BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
A.B.N. 54 085 797 735

ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2013

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
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DIRECTORS' REPORT

The Directors of Bell Potter Capital Limited ("the Company") present their report together with the consolidated financial report consisting of Bell Potter Capital Limited and its controlled entities ("the Group") for the year ended 31 December 2013 and the auditor's report thereon.

The names of the Company's Directors in office at any time during or since the end of the financial year are set out below. Directors were in office for this entire period unless otherwise stated.

Name:	Position:	Date Appointed:
C M Bell	Chairman	January 1999
D A Provan	Managing Director	December 1993
L M Bell	Director	January 1999
A G Bell	Director	January 1999
R Fell	Director	November 2007
D Davenport	Director	November 2007
C Coleman	Director	November 2007

PRINCIPAL ACTIVITIES

The principal activities of the Company are margin lending and cash deposit businesses.

REVIEW AND RESULTS OF OPERATIONS

The Company commenced its margin lending and cash deposit business as in May 2006, and will continue to develop these businesses into the future.

The Group's profit before income tax for the year was $2,696,302 (2012: $1,948,117).
The Company's profit before income tax for the year was $2,696,302 (2012: $1,948,117).
The Group's profit after income tax for the year was $1,887,411 (2012: $1,363,682).
The Company's profit after income tax for the year was $1,887,411 (2012: $1,363,682).

DIVIDENDS

Dividends declared and paid by the Group and Company during the financial year was nil (2012: $3,000,000) (Note 13).

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

No matters or circumstances have arisen since the end of the financial year that in the opinion of the Directors of the Group 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.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than a benefit included in the aggregate amount of remuneration received or due and receivable by the Directors, or the fixed salary of a full time employee of the Company as shown in note 19) by reason of a contract made by the Company or a related corporation with a Director or with a firm of which he is a member, or with a Company in which he has a substantial financial interest.

LIKELY DEVELOPMENTS

The Company will continue to pursue its strategy of developing and building both the margin lending and cash deposit businesses.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Company that occurred during the financial year under review.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The Company is not subject to any particular or significant environmental regulation.

OPTIONS

No options over shares in the Company have been granted during the financial year and there were no options outstanding at the end of the financial year.

LEAD AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration is set out on page 3 and forms part of the Directors' Report for the financial year ended 31 December 2013.

DIRECTORS' MEETING

During the financial year the following Directors' meetings were held. Attendances were as follows:

	Number Eligible to Attend	Number Attended
C M Bell - Chairman	4	3
D A Provan - Managing Director	4	3
L M Bell	4	3
A G Bell	4	2
D A Davenport	4	4
R Fell	4	3
C Coleman	4	3

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify the current Directors of the Company, against all liabilities to another person (other than the Company or related parties) that may arise from their position as Directors of the Company, except where the liabilities arise out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses. In accordance with usual commercial practice, the insurance contract prohibits disclosure of details of the nature of the liabilities covered by the insurance, the limit of the indemnity and the amount of the premium paid under the contract.

Since the end of the previous financial year the Company has not indemnified or made a relevant agreement for indemnifying against a liability any person who is or has been an auditor of the Company.

Signed in accordance with a resolution of the Board of Directors.

Dean Davenport
Director

Melbourne
Date: 21st March 2014

KPMG

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

To: the directors of Bell Potter Capital Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2013 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

Dean M Waters

Partner

Melbourne

21 March 2014

Independent auditor's report to the members of Bell Potter Capital Limited

Report on the financial report

We have audited the accompanying financial report of Bell Potter Capital Limited (the Company), which comprises the statements of financial position as at 31 December 2013, and the income statements and statements of comprehensive income, statements of changes in equity and statements of cash flows for the year ended on that date, notes 1 to 23 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Company and the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In note 1(a)(i), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Bell Potter Capital Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Company's and the Group's financial position as at 31 December 2013 and of their performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1(a)(i).

KPMG

KPMG

Dean M Waters
Partner

Melbourne

21 March 2014

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated Entity		Parent Entity	
		2013	2012	2013	2012
		$	$	$	$
Finance income	5 (a)	12,367,628	13,437,510	9,483,866	10,894,161
Finance costs	5 (b)	(5,578,788)	(7,909,084)	(4,258,831)	(6,565,411)
Total finance income		6,788,840	5,528,426	5,225,035	4,328,750
Other income	5 (c)	3,660	4,567	1,549,778	1,188,458
Total revenue		6,792,500	5,532,993	6,774,813	5,517,208
Management fees		(1,184,732)	(1,389,707)	(1,184,732)	(1,389,707)
Commission paid		(2,009,656)	(1,335,264)	(2,009,656)	(1,335,264)
System expenses		(418,706)	(401,818)	(418,706)	(401,818)
Professional expenses		(146,328)	(159,184)	(131,321)	(146,684)
Other expenses		(336,776)	(298,903)	(334,096)	(295,618)
Profit before income tax		2,696,302	1,948,117	2,696,302	1,948,117
Income tax (expense) / benefit	6	(808,891)	(584,435)	(808,891)	(584,435)
Profit for the year		1,887,411	1,363,682	1,887,411	1,363,682
Attributable to:					
Equity holders of the Company		1,887,411	1,363,682	1,887,411	1,363,682
Profit for the year		1,887,411	1,363,682	1,887,411	1,363,682

The notes on pages 11 to 26 are an integral part of these consolidated financial statements.

