -                       | -                                   | 188,562   |
|                                                                           | 2022 | 283,129                | -                       | -                                   | 283,129   |
| <b>Total compensation:</b>                                                | 2023 | 1,178,220              | 1,050,000               | 66,499                              | 2,294,719 |
| <b>Executives (consolidated)</b>                                          | 2022 | 1,247,138              | 775,000                 | 42,729                              | 2,064,867 |

\* The other short-term benefit amounts in 2022 have been classified from other long-term benefits to more appropriately reflect the nature of leave entitlements received.

1. Mr Selvarajah became an Executive KMP on 1 November 2023 when he was appointed as a Co-Chief Executive Officer.
2. Mr Davenport was an Executive KMP for the entire financial year ending 31 December 2023. He was appointed as a Co-Chief Executive Officer on 1 November 2023. Prior to that he was the Chief Financial Officer. Currently Mr Davenport is the Co-Chief Executive Officer and the Acting Chief Financial Officer.
3. Mr L Bell, Mr A Bell and Mr Fell ceased to be Executive KMP on 31 October 2023.

#### 8.6 Options and equity instruments

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

| Post-employment<br>Superannuation benefits<br>\$ | Other<br>long term*<br>\$ | Termination<br>benefits<br>\$ | Share-based<br>payments<br>\$ | Total<br>\$ | Proportion of<br>remuneration<br>performance<br>related<br>% | Value of options<br>as proportion of<br>remuneration<br>% |
|--------------------------------------------------|---------------------------|-------------------------------|-------------------------------|-------------|--------------------------------------------------------------|-----------------------------------------------------------|
| 9,706                                            | -                         | -                             | -                             | 100,000     | 0%                                                           | 0%                                                        |
| 9,297                                            | -                         | -                             | -                             | 100,000     | 0%                                                           | 0%                                                        |
| 23,431                                           | 8,077                     | -                             | -                             | 1,013,290   | 50%                                                          | 0%                                                        |
| 24,430                                           | 9,616                     | -                             | -                             | 1,095,758   | 46%                                                          | 0%                                                        |
| 9,706                                            | -                         | -                             | -                             | 100,000     | 0%                                                           | 0%                                                        |
| 9,297                                            | -                         | -                             | -                             | 100,000     | 0%                                                           | 0%                                                        |
| -                                                | -                         | -                             | -                             | 100,000     | 0%                                                           | 0%                                                        |
| -                                                | -                         | -                             | -                             | 100,000     | 0%                                                           | 0%                                                        |
| 1,652                                            | -                         | -                             | -                             | 16,667      | 0%                                                           | 0%                                                        |
| -                                                | -                         | -                             | -                             | -           | 0%                                                           | 0%                                                        |
| 44,495                                           | 8,077                     | -                             | -                             | 1,329,957   | 38%                                                          | 0%                                                        |
| 43,024                                           | 9,616                     | -                             | -                             | 1,395,758   | 36%                                                          | 0%                                                        |

| Post-employment<br>Superannuation benefits<br>\$ | Other<br>long term<br>\$ | Termination<br>benefits<br>\$ | Share-based<br>payments<br>\$ | Total<br>\$ | Proportion of<br>remuneration<br>performance<br>related<br>% | Value of options<br>as proportion of<br>remuneration<br>% |
|--------------------------------------------------|--------------------------|-------------------------------|-------------------------------|-------------|--------------------------------------------------------------|-----------------------------------------------------------|
| 4,566                                            | -                        | -                             | -                             | 375,000     | 73%                                                          | 0%                                                        |
| -                                                | -                        | -                             | -                             | -           | 0%                                                           | 0%                                                        |
| 27,500                                           | -                        | -                             | -                             | 708,333     | 39%                                                          | 0%                                                        |
| 27,500                                           | -                        | -                             | -                             | 591,666     | 38%                                                          | 0%                                                        |
| 21,779                                           | -                        | -                             | -                             | 324,585     | 0%                                                           | 0%                                                        |
| 24,430                                           | -                        | -                             | -                             | 389,502     | 0%                                                           | 0%                                                        |
| 22,917                                           | -                        | -                             | -                             | 775,001     | 65%                                                          | 0%                                                        |
| 27,500                                           | -                        | -                             | -                             | 880,000     | 63%                                                          | 0%                                                        |
| 19,722                                           | -                        | -                             | -                             | 208,284     | 100%                                                         | 0%                                                        |
| 24,004                                           | -                        | -                             | -                             | 307,133     | 100%                                                         | 0%                                                        |
| 96,484                                           | -                        | -                             | -                             | 2,391,203   | 53%                                                          | 0%                                                        |
| 103,434                                          | -                        | -                             | -                             | 2,168,301   | 50%                                                          | 0%                                                        |

# DIRECTORS' REPORT (CONTINUED)

## Remuneration Report (audited) (continued)

### 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 2023<br>\$ |
|------------------------------|-------------------|
| Opening balance              | 1,541,295         |
| Closing balance <sup>1</sup> | 1,003,863         |
| Interest charged             | 88,940            |

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<br>1 Jan 23<br>\$ | Balance<br>31 Dec 23<br>\$ | Interest<br>paid and<br>payable in<br>period<br>\$ | Highest<br>balance<br>in period <sup>1</sup><br>\$ |
|-------------|---------------------------|----------------------------|----------------------------------------------------|----------------------------------------------------|
| Andrew Bell | 463,417                   | 199,606                    | 20,334                                             | 576,261                                            |
| Rowan Fell  | 1,005,515                 | 644,542                    | 60,306                                             | 1,334,165                                          |

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.

### 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 2023.

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



**Brian Wilson AO**  
Independent Chairman

15 February 2024

# LEAD AUDITOR'S INDEPENDENCE DECLARATION

For the year ended 31 December 2023



## 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 2023 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

A handwritten signature in blue ink that reads 'Luke Sullivan'.

Luke Sullivan  
*Partner*

Melbourne  
15 February 2024

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# STATEMENT OF PROFIT OR LOSS

For the year ended 31 December 2023

|                                        |           | Consolidated<br>\$'000 |                  |
|----------------------------------------|-----------|------------------------|------------------|
|                                        | Note      | 2023                   | 2022             |
| Rendering of services                  | 6, 7.     | 196,510                | 206,415          |
| Finance income                         | 10.       | 49,934                 | 33,303           |
| Investment gains/(losses)              | 8.        | (1,407)                | (3,439)          |
| Other income                           | 9.        | 1,965                  | 1,236            |
| <b>Total revenue</b>                   |           | <b>247,002</b>         | <b>237,515</b>   |
| Employee expenses                      | 11.       | (140,275)              | (138,289)        |
| Depreciation and amortisation expenses | 16,17,31. | (10,958)               | (10,657)         |
| Occupancy expenses                     |           | (3,065)                | (2,845)          |
| System and communication expenses      |           | (10,895)               | (10,933)         |
| Market information expenses            |           | (7,897)                | (7,373)          |
| ASX & Other clearing expenses          |           | (5,174)                | (5,807)          |
| Professional expenses                  |           | (3,358)                | (5,670)          |
| Finance expenses                       | 10.       | (18,203)               | (7,540)          |
| Other expenses                         |           | (11,827)               | (11,393)         |
| <b>Total expenses</b>                  |           | <b>(211,652)</b>       | <b>(200,507)</b> |
| <b>Profit before income tax</b>        |           | <b>35,350</b>          | <b>37,008</b>    |
| Income tax expense                     | 12.       | (11,026)               | (11,321)         |
| <b>Profit for the year</b>             |           | <b>24,324</b>          | <b>25,687</b>    |
| <b>Attributable to:</b>                |           |                        |                  |
| Equity holders of the Company          |           | 24,324                 | 25,687           |
| <b>Profit for the year</b>             |           | <b>24,324</b>          | <b>25,687</b>    |
| <b>Earnings per share:</b>             |           | <b>Cents</b>           | <b>Cents</b>     |
| Basic earnings per share               | 28.       | 7.6                    | 8.0              |
| Diluted earnings per share             | 28.       | 7.6                    | 8.0              |

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 2023

|                                                                           | Note | Consolidated<br>\$'000<br>2023 | 2022   |
|---------------------------------------------------------------------------|------|--------------------------------|--------|
| <b>Profit for the year</b>                                                |      | <b>24,324</b>                  | 25,687 |
| <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                       |      | (386)                          | 385    |
| Foreign operations – foreign currency translation differences, net of tax |      | 156                            | 505    |
| <b>Other comprehensive income/(loss) for the year, net of tax</b>         |      | <b>(230)</b>                   | 890    |
| <b>Total comprehensive income for the year</b>                            |      | <b>24,094</b>                  | 26,577 |
| <b>Attributable to:</b>                                                   |      |                                |        |
| Equity holders of the Company                                             |      | 24,094                         | 26,577 |
| Non-controlling interests                                                 |      | –                              | –      |
| <b>Total comprehensive income for the year</b>                            |      | <b>24,094</b>                  | 26,577 |