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	$	$	$	$
Profit for the year	1,887,411	1,363,682	1,887,411	1,363,682
Other comprehensive income				
Changes in fair value of cash flow hedge	13,235	169,598	37,647	169,598
Other comprehensive income for the year, net of tax	13,235	169,598	37,647	169,598
Total comprehensive income for the year	1,900,646	1,533,280	1,925,058	1,533,280
Attributable to:				
Equity holders of the company	1,900,646	1,533,280	1,925,058	1,533,280
Total comprehensive income for the year	1,900,646	1,533,280	1,925,058	1,533,280

The notes on pages 11 to 26 are an integral part of these consolidated financial statements.

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 DECEMBER 2013

		Consolidated Entity		Parent Entity	
		2013	2012	2013	2012
		$	$	$	$
CURRENT ASSETS					
Cash and cash equivalents	7	38,390,211	44,265,301	38,351,750	44,216,738
Loans and advances	8	171,695,623	147,120,420	91,535,884	92,029,215
Trade and other receivables	9	1,086,275	1,117,277	50,701,487	55,270,679
Prepayments		158,070	2,750	158,070	2,750
TOTAL CURRENT ASSETS		211,330,179	192,505,748	180,747,191	191,519,382
NON-CURRENT ASSETS					
Investment in Controlled Entities	10	-	-	20,102	20,102
TOTAL NON-CURRENT ASSETS		-	-	20,102	20,102
TOTAL ASSETS		211,330,179	192,505,748	180,767,293	191,539,484
CURRENT LIABILITIES					
Deposits and other borrowings	11	200,548,463	183,768,270	170,823,997	183,768,270
Derivatives		45,084	58,319	20,672	58,319
Trade and other payables	12	3,008,461	2,944,134	2,170,041	1,977,870
Provisions		185,000	92,500	185,000	92,500
TOTAL CURRENT LIABILITIES		203,787,008	186,863,223	173,199,710	185,896,959
TOTAL LIABILITIES		203,787,008	186,863,223	173,199,710	185,896,959
NET ASSETS		7,543,171	5,642,525	7,567,583	5,642,525
EQUITY					
Contributed equity	13	3,000,000	3,000,000	3,000,000	3,000,000
Cash flow hedge reserve	13	(45,084)	(58,319)	(20,672)	(58,319)
Retained earnings	13	4,588,255	2,700,844	4,588,255	2,700,844
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		7,543,171	5,642,525	7,567,583	5,642,525

The notes on pages 11 to 26 are an integral part of these consolidated financial statements.

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share Capital $	Cash Flow Hedge Reserve $	Retained Earnings $	Total Equity $
Consolidated Entity:				
Balance at 1 January 2012	3,000,000	(227,917)	4,337,162	7,109,245
Total comprehensive income				
Profit for the year	-	-	1,363,682	1,363,682
Other comprehensive income				
Changes in fair value of cash flow hedge	-	169,598	-	169,598
Total other comprehensive income	-	169,598	-	169,598
Total comprehensive income for the year	-	169,598	1,363,682	1,533,280
Transactions with owners, directly in equity				
Dividends	-	-	(3,000,000)	(3,000,000)
Balance at 31 December 2012	3,000,000	(58,319)	2,700,844	5,642,525
Balance at 1 January 2013	3,000,000	(58,319)	2,700,844	5,642,525
Total comprehensive income				
Profit for the year	-	-	1,887,411	1,887,411
Other comprehensive income				
Changes in fair value of cash flow hedge	-	13,235	-	13,235
Total other comprehensive income	-	13,235	-	13,235
Total comprehensive income for the year	-	13,235	1,887,411	1,900,646
Transactions with owners, directly in equity				
Dividends	-	-	-	-
Balance at 31 December 2013	3,000,000	(45,084)	4,588,255	7,543,171
Parent Entity:				
Balance at 1 January 2012	3,000,000	(227,917)	4,337,162	7,109,245
Total comprehensive income				
Profit for the year	-	-	1,363,682	1,363,682
Other comprehensive income				
Changes in fair value of cash flow hedge	-	169,598	-	169,598
Total other comprehensive income	-	169,598	-	169,598
Total comprehensive income for the year	-	169,598	1,363,682	1,533,280
Transactions with owners, directly in equity				
Dividends	-	-	(3,000,000)	(3,000,000)
Balance at 31 December 2012	3,000,000	(58,319)	2,700,844	5,642,525
Balance at 1 January 2013	3,000,000	(58,319)	2,700,844	5,642,525
Total comprehensive income				
Profit for the year	-	-	1,887,411	1,887,411
Other comprehensive income				
Changes in fair value of cash flow hedge	-	37,647	-	37,647
Total other comprehensive income	-	37,647	-	37,647
Total comprehensive income for the year	-	37,647	1,887,411	1,925,058
Transactions with owners, directly in equity				
Dividends	-	-	-	-
Balance at 31 December 2013	3,000,000	(20,672)	4,588,255	7,567,583

The notes on pages 11 to 26 are an integral part of these consolidated financial statements.

BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	$	$	$	$
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Cash receipts in the course of operations	5,889	2,338	6,558,961	9,613,312
Cash payments in the course of operations	(41,661,198)	(18,592,266)	(17,030,281)	(27,063,385)
Income taxes paid	-	-	-	-
Interest received	12,239,829	13,766,360	9,537,039	11,295,605
Interest paid	(5,447,683)	(7,971,808)	(4,194,314)	(6,628,136)
Net cash flows from operating activities	(34,863,163)	(12,795,376)	(5,128,595)	(12,782,604)
CASH FLOW FROM INVESTING ACTIVITIES				
Net Cash Flows provided by Investing Activities	-	-	-	-
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Repayment of Subordinated Debt	-	-	-	-
Repayment of intercompany borrowings	(736,393)	(541,803)	(736,393)	(541,803)
Drawdown of borrowings	29,724,466	-	-	-
Dividend Paid	-	(3,000,000)	-	(3,000,000)
Net cash flows from / (used in) financing activities	28,988,073	(3,541,803)	(736,393)	(3,541,803)
NET INCREASE / (DECREASE) IN CASH HELD	(5,875,090)	(16,337,179)	(5,864,988)	(16,324,407)
Cash and cash equivalents at 1 January	44,265,301	60,602,480	44,216,738	60,541,145
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	38,390,211	44,265,301	38,351,750	44,216,738

The notes on pages 11 to 26 are an integral part of these consolidated financial statements.

Bell Potter Capital Limited (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 of the Company and its subsidiaries (the "Group" or "Consolidated Entity") for the year ended 31 December 2013 and auditor's report thereon.

Bell Potter Capital Limited is a company limited by shares, incorporated in Australia.

The principal activities of the Company are margin lending and cash deposit businesses.

1 SIGNIFICANT ACCOUNTING POLICIES

Set out below is a summary of significant accounting policies adopted by the Company and its subsidiaries in the preparation of the consolidated financial statements.

(a) Basis of Preparation

i) Statement of compliance

The financial report is a general purpose financial report which has been 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 authorised for issue by the Board of Directors on 21 March 2014.

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.

ii) Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets and liabilities (including derivatives) at fair value through the profit and loss.

iii) 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 Group.

(b) Principles of consolidation

Subsidiaries
Subsidiaries are all entities controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account. 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.

Special purpose entities
The Group has established a special purpose entity (SPE) to manage margin lending loans. Except for residual income unit held, the Group does not have direct or indirect shareholdings in this entity. The SPE is consolidated if, based on an evaluation of the substance of its relationship with the Group and the SPE's risks and rewards, the Group concludes that it controls the SPE.

SPE's controlled by the Group were established under terms that impose strict limitations on the decision making powers of the SPE's management and that result in the Group receiving the majority of the benefits related to the SPE's operations and net assets, being exposed to risks incidental to the SPE's activities and retaining the majority of the residual or ownership risks related to the SPE or its assets.

(c) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue can be recognised:

Interest
Interest income is recognised as it accrues using the effective yield method.

(d) Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of 3 months or less.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Income Tax

Income tax expense or revenue for the period comprises current and deferred tax. Income tax is recognised in the Income Statement 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.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

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.

Tax consolidation
Effective 1 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.

(f) 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 included. 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 component of cash flows arising from investing and financing activities that are recoverable from, or payable to the ATO are classified as operating cash flows.

(g) Cash and cash equivalents

Cash and cash equivalents comprise cash balances 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.

(h) Derivatives

Derivative financial instruments are contracts whose value is derived for one or more underlying price index or other variable. They include swaps, forward rate agreements or a combination of both.

Derivative financial instruments are also used for hedging purposes to mitigate the Group's exposure to interest rate risk. Derivative financial instruments are recognised initially at fair value with gains or losses for subsequent reassessment at fair value being recognised in the Income Statement. Where the derivative is designated effective as a hedging instrument, the timing of the recognition of any resultant gain or loss in the Income Statement is dependant on the hedging designation. The Group has designated its interest rate swaps as cash flow hedges during the period. Details of these hedging instruments are outlined below:

Cash flow hedges
Changes in the fair value of the derivative hedging instrument as a cash flow hedge 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 the profit and loss. Hedge effectiveness is tested at each reporting date and is calculated using the dollar offset method. Effectiveness will be assessed on a cumulative basis by calculating the change in fair value of the interest rate swap as a percentage of the change in fair value of the designated hedge item. If the ratio change in the fair value is within the 80 - 125% range, the hedge is deemed to be effective.