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 2023

|                                                                   |      | Consolidated<br>\$'000 |                  |
|-------------------------------------------------------------------|------|------------------------|------------------|
|                                                                   | Note | 2023                   | 2022             |
| <b>Assets</b>                                                     |      |                        |                  |
| Cash and cash equivalents                                         | 13.  | 216,780                | 289,207          |
| Trade and other receivables                                       | 14.  | 176,602                | 253,846          |
| Prepayments                                                       |      | 1,337                  | 1,464            |
| Financial assets at fair value                                    | 15.  | 15,593                 | 15,573           |
| Derivative assets                                                 | 30.  | 81                     | 435              |
| Loans and advances                                                | 19.  | 546,149                | 495,756          |
| Right of use assets                                               | 31.  | 40,047                 | 45,474           |
| Deferred tax assets                                               | 18.  | 4,765                  | 4,908            |
| Property, plant and equipment                                     | 16.  | 1,512                  | 1,460            |
| Goodwill                                                          | 17.  | 130,413                | 130,413          |
| Intangible assets                                                 | 17.  | 15,525                 | 15,466           |
| <b>Total assets</b>                                               |      | <b>1,148,804</b>       | <b>1,254,002</b> |
| <b>Liabilities</b>                                                |      |                        |                  |
| Trade and other payables                                          | 20.  | 257,626                | 421,998          |
| Deposits and borrowings                                           | 21.  | 566,518                | 505,434          |
| Current tax liabilities                                           | 22.  | 1,672                  | 1,397            |
| Lease liabilities                                                 | 31.  | 48,497                 | 52,035           |
| Derivative liabilities                                            | 30.  | 158                    | –                |
| Employee benefits                                                 | 24.  | 38,390                 | 37,234           |
| Provisions                                                        | 23.  | 500                    | 500              |
| <b>Total liabilities</b>                                          |      | <b>913,361</b>         | <b>1,018,598</b> |
| <b>Net assets</b>                                                 |      | <b>235,443</b>         | <b>235,404</b>   |
| <b>Equity</b>                                                     |      |                        |                  |
| Contributed equity                                                | 26.  | 204,237                | 204,237          |
| Other equity                                                      | 26.  | (28,858)               | (28,858)         |
| Reserves                                                          | 26.  | (1,247)                | (1,017)          |
| Retained earnings                                                 | 26.  | 61,311                 | 61,042           |
| <b>Total equity attributable to equity holders of the Company</b> |      | <b>235,443</b>         | <b>235,404</b>   |

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

# STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2023

|                                                                  | Share<br>Capital<br>\$ '000 | Other<br>Equity<br>\$ '000 | Treasury<br>Shares<br>Reserve<br>\$ '000 | Share<br>Based<br>Payments<br>Reserve<br>\$ '000 | Cash Flow<br>Hedge<br>Reserve<br>\$ '000 | Foreign<br>Currency<br>Reserve<br>\$ '000 | Retained<br>Earnings<br>\$ '000 | Total<br>Equity<br>\$ '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                        |
| Total comprehensive income for the year                          | -                           | -                          | -                                        | -                                                | 385                                      | 506                                       | 25,687                          | 26,578                     |
| <b>Transactions with owners,<br/>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.

|                                                                  | Share<br>Capital<br>\$ '000 | Other<br>Equity<br>\$ '000 | Treasury<br>Shares<br>Reserve<br>\$ '000 | Share<br>Based<br>Payments<br>Reserve<br>\$ '000 | Cash Flow<br>Hedge<br>Reserve<br>\$ '000 | Foreign<br>Currency<br>Reserve<br>\$ '000 | Retained<br>Earnings<br>\$ '000 | Total<br>Equity<br>\$ '000 |
|------------------------------------------------------------------|-----------------------------|----------------------------|------------------------------------------|--------------------------------------------------|------------------------------------------|-------------------------------------------|---------------------------------|----------------------------|
| <b>Balance at 1 January 2023</b>                                 | 204,237                     | (28,858)                   | (2,620)                                  | -                                                | 398                                      | 1,205                                     | 61,042                          | 235,404                    |
| <b>Total comprehensive income</b>                                |                             |                            |                                          |                                                  |                                          |                                           |                                 |                            |
| Profit/(loss) for the year                                       | -                           | -                          | -                                        | -                                                | -                                        | -                                         | 24,324                          | 24,324                     |
| <b>Other comprehensive income</b>                                |                             |                            |                                          |                                                  |                                          |                                           |                                 |                            |
| Change in fair value of cash flow hedges                         | -                           | -                          | -                                        | -                                                | (386)                                    | -                                         | -                               | (386)                      |
| Translation of foreign currency reserve                          | -                           | -                          | -                                        | -                                                | -                                        | 156                                       | -                               | 156                        |
| Total other comprehensive income                                 | -                           | -                          | -                                        | -                                                | (386)                                    | 156                                       | -                               | (230)                      |
| Total comprehensive income for the year                          | -                           | -                          | -                                        | -                                                | (386)                                    | 156                                       | 24,324                          | 24,094                     |
| <b>Transactions with owners,<br/>recorded directly in equity</b> |                             |                            |                                          |                                                  |                                          |                                           |                                 |                            |
| Transfer of retained earnings                                    | -                           | -                          | -                                        | -                                                | -                                        | -                                         | -                               | -                          |
| Purchase of treasury shares                                      | -                           | -                          | -                                        | -                                                | -                                        | -                                         | -                               | -                          |
| Share based payments                                             | -                           | -                          | -                                        | -                                                | -                                        | -                                         | -                               | -                          |
| Employee share awards exercised                                  | -                           | -                          | -                                        | -                                                | -                                        | -                                         | -                               | -                          |
| Issuance of share based payment                                  | -                           | -                          | -                                        | -                                                | -                                        | -                                         | -                               | -                          |
| Dividends                                                        | -                           | -                          | -                                        | -                                                | -                                        | -                                         | (24,055)                        | (24,055)                   |
| <b>Balance at 31 December 2023</b>                               | 204,237                     | (28,858)                   | (2,620)                                  | -                                                | 12                                       | 1,361                                     | 61,311                          | 235,443                    |

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 2023

|                                                          |         | Consolidated<br>\$'000 |           |
|----------------------------------------------------------|---------|------------------------|-----------|
|                                                          | Note    | 2023                   | 2022      |
| <b>Cash flows from/(used in) operating activities</b>    |         |                        |           |
| Cash receipts from customers and clients                 |         | 213,831                | 218,006   |
| Cash paid to suppliers and employees                     |         | (196,186)              | (214,707) |
| Net cash used in client related receivables and payables |         | (90,023)               | (9,379)   |
| Cash generated from operations <sup>1</sup>              |         | (72,378)               | (6,080)   |
| Dividends received                                       |         | 153                    | 335       |
| Interest received                                        |         | 49,927                 | 32,480    |
| Interest paid                                            |         | (18,203)               | (7,540)   |
| Income taxes paid                                        |         | (10,608)               | (12,139)  |
| <b>Net cash from/(used in) in operating activities</b>   | 25.     | <b>(51,109)</b>        | 7,056     |
| <b>Cash flows from/(used in) investing activities</b>    |         |                        |           |
| Proceeds from sale of investments                        |         | 1,354                  | 5,243     |
| Acquisition of property, plant and equipment             |         | (828)                  | (436)     |
| Acquisition of other investments                         |         | (4,385)                | (10,827)  |
| <b>Net cash from/(used in) in investing activities</b>   |         | <b>(3,859)</b>         | (6,020)   |
| <b>Cash flows from/(used in) financing activities</b>    |         |                        |           |
| Dividends paid                                           |         | (24,055)               | (28,867)  |
| On market share purchases                                |         | -                      | (1,353)   |
| Payment of lease liabilities                             |         | (5,243)                | (4,472)   |
| <i>Bell Potter Capital (Margin Lending)</i>              |         |                        |           |
| (Withdrawals)/Deposits from client cash balances         |         | (68,916)               | (19,666)  |
| (Issuance)/Drawdown of margin loans                      |         | (49,245)               | 37,787    |
| (Repayment)/Drawdown of borrowings                       |         | 130,000                | (48,000)  |
| <b>Net cash used in financing activities</b>             |         | <b>(17,459)</b>        | (64,571)  |
| Net (decrease)/increase in cash and cash equivalents     |         | (72,427)               | (63,535)  |
| Cash and cash equivalents at 1 January                   |         | 289,207                | 352,742   |
| <b>Cash and cash equivalents at 31 December</b>          | 13, 25. | <b>216,780</b>         | 289,207   |

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

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

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2023

Bell Financial Group Ltd ("Bell Financial Group" 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 is an Australian-based provider of stockbroking, investment and financial advisory services.

## 1. Material accounting policies

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

### a) Basis of preparation

#### Statement of compliance

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

The Financial Statements were approved by the Board of Directors on 15 February 2024.

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.

The Group has consistently applied the following accounting policies to all periods presented in these consolidated financial statements, except if mentioned otherwise.

In addition, the Group adopted Disclosure of Accounting Policies (Amendments to AASB 101 and AASB Practice Statement 2) from 1 January 2023. The amendments require the disclosure of 'material', rather than 'significant', accounting policies. These amendments did not result in any changes to the accounting policies themselves and did not impact the accounting policy information as disclosed in Note 1.

#### 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.

### 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 Group are limited to fee-based revenue items such as brokerage, fee income, commissions and portfolio administration fees.

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

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 1. Material accounting policies (continued)

### c) Revenue recognition (continued)

#### 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.

### 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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 1. Material accounting policies (continued)

### 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:

|               | 2023     | 2022     |
|---------------|----------|----------|
| 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 2022 and 2023.

### 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.

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.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 1. Material accounting policies (continued)

### q) Financial instruments (continued)

#### 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 2023 (2022: 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 2023 (2022: 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 2023 (2022: 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:

|                        | 2023     | 2022     |
|------------------------|----------|----------|
| 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 2023, 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.

- *IFRS 17 Insurance Contracts*
- *Definition of Accounting Estimates – Amendments to IAS 8*
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12*
- *International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12*
- *Non-current Liabilities with Covenants – Amendments to IAS 1*
- *Classification of Liabilities as Current or Non-current – Amendments to IAS 1*
- *Lease Liability in a Sale and Leaseback – Amendments to IFRS 16*
- *Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7*
- *Lack of Exchangeability – Amendments to IAS 21*
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 a*

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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:

### 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 2023 (2022: Nil). (Refer to note 19 and note 1q(ii)).

### 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 2023, 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.

On 29 June 2023 Bell Financial Group received final notification from AUSTRAC following its consideration of the reports from the external auditor on the three operating subsidiaries, Bell Potter Securities Limited, Bell Potter Capital Limited and Third Party Platform Pty Ltd.

AUSTRAC has decided that it will not be taking any further regulatory action.

### 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 2023, goodwill has been allocated to the Group's CGUs (Operating divisions) as follows:

|                        | 2023<br>\$'m | 2022<br>\$'m |
|------------------------|--------------|--------------|
| Retail                 | 22.6         | 22.6         |
| Institutional          | 31.4         | 31.4         |
| Technology & Platforms | 39.2         | 39.2         |
| Product & Services     | 37.2         | 37.2         |
|                        | 130.4        | 130.4        |

### Key assumptions used in discounted cash flow projections

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

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

|                          |                                                                                                                                                                                                                                                           |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Discount rates:          | A post-tax discount rate of 12% (2022: 11%) 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 (2022: 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 (2022: 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 (2022: 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 7.2% p.a (2022: 7.9% p.a) average growth over the five year forecast period for Technology & Platforms.                                                                                                                         |
| Product & Services       | An increase in Net Interest income of 8.1% p.a (2022: 8.1% p.a) average growth over the five year forecast period, and an increase in Portfolio Administration fees of 7.0% p.a (2022: 7.0% p.a) average growth over the five year forecast period.       |

### Sensitivity analysis

As at 31 December 2023, 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 5% 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 21% for retail, the estimated recoverable amounts would be equal to the carrying amounts. Further, if the terminal value multiple decreased to approximately 3.8 times for retail, the estimated recoverable amounts would be equal to the carrying amounts at that date.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. Financial risk management

### Overview

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

- Market risk
- Credit risk
- Liquidity risk.

### Risk Management Framework

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

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)

## 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<br>& Platforms<br>\$'000 | Products<br>& Services<br>\$'000 | Retail<br>\$'000 | Institutional<br>\$'000 | Consolidated<br>\$'000 |
|--------------------------|-------------------------------------|----------------------------------|------------------|-------------------------|------------------------|
| <b>31 December 2023</b>  |                                     |                                  |                  |                         |                        |
| Revenue from operations  | 22,627                              | 23,131                           | 100,115          | 50,637                  | 196,510                |
| Profit after tax         | 8,236                               | 11,966                           | (2,859)          | 6,981                   | 24,324                 |
| Segment assets           | 250,942                             | 636,219                          | 187,896          | 73,747                  | 1,148,804              |
| <b>Total assets</b>      | <b>250,942</b>                      | <b>636,219</b>                   | <b>187,896</b>   | <b>73,747</b>           | <b>1,148,804</b>       |
| Segment liabilities      | 157,176                             | 584,013                          | 149,772          | 22,400                  | 913,361                |
| <b>Total liabilities</b> | <b>157,176</b>                      | <b>584,013</b>                   | <b>149,772</b>   | <b>22,400</b>           | <b>913,361</b>         |

### Other segment details

|                           |         |          |         |         |          |
|---------------------------|---------|----------|---------|---------|----------|
| Finance revenue           | 3,708   | 40,895   | 5,327   | 4       | 49,934   |
| Finance expense           | (133)   | (15,924) | (1,867) | (279)   | (18,203) |
| Depreciation/amortisation | (2,470) | (160)    | (7,108) | (1,220) | (10,958) |

|                          | Technology<br>& Platforms<br>\$'000 | Products<br>& Services<br>\$'000 | Retail<br>\$'000 | Institutional<br>\$'000 | Consolidated<br>\$'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) |

### Geographical segments

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

## 6. Rendering of services

|                                  | Consolidated   |                |
|----------------------------------|----------------|----------------|
|                                  | 2023<br>\$'000 | 2022<br>\$'000 |
| Brokerage                        | 109,967        | 120,814        |
| Fee income                       | 57,004         | 58,361         |
| Portfolio administration revenue | 22,351         | 21,503         |
| Other                            | 7,188          | 5,737          |
|                                  | 196,510        | 206,415        |

## 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<br>& Platforms |                | Products<br>& Services |                | Retail         |                | Institutional  |                | Consolidated   |                |
|----------------------------------|---------------------------|----------------|------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                                  | 2023<br>\$'000            | 2022<br>\$'000 | 2023<br>\$'000         | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 | 2023<br>\$'000 | 2022<br>\$'000 |
| Brokerage                        | 16,133                    | 18,711         | 121                    | 122            | 86,443         | 93,694         | 7,270          | 8,287          | 109,967        | 120,814        |
| Fee income                       | 292                       | 521            | -                      | -              | 13,516         | 19,635         | 43,196         | 38,205         | 57,004         | 58,361         |
| Portfolio administration revenue | -                         | -              | 22,351                 | 21,503         | -              | -              | -              | -              | 22,351         | 21,503         |
| Other                            | 6,202                     | 4,643          | 659                    | 622            | 156            | 185            | 171            | 287            | 7,188          | 5,737          |
|                                  | 22,627                    | 23,875         | 23,131                 | 22,247         | 100,115        | 113,514        | 50,637         | 46,779         | 196,510        | 206,415        |

## 8. Investment gains/(losses)

|                                                                                  | Consolidated   |                |
|----------------------------------------------------------------------------------|----------------|----------------|
|                                                                                  | 2023<br>\$'000 | 2022<br>\$'000 |
| Dividends received                                                               | 153            | 335            |
| Profit/(loss) on financial assets held at fair value through profit or loss      |                |                |
| - Shares in listed corporations and unlisted options held in listed corporations | 1,816          | 252            |
| Profit/(loss) on financial assets held at fair value through profit or loss      |                |                |
| - Geared equity investments <sup>1</sup>                                         | (3,376)        | (4,026)        |
|                                                                                  | (1,407)        | (3,439)        |

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   |                |
|---------------|----------------|----------------|
|               | 2023<br>\$'000 | 2022<br>\$'000 |
| Sundry income | 1,965          | 1,236          |
|               | 1,965          | 1,236          |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 10. Finance income and (expenses)

|                                       | Consolidated |         |
|---------------------------------------|--------------|---------|
|                                       | 2023         | 2022    |
|                                       | \$'000       | \$'000  |
| Interest income on bank deposits      | 10,392       | 4,591   |
| Interest income on loans and advances | 39,542       | 28,712  |
| Total finance income                  | 49,934       | 33,303  |
| Bank interest and fee expense         | (6,735)      | (2,303) |
| Interest expense on deposits          | (9,282)      | (3,127) |
| Interest expense on leases            | (2,186)      | (2,110) |
| Total finance (expense)               | (18,203)     | (7,540) |
| Net finance income/(expense)          | 31,731       | 25,763  |

## 11. Employee expenses

|                         | Consolidated |           |
|-------------------------|--------------|-----------|
|                         | 2023         | 2022      |
|                         | \$'000       | \$'000    |
| Wages and salaries      | (121,875)    | (121,161) |
| Superannuation          | (8,631)      | (8,262)   |
| Payroll tax             | (7,479)      | (7,068)   |
| Other employee expenses | (2,290)      | (1,798)   |
|                         | (140,275)    | (138,289) |

## 12. Income tax expense

|                                                               | Consolidated |        |
|---------------------------------------------------------------|--------------|--------|
|                                                               | 2023         | 2022   |
|                                                               | \$'000       | \$'000 |
| <b>Current tax expense</b>                                    |              |        |
| Current period                                                | 10,648       | 11,600 |
| Taxable loss not recognised                                   | 173          | 65     |
| Adjustment for prior periods                                  | 38           | 78     |
|                                                               | 10,859       | 11,743 |
| <b>Deferred tax expense</b>                                   |              |        |
| Relating to origination and reversal of temporary differences | 167          | (422)  |
| <b>Total income tax expense</b>                               | 11,026       | 11,321 |

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

|                                                               | Consolidated 2023 |        | Consolidated 2022 |        |
|---------------------------------------------------------------|-------------------|--------|-------------------|--------|
|                                                               | %                 | \$'000 | %                 | \$'000 |
| Accounting profit before income tax                           |                   | 35,350 |                   | 37,008 |
| Income tax using the Company's domestic tax rate              | 30.00%            | 10,605 | 30.00%            | 11,102 |
| Non-deductible expenses                                       | 0.59%             | 210    | 0.21%             | 76     |
| Adjustments in respect of current income tax of previous year | 0.11%             | 38     | 0.21%             | 78     |
| Income tax credit not recognised                              | 0.49%             | 173    | 0.17%             | 65     |
|                                                               | 31.19%            | 11,026 | 30.59%            | 11,321 |