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.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Trade and other receivables

Trade debtors to be settled within 3 trading days are carried at amounts due. The collectability of debts is assessed at balance date and specific provision is made for any doubtful accounts.

(j) 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 Group. Trade accounts payable are normally settled within 60 days.

(k) Borrowing Costs

Borrowing costs are recognised as expenses in the period in which they are incurred.

(l) 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.

(m) Deposits and other borrowings

All deposits and borrowings are recognised at cost, being the fair value of the consideration received net of issue costs associated with the borrowings.

(n) Financial instruments

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

Loans and advances
All loans and advances are recognised at amortised cost. Impairment assessments are performed at balance date and impairment is reviewed on each individual loan. Impairment provisions are raised in the event, that the recoverable amount is less than the carrying value of the loan. Loans are secured by holding equities as collateral.

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

(o) 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 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Company are set out below. The company does not plan to adopt these standards early.

AASB 9 Financial Instruments (2010), AASB 9 Financial Instruments (2009)

AASB 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under AASB 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. AASB 9 (2010) introduces additions relating to financial liabilities. The IASB currently has an active project that may result in limited amendments to the classification and measurement requirements of AASB 9 and add new requirements to address the impairment of financial assets and hedge accounting.

AASB 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The adoption of AASB 9 (2010) is expected to have an impact on the Group's financial assets, but no impact on the Group's financial liabilities.

(p) Changes in accounting policies

Except for the changes below, the Group has consistently applied the accounting policies set out in Note 1 to all periods presented in these consolidated Financial Statements.

The Group has adopted the following new standards and amendments to standards, including any consequential amendments in other standards, with a date of initial application of 1 January 2013.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Changes in accounting policies (continued)

a) AASB 10 Consolidated Financial Statements (2011)

As a result of AASB 10 (2011), the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. AASB 10 (2011) introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

b) AASB 13 Fair Value Measurement

AASB 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other IFRSs. 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. It replaces and expands the disclosure requirements about fair value measurements in other AASBs, including AASB 7. As a result, the Group has included additional disclosures in this regard (see note 15).

In accordance with the transitional provisions of AASB 13, the Group has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities.

2 SIGNIFICANT ACCOUNTING JUDGMENTS, 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 conditions specific to the Group and to the particular asset that may lead to impairment. In the Director's opinion, no such impairment exists beyond that provided at 31 December 2013 (refer to note 15).

3 FINANCIAL RISK MANAGEMENT

The Group's principal financial instruments comprise derivatives, term deposits and cash. The main risks arising from the Group's financial instruments are market risk, credit risk and liquidity risk. These are examined in more detail below.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and for developing and monitoring risk management policies.

Risk management policies are established to identify and analyse the risks faced by the Company and 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 Company's and Group's activities. The Company and Group, through their training and management standards and procedures, aim to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Company's and Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company and Group. Internal Audit assists the Board of Directors in its oversight role. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures.

The main risks arising from the Group's financial instruments are market risk, liquidity risk and credit risk.

Market risk
Market risk is the risk that changes in market prices, such as interest 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 with acceptable parameters, while optimising return.

Interest rate risk
Interest rate risk arises from the potential for changes in interest rates to have an adverse effect on the Group's net earnings. The Group continually monitors movements in interest rates and is in regular communication with borrowers whenever these rates change.

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 a designated cash flow hedging instrument) are monitored on a six-monthly basis.

3 FINANCIAL RISK MANAGEMENT (continued)

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, who have 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 where there is a liquid market and that they are readily saleable to meet liquidity needs; and
- has committed borrowing facilities or other line of credit that it can access to meet liquidity needs.

The Group prepares rolling cash projections which assists in monitoring cash flow requirements and optimising its cash return on investments. It also has a bank facility that it is able to draw upon in order to meet both short and long-term liquidity requirements.

Credit risk

Credit risk is the risk of 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 Statement of Financial Position exceed their carrying amount, net of any provisions for doubtful debts. In relation to client debtor's, the Groups client risk concentration is minimised as the transactions are settled on a delivery versus payment basis with a regime of trade plus three days.

Margin lending

Exposure to credit risk is monitored by Management 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. Loan balances are reviewed daily and are subject to margin calls once the geared value falls 10% lower than the loan balance. Warnings are set between 5% and 10%.

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. The Group is required to comply with certain capital and liquidity requirements imposed by regulators which are monitored by the Board. The Group was in compliance with all requirements throughout the year.

4 DETERMINATION OF FAIR VALUE

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

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.