### Tax consolidation

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

### 13. Cash and cash equivalents

|                                                                 | Consolidated   |                |
|-----------------------------------------------------------------|----------------|----------------|
|                                                                 | 2023<br>\$'000 | 2022<br>\$'000 |
| <b>Group cash reserves<sup>1</sup></b>                          |                |                |
| Cash on hand                                                    | 12             | 12             |
| Cash at bank                                                    | 114,292        | 110,299        |
|                                                                 | <b>114,304</b> | <b>110,311</b> |
| <b>Margin lending cash</b>                                      |                |                |
| Cash at bank                                                    | 21,948         | 6,589          |
|                                                                 | <b>21,948</b>  | <b>6,589</b>   |
| <b>Client cash</b>                                              |                |                |
| Cash at bank (Trust account)                                    | 48,498         | 36,807         |
| Cash at bank (Segregated account)                               | 32,030         | 135,500        |
|                                                                 | <b>80,528</b>  | <b>172,307</b> |
| <b>Cash and cash equivalents in the Statement of Cash Flows</b> | <b>216,780</b> | <b>289,207</b> |

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.

|                                                 | 2023<br>\$'000 | 2022<br>\$'000 |
|-------------------------------------------------|----------------|----------------|
| <b>1. Group Cash – summary of key movements</b> |                |                |
| Group cash – 1 January                          | 110,311        | 136,493        |
| <b>Cash profit</b>                              |                |                |
| Cash Revenue                                    | 249,452        | 241,479        |
| <b>Less Cash Expenses</b>                       |                |                |
| Employee expenses                               | (142,139)      | (163,372)      |
| Occupancy expenses                              | (10,490)       | (9,433)        |
| Systems and communications                      | (10,895)       | (10,933)       |
| Market information expenses                     | (7,897)        | (7,373)        |
| ASX & Other clearing expenses                   | (5,174)        | (5,807)        |
| Professional expenses                           | (3,358)        | (5,670)        |
| Finance expenses                                | (16,017)       | (5,429)        |
| Other expenses                                  | (11,827)       | (11,393)       |
| Total expenses                                  | (207,797)      | (219,410)      |
| Net Cash operating profit                       | 41,655         | 22,069         |
| <b>Balance Sheet</b>                            |                |                |
| Tax instalments paid                            | (10,608)       | (12,139)       |
| Dividends paid                                  | (24,055)       | (28,867)       |
| Clearing house deposits received/(paid)         | 1,142          | (1,252)        |
| Financial asset sales (net)                     | (3,031)        | (5,584)        |
| Acquisition of property, plant and equipment    | (828)          | (436)          |
| General working capital movement                | (282)          | 27             |
| Group cash – 31 December                        | <b>114,304</b> | <b>110,311</b> |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 14. Trade and other receivables

|                                           | Consolidated |         |
|-------------------------------------------|--------------|---------|
|                                           | 2023         | 2022    |
|                                           | \$'000       | \$'000  |
| Trade debtors                             | 118,918      | 151,049 |
| Less: provision for impairment            | -            | -       |
|                                           | 118,918      | 151,049 |
| Clearing house deposits                   | 9,719        | 10,160  |
| Segregated deposits with clearing brokers | 38,310       | 79,875  |
| Less : provision for impairment           | -            | -       |
|                                           | 48,029       | 90,035  |
| Sundry debtors                            | 9,655        | 12,762  |
|                                           | 176,602      | 253,846 |

No impairment allowance in respect of loans and receivables noted during the year (2022: Nil). Information about the Group's exposure to credit and market risks is included in Note 30.

### 15. Financial assets at fair value

|                                                  | Consolidated |        |
|--------------------------------------------------|--------------|--------|
|                                                  | 2023         | 2022   |
|                                                  | \$'000       | \$'000 |
| <b>Held at fair value through profit or loss</b> |              |        |
| Shares in listed corporations                    | 8,453        | 5,040  |
| Unlisted options held in listed corporations     | 3,592        | 4,245  |
| Options held in listed corporations <sup>1</sup> | 3,548        | 6,288  |
|                                                  | 15,593       | 15,573 |

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

## 16. Property, plant and equipment

| Consolidated                          | Fixtures<br>and fittings<br>\$'000 | Office<br>equipment<br>\$'000 | Leasehold<br>improvements<br>\$'000 | Total<br>\$'000 |
|---------------------------------------|------------------------------------|-------------------------------|-------------------------------------|-----------------|
| <b>Cost</b>                           |                                    |                               |                                     |                 |
| Balance at 1 January 2022             | 2,230                              | 6,506                         | 7,744                               | 16,480          |
| Additions                             | 159                                | 162                           | 115                                 | 436             |
| Disposals                             | -                                  | (34)                          | -                                   | (34)            |
| Effect of movements in exchange rates | (1)                                | 4                             | 11                                  | 14              |
| Balance at 31 December 2022           | 2,388                              | 6,638                         | 7,870                               | 16,896          |
| Balance at 1 January 2023             | 2,388                              | 6,638                         | 7,870                               | 16,896          |
| Additions                             | 622                                | 202                           | 3                                   | 827             |
| Disposals                             | -                                  | (18)                          | -                                   | (18)            |
| Effect of movements in exchange rates | 3                                  | (19)                          | (18)                                | (34)            |
| Balance at 31 December 2023           | 3,013                              | 6,803                         | 7,855                               | 17,671          |
| <b>Accumulated depreciation</b>       |                                    |                               |                                     |                 |
| Balance at 1 January 2022             | (1,884)                            | (5,763)                       | (6,828)                             | (14,475)        |
| Depreciation charge for the year      | (90)                               | (505)                         | (395)                               | (990)           |
| Disposals                             | -                                  | 34                            | -                                   | 34              |
| Effect of movements in exchange rates | 1                                  | (4)                           | (2)                                 | (5)             |
| Balance at 31 December 2022           | (1,973)                            | (6,238)                       | (7,225)                             | (15,436)        |
| Balance at 1 January 2023             | (1,973)                            | (6,238)                       | (7,225)                             | (15,436)        |
| Depreciation charge for the year      | (190)                              | (278)                         | (307)                               | (775)           |
| Disposals                             | -                                  | 18                            | -                                   | 18              |
| Effect of movements in exchange rates | (3)                                | 17                            | 20                                  | 34              |
| Balance at 31 December 2023           | (2,166)                            | (6,481)                       | (7,512)                             | (16,159)        |
| <b>Carrying amount</b>                |                                    |                               |                                     |                 |
| At 1 January 2022                     | 346                                | 743                           | 916                                 | 2,005           |
| At 31 December 2022                   | 415                                | 400                           | 645                                 | 1,460           |
| At 31 December 2023                   | 847                                | 322                           | 343                                 | 1,512           |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 17. Goodwill and intangible assets

|                                                       | Goodwill<br>\$'000 | Software<br>\$'000 | Total<br>\$'000 |
|-------------------------------------------------------|--------------------|--------------------|-----------------|
| <b>Cost</b>                                           |                    |                    |                 |
| Balance at 1 January 2022                             | 130,413            | 27,416             | 157,829         |
| Acquisitions – internally developed                   | –                  | 3,400              | 3,400           |
| Balance at 31 December 2022                           | 130,413            | 30,816             | 161,229         |
| Balance at 1 January 2023                             | 130,413            | 30,816             | 161,229         |
| Acquisitions – internally developed                   | –                  | 3,020              | 3,020           |
| Balance at 31 December 2023                           | 130,413            | 33,836             | 164,249         |
| <b>Accumulated amortisation and impairment losses</b> |                    |                    |                 |
| Balance at 1 January 2022                             | –                  | (12,620)           | (12,620)        |
| Amortisation                                          | –                  | (2,730)            | (2,730)         |
| Balance at 31 December 2022                           | –                  | (15,350)           | (15,350)        |
| Balance at 1 January 2023                             | –                  | (15,350)           | (15,350)        |
| Amortisation                                          | –                  | (2,961)            | (2,961)         |
| Balance at 31 December 2023                           | –                  | (18,311)           | (18,311)        |
| <b>Carrying amount</b>                                |                    |                    |                 |
| At 1 January 2022                                     | 130,413            | 14,796             | 145,209         |
| At 31 December 2022                                   | 130,413            | 15,466             | 145,879         |
| At 31 December 2023                                   | 130,413            | 15,525             | 145,938         |

## 18. Deferred tax assets and liabilities

The movement in deferred tax balances are as follows:

|                               | Balance as at<br>1 January<br>\$'000 | Recognised in<br>profit or loss<br>\$'000 | Balance at<br>31 December<br>\$'000 |
|-------------------------------|--------------------------------------|-------------------------------------------|-------------------------------------|
| <b>Consolidated 2023</b>      |                                      |                                           |                                     |
| Property, plant and equipment | 29                                   | 13                                        | 42                                  |
| Employee benefits             | 5,295                                | (101)                                     | 5,194                               |
| Carry forward tax loss        | 39                                   | (3)                                       | 36                                  |
| Other items                   | (455)                                | (52)                                      | (507)                               |
|                               | 4,908                                | (143)                                     | 4,765                               |
| <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)                               |
|                               | 4,542                                | 366                                       | 4,908                               |

Unrecognised deferred tax assets relating to tax losses at 31 December 2023: \$332,000 (2022: \$245,000).

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 |         |
|-------------------------------------------------------------|--------------|---------|
|                                                             | 2023         | 2022    |
|                                                             | \$'000       | \$'000  |
| Margin Loans measured at amortised cost                     | 467,379      | 413,955 |
| Margin Loans measured at fair value through profit and loss | 78,770       | 81,801  |
|                                                             | 546,149      | 495,756 |

There were no impaired, past due or renegotiated loans at 31 December 2023 (2022: nil).

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

## 20. Trade and other payables

|                               | Consolidated |         |
|-------------------------------|--------------|---------|
|                               | 2023         | 2022    |
|                               | \$'000       | \$'000  |
| Settlement obligations        | 152,686      | 168,894 |
| Sundry creditors and accruals | 26,001       | 26,654  |
| Segregated client liabilities | 78,939       | 226,450 |
|                               | 257,626      | 421,998 |

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

## 21. Deposits and borrowings

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

|                                    | Consolidated |         |
|------------------------------------|--------------|---------|
|                                    | 2023         | 2022    |
|                                    | \$'000       | \$'000  |
| Deposits <sup>1</sup>              | 622          | 844     |
| Bell Financial Trust <sup>2</sup>  | 391,896      | 460,590 |
| Cash advance facility <sup>3</sup> | 174,000      | 44,000  |
|                                    | 566,518      | 505,434 |

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 \$250m (2022: \$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)

## 21. Deposits and borrowings (continued)

### Terms and debt repayment schedule

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

|                         | 2023                            | 2022  | 2023                 | 2022                      |
|-------------------------|---------------------------------|-------|----------------------|---------------------------|
|                         | Average effective interest rate |       | Face value<br>\$'000 | Carrying amount<br>\$'000 |
| Consolidated            |                                 |       |                      |                           |
| Cash advance facility   | 4.69%                           | 1.83% | 174,000              | 174,000                   |
| Deposits (Cash Account) | 2.19%                           | 0.60% | 622                  | 622                       |
| Bell Financial Trust    | 2.19%                           | 0.60% | 391,896              | 391,896                   |
|                         |                                 |       | 566,518              | 566,518                   |

|                                                  | 2023                                                                |                    |                                               |                  |                       |
|--------------------------------------------------|---------------------------------------------------------------------|--------------------|-----------------------------------------------|------------------|-----------------------|
|                                                  | Derivatives (assets)/liabilities held to hedge long-term borrowings |                    |                                               |                  |                       |
|                                                  | Liabilities                                                         |                    | Interest rate swap contracts used for hedging |                  |                       |
|                                                  | Cash advance facility<br>\$'000                                     | Deposits<br>\$'000 | Bell Financial Trust<br>\$'000                | Assets<br>\$'000 | Liabilities<br>\$'000 |
| Balance at 1 January                             | 44,000                                                              | 844                | 460,590                                       | 398              | -                     |
| Changes from financing cash flows                |                                                                     |                    |                                               |                  |                       |
| Deposits/(withdrawals) from client cash balances | -                                                                   | (222)              | -                                             | -                | -                     |
| Drawdown/(repayment) of borrowings               | 130,000                                                             | -                  | (68,694)                                      | -                | -                     |
| Total changes from financing cash flows          | 130,000                                                             | (222)              | (68,694)                                      | -                | -                     |
| Changes in fair value                            | -                                                                   | -                  | -                                             | (386)            | -                     |
| Other charges                                    |                                                                     |                    |                                               |                  |                       |
| Liability-related                                |                                                                     |                    |                                               |                  |                       |
| Interest expense                                 | 5,527                                                               | (107)              | 9,281                                         | -                | -                     |
| Interest paid/(payable)                          | (5,527)                                                             | 107                | (9,281)                                       | -                | -                     |
| Total liability-related other changes            | -                                                                   | -                  | -                                             | -                | -                     |
| Balance at 31 December                           | 174,000                                                             | 622                | 391,896                                       | 12               | -                     |

2022

| Derivatives (assets)/liabilities held to hedge long-term borrowings |                       |                                |                                               |   |                 |
|---------------------------------------------------------------------|-----------------------|--------------------------------|-----------------------------------------------|---|-----------------|
| Liabilities                                                         |                       |                                |                                               |   |                 |
| Cash advance facility<br>\$'000                                     | Deposits<br>\$'000    | Bell Financial Trust<br>\$'000 | Interest rate swap contracts used for hedging |   | Total<br>\$'000 |
| Assets<br>\$'000                                                    | Liabilities<br>\$'000 |                                |                                               |   |                 |
| 92,000                                                              | 1,449                 | 479,651                        | 13                                            | – | 573,113         |
| –                                                                   | 605                   | –                              | –                                             | – | 605             |
| (48,000)                                                            | –                     | (19,061)                       | –                                             | – | (67,061)        |
| (48,000)                                                            | 605                   | (19,061)                       | –                                             | – | (67,666)        |
| –                                                                   | –                     | –                              | 385                                           | – | 385             |
| 898                                                                 | 143                   | 3,126                          | –                                             | – | 4,167           |
| (898)                                                               | (143)                 | (3,126)                        | –                                             | – | (4,167)         |
| –                                                                   | –                     | –                              | –                                             | – | –               |
| 44,000                                                              | 844                   | 460,590                        | 398                                           | – | 505,832         |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 22. Current tax liabilities

The current tax liability of the Group is \$1,672,050 (2022: \$1,396,978). This amount represents the amount of income taxes payable in respect of current and prior financial periods.

### 23. Provisions

|                                 | Consolidated   |                |
|---------------------------------|----------------|----------------|
|                                 | 2023<br>\$'000 | 2022<br>\$'000 |
| Legal provision                 | 500            | 500            |
|                                 | 500            | 500            |
| Balance at 1 January            | 500            | 500            |
| <b>Arising during the year:</b> |                |                |
| Legal/other                     | 225            | -              |
| Utilised:                       |                |                |
| Legal/other                     | (225)          | -              |
| <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 2023.

### 24. Employee benefits

|                                  | Consolidated   |                |
|----------------------------------|----------------|----------------|
|                                  | 2023<br>\$'000 | 2022<br>\$'000 |
| Salaries and wages accrued       | 25,609         | 23,969         |
| Liability for annual leave       | 7,211          | 7,925          |
| Total employee benefits          | 32,820         | 31,894         |
| Liability for long-service leave | 5,570          | 5,340          |
| Total employee benefits          | 38,390         | 37,234         |

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   |                |
|-------------------------------------------|----------------|----------------|
|                                           | 2023<br>\$'000 | 2022<br>\$'000 |
| Assumed rate of increase on wage/salaries | 3.0%           | 3.0%           |
| Discount rate                             | 4.31%          | 3.45%          |
| Settlement term (years)                   | 7              | 7              |
| Number of employees at year end           | 745            | 752            |

## 25. Reconciliation of cash flows from operating activities

|                                             | Consolidated |          |
|---------------------------------------------|--------------|----------|
|                                             | 2023         | 2022     |
|                                             | \$'000       | \$'000   |
| <b>Cash flows from operating activities</b> |              |          |
| Profit after tax:                           | 24,324       | 25,687   |
| <i>Adjustments for:</i>                     |              |          |
| Depreciation & amortisation                 | 10,958       | 10,657   |
| Net (gain)/loss on investments              | 1,863        | 3,820    |
| Equity settled share-based payments         | -            | -        |
|                                             | 37,145       | 40,164   |
| Decrease/(increase) client receivables      | 74,137       | (8,119)  |
| Decrease/(increase) other receivables       | 3,107        | (3,653)  |
| Decrease/(increase) derivative asset        | 354          | (256)    |
| Decrease/(increase) other assets            | 127          | (263)    |
| (Increase) deferred tax assets              | (376)        | (995)    |
| (Increase) intangibles                      | (3,019)      | (3,400)  |
| (Decrease) client payables                  | (163,564)    | (1,435)  |
| (Decrease)/increase other payables          | (742)        | 6,143    |
| (Decrease)/increase derivative liability    | (228)        | 376      |
| Increase/(decrease) current tax liabilities | 275          | (452)    |
| Increase/(decrease) provisions              | 1,156        | (21,683) |
| Increase deferred tax liability             | 519          | 629      |
| Net cash from operating activities          | (51,109)     | 7,056    |

### Reconciliation of cash

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

#### Group cash reserves

|              |         |         |
|--------------|---------|---------|
| Cash on hand | 12      | 12      |
| Cash at bank | 114,292 | 110,299 |
|              | 114,304 | 110,311 |

#### Margin lending cash

|              |        |       |
|--------------|--------|-------|
| Cash at bank | 21,948 | 6,589 |
|              | 21,948 | 6,589 |

#### Client cash

|                                  |         |         |
|----------------------------------|---------|---------|
| Cash at bank (Trust account)     | 48,498  | 36,807  |
| Segregated cash at bank (client) | 32,030  | 135,500 |
|                                  | 80,528  | 172,307 |
|                                  | 216,780 | 289,207 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 26. Capital and reserves

|                         | Consolidated   |                |
|-------------------------|----------------|----------------|
|                         | 2023<br>\$'000 | 2022<br>\$'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<br>of shares |
|------------------|-----------------|---------------------|
| 1 January 2022   | Opening balance | 320,743,948         |
| Share issue      |                 | -                   |
| 31 December 2022 | <b>Balance</b>  | <b>320,743,948</b>  |
| 1 January 2023   | Opening balance | 320,743,948         |
| Share issue      |                 | -                   |
| 31 December 2023 | <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 2023, there were retained profits of \$61.3m (2022: \$61m).

### Foreign currency reserve

The foreign currency reserve comprises of any movements in the translation of foreign currency balances. Balance at 31 December 2023: \$1,361,000 (2022: \$1,205,000).