5 REVENUE AND EXPENSES

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
(a) Finance income:	$	$	$	$
Interest income on loans and advances	11,038,687	11,165,954	7,075,790	6,588,171
Interest income on bank deposits	1,328,941	2,271,556	1,328,225	2,269,861
Seller series interest revenue	-	-	530,976	616,753
Subordinated note interest revenue	-	-	548,875	1,419,376
Total finance income	12,367,628	13,437,510	9,483,866	10,894,161

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
(b) Finance costs:	$	$	$	$
Interest expense on deposits	(4,240,515)	(5,868,168)	(3,778,403)	(5,834,350)
Bank interest expense	(186,983)	(355,937)	(186,784)	(355,746)
Interest paid to related parties	(293,644)	(375,315)	(293,644)	(375,315)
Cash advance facility fees	(857,646)	(1,309,664)	-	-
Total finance costs	(5,578,788)	(7,909,084)	(4,258,831)	(6,565,411)

5 REVENUE AND EXPENSES (continued)

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
(c) Other income	$	$	$	$
Service fee revenue	-	-	115,580	118,386
Residual income	-	-	1,430,438	1,065,505
Sundry income	3,660	4,567	3,760	4,567
Total other income	3,660	4,567	1,549,778	1,188,458

6 INCOME TAX

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	$	$	$	$
Current tax expense				
Current income tax charge	808,891	584,435	808,891	584,435
Deferred income tax				
Origination and reversal of temporary differences	-	-	-	-
Total income tax expense / (benefit)	808,891	584,435	808,891	584,435
Numerical reconciliation between tax expense and pre-tax accounting profit				
Accounting profit (before income tax)	2,696,302	1,948,117	2,696,302	1,948,117
Income tax using the Company's domestic tax rate of 30% (2012: 30%)	808,891	584,435	808,891	584,435
Income tax expense	808,891	584,435	808,891	584,435

7 CASH AND CASH EQUIVALENTS

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	$	$	$	$
Cash at bank	23,185,088	14,121,926	23,146,627	14,073,363
Short-term deposits	15,205,123	30,143,375	15,205,123	30,143,375
	38,390,211	44,265,301	38,351,750	44,216,738

Cash at bank earns interest at floating rates based on daily bank deposit rates. The Company's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 15.
Short-term deposits are made for periods between 7 days and 90 days.

8 LOANS AND ADVANCES

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	$	$	$	$
Current				
Margin Lending	171,695,623	147,120,420	91,535,884	92,029,215
	171,695,623	147,120,420	91,535,884	92,029,215

Refer to note 15 for further detail on Margin Lending loans.

9 TRADE AND OTHER RECEIVABLES

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	$	$	$	$
Subordinated Note	-	-	20,000,000	30,000,000
Seller Note	-	-	20,320,190	16,268,981
Trade receivables	971,755	926,177	971,755	926,177
Interest receivable	114,520	188,871	204,921	303,839
Residual income receivable	-	-	9,189,602	7,759,164
Service fee receivable	-	-	15,019	10,289
Other receivables	-	2,229	-	2,229
Carrying amount of trade and other receivables	1,086,275	1,117,277	50,701,487	55,270,679

Trade receivables are non-interest bearing and are normally settled on 3-day term.
For further information relating to related parties refer to note 17.

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
10 INVESTMENTS IN CONTROLLED ENTITIES	$	$	$	$
Investment in Controlled Entities at cost	-	-	20,102	20,102
	-	-	20,102	20,102

11 DEPOSITS AND OTHER BORROWINGS

This note provides information about the contractual terms of the Company's and Group's interest-bearing deposits and borrowings. For more information about the Company's and Group's exposure to interest rates, see note 15.

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
	$	$	$	$
Current				
Deposits (Cash Account)[1]	162,823,997	175,768,270	162,823,997	175,768,270
Subordinated Debt - Bell Financial Group Ltd	8,000,000	8,000,000	8,000,000	8,000,000
Cash advance facility (refer to Note 20)	29,724,466	-	-	-
	200,548,463	183,768,270	170,823,997	183,768,270

[1] Borrowings relate to Margin Lending / Cash Account which are largely at call.
For further information relating to related parties refer to Note 17.

Terms and debt repayment schedule

	2012 Effective Interest	2013 Effective Interest		2013		2012	
Consolidated:	**Rate**	**Rate**	**Year of Maturity**	**Face Value**	**Carrying Amount**	**Face Value**	**Carrying Amount**
Deposits (Cash Account)	2.46%	1.80%	2014	162,823,997	162,823,997	175,768,270	175,768,270
Subordinated Debt	4.69%	3.74%	2014	8,000,000	8,000,000	8,000,000	8,000,000
Cash advance facility	n/a	3.03%	2014	29,724,466	29,724,466	-	-
				200,548,463	200,548,463	183,768,270	183,768,270

	2012 Effective Interest	2013 Effective Interest		2013		2012	
Parent:	**Rate**	**Rate**	**Year of Maturity**	**Face Value**	**Carrying Amount**	**Face Value**	**Carrying Amount**
Deposits (Cash Account)	2.46%	1.80%	2014	162,823,997	162,823,997	175,768,270	175,768,270
Subordinated Debt	4.69%	3.74%	2014	8,000,000	8,000,000	8,000,000	8,000,000
				170,823,997	170,823,997	183,768,270	183,768,270

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
12 TRADE AND OTHER PAYABLES	$	$	$	$
Trade payables	1,257,250	1,191,495	1,181,220	1,077,438
Interest payable in advance	1,481,729	1,552,774	719,239	700,467
GST payable	-	2,881	-	2,881
Due to related parties	269,482	196,984	269,582	197,084
Carrying amount of trade and other payables	3,008,461	2,944,134	2,170,041	1,977,870