### Other equity

Other equity comprises movements in equity as a result of transactions with subsidiaries in Bell Financial Group's capacity as a shareholder. Balance at 31 December 2023: \$28,858,000 debit (2022: \$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 2023: \$12,000 (2022: \$398,000).

### 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 2023: Nil (2022: 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 2023: \$2,620,000 debit (2022: \$2,620,000 debit).

## 27. Dividends

Dividends recognised in the current year by the Group are:

|                                | Cents<br>per share | Total amount<br>\$ '000 | Franked/<br>unfranked | Date of<br>payment |
|--------------------------------|--------------------|-------------------------|-----------------------|--------------------|
| <b>2023</b>                    |                    |                         |                       |                    |
| Interim 2023 ordinary dividend | 3.00               | 9,622                   | Franked               | 12 September 2023  |
| Final 2023 ordinary dividend   | -                  | -                       | -                     | -                  |
| <b>2022</b>                    |                    |                         |                       |                    |
| Interim 2022 ordinary dividend | 2.5                | 8,019                   | Franked               | 6 September 2022   |
| Final 2022 ordinary dividend   | 4.5                | 14,433                  | Franked               | 15 March 2023      |

|                                                                                                                  | Company         |                 |
|------------------------------------------------------------------------------------------------------------------|-----------------|-----------------|
|                                                                                                                  | 2023<br>\$ '000 | 2022<br>\$ '000 |
| <b>Dividend franking account</b>                                                                                 |                 |                 |
| 30 percent franking credits available to shareholders of Bell Financial Group Ltd for subsequent financial years | 38,997          | 38,765          |

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 \$5.5m (2022: \$6.2m).

## 28. Earnings per share

Earnings per share at 31 December 2023 based on profit after tax and a weighted average number of shares outlined below was 7.6 cents (2022: 8.0 cents). Diluted earnings per share at 31 December 2023 was 7.6 cents (2022: 8.0 cents).

### Reconciliation of earnings used in calculating EPS

|                                                                            | Consolidated   |                |
|----------------------------------------------------------------------------|----------------|----------------|
|                                                                            | 2023<br>\$'000 | 2022<br>\$'000 |
| <b>Basic earnings per share</b>                                            |                |                |
| Profit after tax                                                           | 24,324         | 25,687         |
| Profit attributable to ordinary equity holders used for basic EPS          | 24,324         | 25,687         |
| <b>Adjustments for calculation of diluted earnings per share</b>           |                |                |
| Profit attributable to ordinary equity holders used to calculate basic EPS | 24,324         | 25,687         |
| Effect of stock options issued                                             | -              | -              |
| Profit attributable to ordinary equity holders used for diluted EPS        | 24,324         | 25,687         |

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

|                                                                                                 | Consolidated |             |
|-------------------------------------------------------------------------------------------------|--------------|-------------|
|                                                                                                 | 2023         | 2022        |
| Weighted average number of ordinary shares used to calculate basic EPS (net of treasury shares) | 318,743,948  | 319,313,419 |
| Weighted average number of ordinary shares at year-end                                          | 318,743,948  | 319,313,419 |
| Weighted average number of ordinary shares used to calculate diluted EPS                        | 318,743,948  | 319,313,419 |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 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 2023 (2022: 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 |              |
|---------------------------------|--------------|--------------|
|                                 | 2023<br>'000 | 2022<br>'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   |                |
|--------------------------------------------|----------------|----------------|
|                                            | 2023<br>\$'000 | 2022<br>\$'000 |
| Employee share options                     | -              | -              |
| Performance rights                         | -              | -              |
| Employee share issue                       | -              | -              |
| Total expense recognised as employee costs | -              | -              |

### 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 Group's research department. A risk analyst performs a review of the LVR and the recommendation is submitted to management. Management does not expect any counterparty to fail to meet its obligations. There are no individual loans greater than 10% of the total loans and advance balance.

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

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

|                                           |      | Consolidated   |                |
|-------------------------------------------|------|----------------|----------------|
|                                           | Note | 2023<br>\$'000 | 2022<br>\$'000 |
| Trade debtors                             | 14.  | 118,918        | 151,049        |
| Clearing house deposits                   | 14.  | 9,719          | 10,160         |
| Segregated deposits with clearing brokers | 14.  | 38,310         | 79,875         |
| Loans and advances                        | 19.  | 546,149        | 495,756        |
| Sundry debtors                            | 14.  | 9,655          | 12,762         |

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

| Consolidated                 | Gross<br>2023<br>\$'000 | Impairment<br>2023<br>\$'000 | Gross<br>2022<br>\$'000 | Impairment<br>2022<br>\$'000 |
|------------------------------|-------------------------|------------------------------|-------------------------|------------------------------|
| <b>Ageing of receivables</b> |                         |                              |                         |                              |
| Not past due                 | 118,805                 | -                            | 150,941                 | -                            |
| Past due 0 – 30 days         | 113                     | -                            | 39                      | -                            |
| Past due 31 – 365 days       | -                       | -                            | 69                      | -                            |
| 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)

## 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<br>Amount<br>\$'000 | Contracted<br>Cashflow<br>\$'000 | 6-months<br>or less<br>\$'000 | 6-12<br>months<br>\$'000 | 1-2<br>years<br>\$'000 | 2-5<br>years<br>\$'000 | 5+<br>years<br>\$'000 |
|-----------------------------------|------------------------------|----------------------------------|-------------------------------|--------------------------|------------------------|------------------------|-----------------------|
| <b>Consolidated 2023</b>          |                              |                                  |                               |                          |                        |                        |                       |
| <b>Non-derivative liabilities</b> |                              |                                  |                               |                          |                        |                        |                       |
| Trade & other payables            | 257,626                      | (257,626)                        | (257,626)                     | -                        | -                      | -                      | -                     |
| Cash deposits                     | 622                          | (622)                            | (622)                         | -                        | -                      | -                      | -                     |
| Cash advance facilities           | 174,000                      | (174,000)                        | (174,000)                     | -                        | -                      | -                      | -                     |
| Bell Financial Trust              | 391,896                      | (391,896)                        | (391,896)                     | -                        | -                      | -                      | -                     |
| Lease Liabilities                 | 48,497                       | (57,670)                         | (4,420)                       | (4,696)                  | (8,857)                | (19,454)               | (20,242)              |
| <b>Derivative liabilities</b>     |                              |                                  |                               |                          |                        |                        |                       |
| Hedging derivative                | -                            | -                                | -                             | -                        | -                      | -                      | -                     |
| Foreign currency swap             | (89)                         | 89                               | 89                            | -                        | -                      | -                      | -                     |

|                                   | Carrying<br>Amount<br>\$'000 | Contracted<br>Cashflow<br>\$'000 | 6-months<br>or less<br>\$'000 | 6-12<br>months<br>\$'000 | 1-2<br>years<br>\$'000 | 2-5<br>years<br>\$'000 | 5+<br>years<br>\$'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             | -                            | -                                | -                             | -                        | -                      | -                      | -                     |

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 2023, 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 \$1,948,000 (2022: \$2,830,000 decrease to profit) and would decrease equity by approximately \$1,364,000 (2022: \$1,981,000 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 2023, it is estimated that a 10% decrease in equity prices would decrease the Group's profit before income tax by approximately \$1,559,000 (2022: \$1,557,000 decrease to profit) and would decrease equity by approximately \$1,091,000 (2022: \$1,090,000 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)

## 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.

|                           |      | 2023                                          |                 |                               |                            |                          |                          |                                   |
|---------------------------|------|-----------------------------------------------|-----------------|-------------------------------|----------------------------|--------------------------|--------------------------|-----------------------------------|
|                           |      | Average<br>effective<br>interest<br>rate<br>% | Total<br>\$'000 | 6 months<br>or less<br>\$'000 | 6 – 12<br>months<br>\$'000 | 1 – 2<br>years<br>\$'000 | 2 – 5<br>years<br>\$'000 | More<br>than<br>5 years<br>\$'000 |
| Consolidated              | Note |                                               |                 |                               |                            |                          |                          |                                   |
| Fixed rate instruments    |      |                                               |                 |                               |                            |                          |                          |                                   |
| Loans and advances        | 19.  | 7.89%                                         | 111,116         | 111,116                       | -                          | -                        | -                        | -                                 |
| Cash advance facility     | 21.  | 4.69%                                         | (174,000)       | (174,000)                     | -                          | -                        | -                        | -                                 |
|                           |      |                                               | (62,884)        | (62,884)                      | -                          | -                        | -                        | -                                 |
| Variable rate instruments |      |                                               |                 |                               |                            |                          |                          |                                   |
| Cash and cash equivalents | 13.  | 3.89%                                         | 216,780         | 216,780                       | -                          | -                        | -                        | -                                 |
| Loans and advances        | 19.  | 8.12%                                         | 435,033         | 435,033                       | -                          | -                        | -                        | -                                 |
| Deposits and borrowings   | 21.  | 2.19%                                         | (622)           | (622)                         | -                          | -                        | -                        | -                                 |
| Bell Financial Trust      | 21.  | 2.19%                                         | (391,896)       | (391,896)                     | -                          | -                        | -                        | -                                 |
|                           |      |                                               | 259,295         | 259,295                       | -                          | -                        | -                        | -                                 |

### 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 2023                                        | Note | Carrying Amount                          |                                                   |                                    |                                             |                 |
|---------------------------------------------------------|------|------------------------------------------|---------------------------------------------------|------------------------------------|---------------------------------------------|-----------------|
|                                                         |      | Designated<br>at fair<br>value<br>\$'000 | Fair<br>value<br>hedging<br>instruments<br>\$'000 | Loans and<br>receivables<br>\$'000 | Other<br>financial<br>liabilities<br>\$'000 | Total<br>\$'000 |
| <b>Financial assets measured at fair value</b>          |      |                                          |                                                   |                                    |                                             |                 |
| Equity securities/unlisted options                      | 15.  | 15,593                                   | -                                                 | -                                  | -                                           | 15,593          |
| Interest rate swaps used for hedging                    |      | -                                        | 71                                                | -                                  | -                                           | 71              |
| Foreign currency swap                                   |      | -                                        | 10                                                | -                                  | -                                           | 10              |
| Loans and advances                                      | 19.  | -                                        | -                                                 | 78,770                             | -                                           | 78,770          |
|                                                         |      | 15,593                                   | 81                                                | 78,770                             | -                                           | 94,444          |
| <b>Financial assets not measured at fair value</b>      |      |                                          |                                                   |                                    |                                             |                 |
| Trade and other receivables                             | 14.  | -                                        | -                                                 | 176,602                            | -                                           | 176,602         |
| Cash and cash equivalents                               | 13.  | -                                        | -                                                 | 216,780                            | -                                           | 216,780         |
| Loans and advances                                      | 19.  | -                                        | -                                                 | 467,379                            | -                                           | 467,379         |
|                                                         |      | -                                        | -                                                 | 860,761                            | -                                           | 860,761         |
| <b>Financial liabilities measured at fair value</b>     |      |                                          |                                                   |                                    |                                             |                 |
| Interest rate swaps used for hedging                    |      | -                                        | (59)                                              | -                                  | -                                           | (59)            |
| Foreign currency swap                                   |      | (99)                                     | -                                                 | -                                  | -                                           | (99)            |
|                                                         |      | (99)                                     | (59)                                              | -                                  | -                                           | (158)           |
| <b>Financial liabilities not measured at fair value</b> |      |                                          |                                                   |                                    |                                             |                 |
| Trade and other payables                                | 20.  | -                                        | -                                                 | -                                  | 257,626                                     | 257,626         |
| Deposits and borrowings                                 | 21.  | -                                        | -                                                 | -                                  | 566,518                                     | 566,518         |
|                                                         |      | -                                        | -                                                 | -                                  | 824,144                                     | 824,144         |

- Loans and advances measured at fair value decreased from \$81,801,000 at 31 December 2022 to \$78,770,000 at 31 December 2023 due to net new/repaid loans of \$4,179,000 with the remaining movement due to net fair value changes.

| 2022                              |              |                         |                      |                    |                    |                          |  |
|-----------------------------------|--------------|-------------------------|----------------------|--------------------|--------------------|--------------------------|--|
| 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 |  |
| 6.23%                             | 92,950       | 92,252                  | 698                  | –                  | –                  | –                        |  |
| 1.83%                             | (44,000)     | (44,000)                | –                    | –                  | –                  | –                        |  |
|                                   | 48,950       | 48,252                  | 698                  | –                  | –                  | –                        |  |
| 1.31%                             | 289,207      | 289,207                 | –                    | –                  | –                  | –                        |  |
| 5.16%                             | 402,806      | 402,806                 | –                    | –                  | –                  | –                        |  |
| 0.60%                             | (844)        | (844)                   | –                    | –                  | –                  | –                        |  |
| 0.60%                             | (460,590)    | (460,590)               | –                    | –                  | –                  | –                        |  |
|                                   | 230,579      | 230,579                 | –                    | –                  | –                  | –                        |  |

| Fair Value     |                |                |              |
|----------------|----------------|----------------|--------------|
| Level 1 \$'000 | Level 2 \$'000 | Level 3 \$'000 | Total \$'000 |
| 8,453          | 7,140          | –              | 15,593       |
| –              | 71             | –              | 71           |
| –              | 10             | –              | 10           |
| –              | –              | 78,770         | 78,770       |
| 8,453          | 7,221          | 78,770         | 94,444       |
| –              | –              | –              | –            |
| –              | –              | –              | –            |
| –              | –              | –              | –            |
| –              | –              | –              | –            |
| –              | (59)           | –              | (59)         |
| –              | (99)           | –              | (99)         |
| –              | (158)          | –              | (158)        |
| –              | –              | –              | –            |
| –              | –              | –              | –            |
| –              | –              | –              | –            |

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 30. Financial instruments (continued)

### Fair value measurements (continued)

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

|                                                  |      | Carrying Amount                          |                                                   |                                    |                                             |                 |
|--------------------------------------------------|------|------------------------------------------|---------------------------------------------------|------------------------------------|---------------------------------------------|-----------------|
|                                                  |      | Designated<br>at fair<br>value<br>\$'000 | Fair<br>value<br>hedging<br>instruments<br>\$'000 | Loans and<br>receivables<br>\$'000 | Other<br>financial<br>liabilities<br>\$'000 | Total<br>\$'000 |
| 31 DECEMBER 2022                                 | Note |                                          |                                                   |                                    |                                             |                 |
| Financial assets measured at fair value          |      |                                          |                                                   |                                    |                                             |                 |
| 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          |
| Financial assets not measured at fair value      |      |                                          |                                                   |                                    |                                             |                 |
| 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         |
| Financial liabilities measured at fair value     |      |                                          |                                                   |                                    |                                             |                 |
| Foreign currency swap                            |      | –                                        | –                                                 | –                                  | –                                           | –               |
|                                                  |      | –                                        | –                                                 | –                                  | –                                           | –               |
| Financial liabilities not measured at fair value |      |                                          |                                                   |                                    |                                             |                 |
| 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.

#### (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 2023 and 2022.

### Fair Value

| Level 1<br>\$'000 | Level 2<br>\$'000 | Level 31<br>\$'000 | Total<br>\$'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)

### 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 |         |
|---------------------------------------|--------------|---------|
|                                       | 2023         | 2022    |
|                                       | \$'000       | \$'000  |
| Balance at 1 January                  | 45,474       | 12,179  |
| Depreciation charge for the year      | (7,222)      | (6,937) |
| Additions to right-of-use assets      | 1,912        | 40,166  |
| Effect of movements in exchange rates | (117)        | 66      |
| Balance at 31 December                | 40,047       | 45,474  |

#### Lease Liabilities

|                                            | Consolidated |         |
|--------------------------------------------|--------------|---------|
|                                            | 2023         | 2022    |
|                                            | \$'000       | \$'000  |
| Balance at 1 January                       | 52,035       | 16,275  |
| Interest on lease liabilities for the year | 2,186        | 2,110   |
| Addition to lease liabilities              | 1,912        | 40,166  |
| Disposal of lease                          | (89)         | –       |
| Rent payments                              | (7,425)      | (6,588) |
| Effect of movements in exchange rates      | (122)        | 72      |
| Balance at 31 December                     | 48,497       | 52,035  |

#### Amounts recognised in profit or loss

|                                        | Consolidated |        |
|----------------------------------------|--------------|--------|
|                                        | 2023         | 2022   |
|                                        | \$'000       | \$'000 |
| Depreciation on right-of-use assets    | 7,222        | 6,937  |
| Interest on lease liabilities          | 2,186        | 2,110  |
| Expenses relating to short-term leases | 2,043        | 1,813  |
|                                        | 11,451       | 10,860 |

#### Amounts recognised in statements of cash flows

|                               | Consolidated |         |
|-------------------------------|--------------|---------|
|                               | 2023         | 2022    |
|                               | \$'000       | \$'000  |
| Total cash outflows for lease | (7,425)      | (6,588) |

## 32. Parent entity disclosures

As at, and throughout the financial year ending 31 December 2023, the parent company of the Group was Bell Financial Group.

|                                                         | Consolidated   |                |
|---------------------------------------------------------|----------------|----------------|
|                                                         | 2023<br>\$'000 | 2022<br>\$'000 |
| <b>Results of the parent entity</b>                     |                |                |
| Profit for the year                                     | 24,355         | 29,531         |
| Total comprehensive income for the year                 | 24,355         | 29,531         |
| <b>Financial position of parent entity at year end</b>  |                |                |
| Current assets                                          | 40,757         | 46,590         |
| Non-current assets                                      | 224,356        | 223,633        |
| Total assets                                            | 265,113        | 270,223        |
| Current liabilities                                     | 78,416         | 83,826         |
| Total liabilities                                       | 78,416         | 83,826         |
| <b>Total equity of the parent entity comprising of:</b> |                |                |
| Contributed equity                                      | 204,237        | 204,237        |
| Reserves                                                | (2,620)        | (2,620)        |
| Retained earnings/(losses)                              | (14,920)       | (15,220)       |
| Total equity                                            | 186,697        | 186,397        |

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

### Parent entity contingent liabilities

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

## 33. Related parties

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

### Executive Directors

A Provan (Resigned 31 October 2023)

### Non-Executive Directors

G Cubbin

B Wilson AO

C Feldmanis

A Provan (Appointed 1 November 2023)

A Bell (Appointed 1 November 2023)

### Senior Executives

L Bell (Ceased to be a KMP on 31 October 2023)

A Bell (Ceased to be a KMP on 31 October 2023)

R Fell (Ceased to be a KMP on 31 October 2023)

D Davenport

A Selvarajah (Appointed 1 November 2023)