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
13 CONTRIBUTED EQUITY AND RESERVES	$	$	$	$
Ordinary shares				
3,000,000 fully paid Ordinary Shares (2012: 3,000,000)	3,000,000	3,000,000	3,000,000	3,000,000
	3,000,000	3,000,000	3,000,000	3,000,000
Cash Flow Hedge Reserve				
At 1 January	(58,319)	(227,917)	(58,319)	(227,917)
Cash flow hedge movement	13,235	169,598	37,647	169,598
At 31 December	(45,084)	(58,319)	(20,672)	(58,319)
Retained earnings				
At 1 January	2,700,844	4,337,162	2,700,844	4,337,162
Profit / (loss) for the year	1,887,411	1,363,682	1,887,411	1,363,682
Dividend declared and paid in 2012	-	(3,000,000)	-	(3,000,000)
At 31 December	4,588,255	2,700,844	4,588,255	2,700,844

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

	Consolidated Entity		Parent Entity	
	2013	2012	2013	2012
14 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	$	$	$	$
Cash flows from operating activities				
Profit after tax	1,887,411	1,363,682	1,887,411	1,363,682
Changes in assets and liabilities:				
(Increase) / decrease receivables	31,002	(143,447)	4,569,192	8,344,647
(Increase) / decrease prepayments	(155,320)	137,072	(155,320)	137,072
(Increase) / decrease loans and advances	(24,575,203)	(8,622,356)	493,331	(17,095,279)
Increase / (decrease) deposits and other borrowings	(12,944,273)	(6,634,121)	(12,944,273)	(6,634,121)
Increase / (decrease) payables	800,720	1,011,294	928,564	1,008,895
Increase / (decrease) provisions	92,500	92,500	92,500	92,500
Net cash flow (used) / provided in operating activities	(34,863,163)	(12,795,376)	(5,128,595)	(12,782,604)

Reconciliation of cash
For the purpose of the Statements of Cash Flows, cash and cash equivalents comprise the following:

Cash at bank	23,185,088	14,121,926	23,146,627	14,073,363
Short-term deposits	15,205,123	30,143,375	15,205,123	30,143,375
	38,390,211	44,265,301	38,351,750	44,216,738

15 FINANCIAL INSTRUMENTS

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

Credit risk

Management has a process in place and the exposure to credit risk is monitored on an ongoing basis. The Group requires collateral in respect of margin loans made in the course of business within the Group. This collateral is generally in the form of the underlying security the margin loan is used to invest in. A loan to value ratio (LVR) is determined for each security with regard to market weight, index membership, liquidity, volatility, dividend yield, industry sector and advice from Bell Financial's research department. A risk analyst performs a review of the LVR and the recommendation is submitted to Management. Management does not expect any counterparty to fail to meet its obligations.

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. There were no impaired, past due or renegotiated loans at 31 December 2013 (2012: Nil).

		Consolidated Entity		Parent Entity	
		2013	2012	2013	2012
	Note	$	$	$	$
Subordinated Note	9	-	-	20,000,000	30,000,000
Seller Note	9	-	-	20,320,190	16,268,981
Trade receivables	9	971,755	926,177	971,755	926,177
Interest receivable	9	114,520	188,871	204,921	303,839
Residual income receivable	9	-	-	9,189,602	7,759,164
Service fee receivable	9	-	-	15,019	10,289
Loans and advances	8	171,695,623	147,120,420	91,535,884	92,029,215

The ageing of the Group's trade receivables at reporting date was:

Ageing of receivables	2013		2012	
Consolidated Entity:	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due	971,755	-	926,177	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-

Ageing of receivables	2013		2012	
Parent Entity:	Gross	Impairment	Gross	Impairment
	$	$	$	$
Not past due	971,755	-	926,177	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-

15 FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

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 when there is evidence that the Company will not be able to collect all amounts due according to the original terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments (for amounts greater than 30 days overdue) are considered indicators that the trade receivable is impaired.

Liquidity risk

The following are the contractual maturities of financial liabilities, excluding impacting of netting agreements.

	Carrying Amount	Contracted Cash flow	6-months or less	6- 12 months	1 - 2 years
	$	$	$	$	$
Consolidated Entity 2013:					
Trade and other payables	3,008,461	(3,008,461)	(3,008,461)	-	-
Deposits (Cash Accounts)	162,823,997	(162,823,997)	(162,823,997)	-	-
Cash advance facility	29,724,466	(29,724,466)	(29,724,466)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	45,084	(45,084)	(45,084)	-	-
Parent Entity 2013:					
Trade and other payables	2,170,041	(2,170,041)	(2,170,041)	-	-
Deposits (Cash Accounts)	162,823,997	(162,823,997)	(162,823,997)	-	-
Cash advance facility	-	-	-	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	20,672	(20,672)	(20,672)	-	-

	Carrying Amount	Contracted Cash flow	6-months or less	6- 12 months	1 - 2 years
	$	$	$	$	$
Consolidated Entity 2012:					
Trade and other payables	2,944,134	(2,944,134)	(2,944,134)	-	-
Deposits (Cash Accounts)	175,768,270	(175,768,270)	(175,768,270)	-	-
Cash advance facility	-	-	-	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	58,319	(58,319)	(58,319)	-	-
Parent Entity 2012:					
Trade and other payables	1,977,870	(1,977,870)	(1,977,870)	-	-
Deposits (Cash Accounts)	175,768,270	(175,768,270)	(175,768,270)	-	-
Cash advance facility	-	-	-	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	58,319	(58,319)	(58,319)	-	-

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.