### Key management personnel compensation

The key management personnel compensation comprised:

|                              | Consolidated |           |
|------------------------------|--------------|-----------|
|                              | 2023         | 2022      |
| Short-term employee benefits | 3,572,104    | 3,407,985 |
| Other long-term benefits     | 8,077        | 9,616     |
| Post-employment benefits     | 140,979      | 146,458   |
| Termination benefits         | -            | -         |
| Share-based payments         | -            | -         |
|                              | 3,721,160    | 3,564,059 |

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 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<br>balance<br>\$ | Closing<br>balance<br>\$ | Interest paid<br>and payable in<br>the reporting<br>period<br>\$ | Number<br>of loans in<br>Group at<br>31 December <sup>1</sup> |
|-------------------------------------------------------------------|--------------------------|--------------------------|------------------------------------------------------------------|---------------------------------------------------------------|
| Total for key management personnel 2023                           | 1,541,295                | 1,003,863                | 88,940                                                           | 7                                                             |
| Total for key management personnel 2022                           | 2,020,423                | 1,541,295                | 64,425                                                           | 24                                                            |
| Total for other related parties 2023                              | -                        | -                        | -                                                                | -                                                             |
| Total for other related parties 2022                              | -                        | -                        | -                                                                | -                                                             |
| Total for key management personnel and their related parties 2023 | 1,541,295                | 1,003,863                | 88,940                                                           | 7                                                             |
| Total for key management personnel and their related parties 2022 | 2,020,423                | 1,541,295                | 64,425                                                           | 24                                                            |

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 \$88,940 (2022: \$64,425). No amounts have been written-down or recorded as allowances for impairment, as the balances are considered fully collectable.

### 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. There are no outstanding amounts owed by or to the ultimate parent entity at 31 December 2023 (2022: nil). There is no interest receivable or payable at 31 December 2023 (2022: nil).

### Subsidiaries

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

|                                               | 2023<br>\$        | 2022<br>\$        |
|-----------------------------------------------|-------------------|-------------------|
| <b>Subsidiary</b>                             |                   |                   |
| Bell Potter Platforms Pty Ltd <sup>1</sup>    | 436               | –                 |
| Third Party Platform Pty Limited <sup>1</sup> | 213,475           | 278,616           |
| Bell Potter Capital Limited <sup>2</sup>      | 8,335,779         | 8,295,295         |
| Bell Potter (US) Holdings Inc <sup>1</sup>    | 1,954,371         | 1,949,834         |
| Bell Potter Securities (US) LLC               | –                 | –                 |
|                                               | <b>10,504,061</b> | <b>10,523,745</b> |

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 5.39% per annum (2022: 4.60% per annum).

Loans made by wholly owned subsidiaries to the Company: \$29,803,551 (2022: \$31,535,286). 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 2023, all outstanding amounts are considered fully collectable.

# NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 34. Group entities

|                                     | Incorporation  | Consolidated  |      |
|-------------------------------------|----------------|---------------|------|
|                                     |                | Interest 2023 | 2022 |
| 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 Group has provided financial guarantees in the ordinary course of business which amount to \$7.6m (2022: \$7.6m) and are not recorded in the Statement of Financial Position as at 31 December 2023.

## 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.

On 29 June 2023, Bell Financial Group received final notification from AUSTRAC following its consideration of the reports from the external auditor on the three operating subsidiaries, Bell Potter Securities Limited, Bell Potter Capital Limited and Third Party Platform Pty Ltd.

AUSTRAC has decided that it will not be taking any further regulatory action.

### 37. Subsequent events

Except as noted below, there were no significant events from 31 December 2023 to the date of this report.

#### Final Dividend

On 15 February 2024, the Directors resolved to pay a fully franked final dividend of 4.0 cents per share.

### 38. Auditor's remuneration

|                                               | Consolidated |         |
|-----------------------------------------------|--------------|---------|
|                                               | 2023         | 2022    |
|                                               | \$           | \$      |
| <b>Audit services</b>                         |              |         |
| Auditor of the Company                        |              |         |
| <i>KPMG:</i>                                  |              |         |
| Audit and review of financial reports         | 431,613      | 392,137 |
| Total remuneration for audit services         | 431,613      | 392,137 |
| <b>Audit related services</b>                 |              |         |
| Auditor of the Company                        |              |         |
| <i>KPMG Australia:</i>                        |              |         |
| Other regulatory audit services               | 139,474      | 126,649 |
| Total remuneration for audit related services | 139,474      | 126,649 |
| <b>Non-audit related services</b>             |              |         |
| Tax services                                  | 31,721       | 31,104  |
|                                               | 602,808      | 549,890 |

# 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 13 to 18 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 2023 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 Co-Chief Executive Officer and the Co-Chief Executive Officer and Acting Chief Financial Officer, for the financial year ended 31 December 2023.

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

This declaration is made on 15 February 2024 in accordance with a resolution of the Directors:



**Brian Wilson AO**  
Independent Chairman

15 February 2024

# INDEPENDENT AUDITOR'S REPORT



## 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 2023 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 2023;
- 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 material 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 along with an inflationary economic environment resulting in uncertainty around future interest rate movements. 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.</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</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 comparing the Group's current and forecast net profit after tax valuation multiple to publicly available data of comparable companies.</li> </ul> |



|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>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. 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> | <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> |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

#### 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 audit of the Financial Report

Our objective is:

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

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

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

A further description of our responsibilities for the audit of the Financial Report is located at the *Auditing and Assurance Standards Board* website at: 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 2023, 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 13 to 18 of the Directors' report for the year ended 31 December 2023.

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

KPMG

Luke Sullivan  
Partner

Melbourne  
15 February 2024

# SHAREHOLDER INFORMATION

The following information is current as at 31 January 2024.

## 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  | DCM BLUELAKE PARTNERS PTY LTD                                       | 6,640,633             | 2.07         |
| 3  | EST MR JAMES GORDON MOFFATT                                         | 6,300,000             | 1.96         |
| 4  | CITICORP NOMINEES PTY LIMITED                                       | 4,583,587             | 1.43         |
| 5  | MR ANAND SELVARAJAH                                                 | 3,892,334             | 1.21         |
| 6  | MR ALASTAIR PROVAN + MRS JANIS PROVAN <A & J PROVAN SUPER FUND A/C> | 3,300,000             | 1.03         |
| 7  | MORSON HOLDINGS PTY LTD                                             | 3,250,000             | 1.01         |
| 8  | MR DEAN JAMES SURKITT                                               | 3,100,000             | 0.97         |
| 9  | COLIN BELL PTY LTD                                                  | 2,814,627             | 0.88         |
| 10 | BELL POTTER NOMINEES LTD <BB NOMINEES A/C>                          | 2,567,150             | 0.80         |
| 11 | MR LEE WILLIAM MUCO                                                 | 2,300,000             | 0.72         |
| 12 | BELL SECURITIES PTY LIMITED                                         | 2,232,000             | 0.70         |
| 13 | J P MORGAN NOMINEES AUSTRALIA PTY LIMITED                           | 2,181,898             | 0.68         |
| 14 | MILDRIDGE INVESTMENTS PTY LTD <BELL SUPERANNUATION FUND A/C>        | 2,038,000             | 0.64         |
| 15 | HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED                           | 1,919,116             | 0.60         |
| 16 | MR ALASTAIR PROVAN + MRS JANIS PROVAN <ALASTAIR & JANIS PROVAN A/C> | 1,900,000             | 0.59         |
| 17 | WARANA GRANGE PTY LTD <SYMINGTON SUPER FUND A/C>                    | 1,684,610             | 0.53         |
| 18 | MR LIONEL ALEXANDER MCFADYEN + MRS JENNIFER JUNE MCFADYEN           | 1,552,480             | 0.48         |
| 19 | MR CON ZEMPILAS                                                     | 1,500,000             | 0.47         |
| 20 | EST MR COLIN BELL                                                   | 1,458,194             | 0.45         |
|    | <b>Total</b>                                                        | <b>199,212,979</b>    | <b>62.11</b> |

## Distribution of shares

| Range                   | Number of shareholders | Number of shares   | % of shares   |
|-------------------------|------------------------|--------------------|---------------|
| 1 - 1,000               | 527                    | 281,552            | 0.09          |
| 1,001 - 5,000           | 988                    | 2,868,722          | 0.89          |
| 5,001 - 10,000          | 658                    | 5,235,610          | 1.63          |
| 10,001 - 100,000        | 1,546                  | 49,595,902         | 15.46         |
| 100,001 shares and over | 250                    | 262,762,192        | 81.92         |
| <b>Total</b>            | <b>3,969</b>           | <b>320,743,948</b> | <b>100.00</b> |

There were 147 shareholders (representing 11,515 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                 | 152,295,348      | 47.48 <sup>1,2</sup> |
| EST MR 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 5,939,998 BFG ordinary shares.
3. Est Mr Colin Bell has a relevant interest in 4,272,821 BFG ordinary shares.
4. Lewis Bell has a relevant interest in 4,823,545 BFG ordinary shares.

### On-market buy-back

There is no current on-market buy-back.

### 2024 Annual General Meeting

Bell Financial Group Limited's AGM will be held at 11:00am on Thursday, 11 April 2024. Details of the meeting will be sent to shareholders separately.

# DIRECTORY

## Bell Financial Group Ltd

### ABN

59 083 194 763

### Directors

Brian Wilson AO, Chairman and Independent Director

Alastair Provan, Non-Executive Director

Graham Cubbin, Independent Director

Christine Feldmanis, Independent Director

Andrew Bell, 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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Australia

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