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. An interest rate swap is used to hedge exposure to fluctuations in interest rates. Changes in the fair value of this derivative hedging instrument 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 the profit and loss.

Short-term receivables and payables are not exposed to interest rate risk.

15 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 periods in which they mature.

	Note	Average Effective Interest Rate	Total $	6-months or less $	6- 12 months $	1 - 2 years $
Consolidated Entity 2013:						
Fixed rate instruments						
Cash and cash equivalents	7	3.72%	15,205,123	15,205,123	-	-
Loans and advances	8	5.77%	45,469,561	45,469,561	-	-
Cash advance facility	12	3.03%	(29,724,466)	(29,724,466)	-	-
Deposits and other borrowings	11	3.71%	(14,587,782)	(14,587,782)	-	-
			75,811,368	75,811,368	-	-
Variable rate instruments						
Cash and cash equivalents	7	2.64%	23,185,088	23,185,088	-	-
Loans and advances	8	6.58%	126,226,062	126,226,062	-	-
Subordinated Debt	11	3.74%	(8,000,000)	(8,000,000)	-	-
Deposits and other borrowings	11	1.64%	(148,236,215)	(148,236,215)	-	-
			(6,825,065)	(6,825,065)	-	-
Consolidated Entity 2012:						
Fixed rate instruments						
Cash and cash equivalents	7	4.45%	30,143,375	30,143,375	-	-
Loans and advances	8	6.31%	48,235,484	48,235,484	-	-
Deposits and other borrowings	11	4.47%	(5,509,432)	(5,509,432)	-	-
			72,869,427	72,869,427	-	-
Variable rate instruments						
Cash and cash equivalents	7	3.00%	14,121,926	14,121,926	-	-
Loans and advances	8	7.18%	98,884,936	98,884,936	-	-
Subordinated Debt	11	4.69%	(8,000,000)	(8,000,000)	-	-
Deposits and other borrowings	11	2.40%	(170,258,838)	(170,258,838)	-	-
			(65,251,976)	(65,251,976)	-	-

15 FINANCIAL INSTRUMENTS (continued)
Effective interest rates (continued)

	Note	Average Effective Interest Rate	Total $	6-months or less $	6-12 months $	1-2 years $
Parent Entity 2013:						
Fixed rate instruments						
Cash and cash equivalents	7	3.72%	15,205,123	15,205,123	-	-
Loans and advances	8	5.77%	45,469,561	45,469,561	-	-
Deposits and other borrowings	11	3.71%	(14,587,782)	(14,587,782)	-	-
			46,086,902	46,086,902	-	-
Variable rate instruments						
Cash and cash equivalents	7	2.64%	23,146,627	23,146,627	-	-
Loans and advances	8	6.58%	46,066,323	46,066,323	-	-
Subordinated Note	9	2.84%	20,000,000	20,000,000	-	-
Seller Note	9	2.84%	20,320,190	20,320,190	-	-
Subordinated Debt	11	3.74%	(8,000,000)	(8,000,000)	-	-
Deposits and other borrowings	11	1.64%	(148,236,215)	(148,236,215)	-	-
			(46,703,075)	(46,703,075)	-	-

	Note	Average Effective Interest Rate	Total $	6-months or less $	6-12 months $	1-2 years $
Parent Entity 2012:						
Fixed rate instruments						
Cash and cash equivalents	7	4.45%	30,143,375	30,143,375	-	-
Loans and advances	8	6.31%	19,795,589	19,795,589	-	-
Deposits and other borrowings	11	4.47%	(5,509,432)	(5,509,432)	-	-
			44,429,532	44,429,532	-	-
Variable rate instruments						
Cash and cash equivalents	7	3.00%	14,073,363	14,073,363	-	-
Loans and advances	8	7.18%	72,233,626	72,233,626	-	-
Subordinated Note	9	3.79%	30,000,000	30,000,000	-	-
Seller Note	9	3.79%	16,268,981	16,268,981	-	-
Subordinated Debt	11	4.69%	(8,000,000)	(8,000,000)	-	-
Deposits and other borrowings	11	2.40%	(170,258,838)	(170,258,838)	-	-
			(45,682,868)	(45,682,868)	-	-

Sensitivity analysis
Interest rate risk
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 or loss.

At 31 December 2013, 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 $0.38 million (2012: $0.44 million). For the Company, the impact of a one-percentage point decrease in interest rates would be a decrease to profit before income tax by approximately $0.38 million (2012: $0.44 million). A general increase of one-percentage point in interest rates would have an equal but opposite

15 FINANCIAL INSTRUMENTS (continued)

Fair value of fixed loans (continued)

(a) Accounting classifications and fair values

The following table shows the carrying over amounts and fair values of financial assets and financial liabilities, including their levels in the if the carrying amount is a reasonable approximation of fair value.

Consolidated Entity:

31 DECEMBER 2013		CARRYING AMOUNT							FAIR VALUE			
	NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		$	$	$	$	$	$	$	$	$	$	$
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	1,086,275	-	1,086,275	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	38,390,211	-	38,390,211	-	-	-	-
Loans and advances	8	-	-	-	-	171,695,623	-	171,695,623	-	-	-	-
		-	-	-	-	211,172,109	-	211,172,109	-	-	-	-
Financial laibilities measured at fair value												
Interest rate swaps used for hedging	15	-	-	45,084	-	-	-	45,084	-	45,084	-	45,084
		-	-	45,084	-	-	-	45,084	-	45,084	-	45,084
Financial laibilities not measured at fair value												
Trade payables	12	-	-	-	-	-	3,008,461	3,008,461	-	-	-	-
Deposits and borrowings	11	-	-	-	-	-	200,548,463	200,548,463	-	-	-	-
		-	-	-	-	-	203,556,924	203,556,924	-	-	-	-

31 DECEMBER 2012		CARRYING AMOUNT							FAIR VALUE			
	NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		$	$	$	$	$	$	$	$	$	$	$
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	1,117,277	-	1,117,277	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	44,265,301	-	44,265,301	-	-	-	-
Loans and advances	8	-	-	-	-	147,120,420	-	147,120,420	-	-	-	-
		-	-	-	-	192,502,998	-	192,502,998	-	-	-	-
Financial laibilities measured at fair value												
Interest rate swaps used for hedging	15	-	-	58,319	-	-	-	58,319	-	58,319	-	58,319
		-	-	58,319	-	-	-	58,319	-	58,319	-	58,319
Financial laibilities not measured at fair value												
Trade payables	12	-	-	-	-	-	2,944,134	2,944,134	-	-	-	-
Deposits and borrowings	11	-	-	-	-	-	183,768,270	183,768,270	-	-	-	-
		-	-	-	-	-	186,712,404	186,712,404	-	-	-	-

15 FINANCIAL INSTRUMENTS (continued)

Fair value of fixed loans (continued)
(a) Accounting classifications and fair values (continued)

Parent Entity:

31 DECEMBER 2013		CARRYING AMOUNT							FAIR VALUE			
	NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		$	$	$	$	$	$	$	$	$	$	$
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	50,701,487	-	50,701,487	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	38,351,750	-	38,351,750	-	-	-	-
Loans and advances	8	-	-	-	-	91,535,884	-	91,535,884	-	-	-	-
		-	-	-	-	180,589,121	-	180,589,121	-	-	-	-
Financial laibilities measured at fair value												
Interest rate swaps used for hedging	15	-	-	20,672	-	-	-	20,672	-	20,672	-	20,672
		-	-	20,672	-	-	-	20,672	-	20,672	-	20,672
Financial laibilities not measured at fair value												
Trade payables	12	-	-	-	-	-	2,170,041	2,170,041	-	-	-	-
Deposits and borrowings	11	-	-	-	-	-	170,823,997	170,823,997	-	-	-	-
		-	-	-	-	-	172,994,038	172,994,038	-	-	-	-

31 DECEMBER 2012		CARRYING AMOUNT							FAIR VALUE			
	NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	TOTAL	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
		$	$	$	$	$	$	$	$	$	$	$
Financial assets not measured at fair value												
Trade and other receivables	9	-	-	-	-	55,270,679	-	55,270,679	-	-	-	-
Cash and cash equivalents	7	-	-	-	-	44,216,738	-	44,216,738	-	-	-	-
Loans and advances	8	-	-	-	-	92,029,215	-	92,029,215	-	-	-	-
		-	-	-	-	191,516,632	-	191,516,632	-	-	-	-
Financial laibilities measured at fair value												
Interest rate swaps used for hedging	15	-	-	58,319	-	-	-	58,319	-	58,319	-	58,319
		-	-	58,319	-	-	-	58,319	-	58,319	-	58,319
Financial laibilities not measured at fair value												
Trade payables	12	-	-	-	-	-	1,977,870	1,977,870	-	-	-	-
Deposits and borrowings	11	-	-	-	-	-	183,768,270	183,768,270	-	-	-	-
		-	-	-	-	-	185,746,140	185,746,140	-	-	-	-

(b) Accounting classifications and fair values

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

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.

16 LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Key management personnel are defined as the Directors of the Company and their related parties.

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

	Balance 1 January 2013 $	Balance 31 December 2013 $	Interest paid and (payable) in the period $	Highest balance in period $
Andrew Bell	223,476	211,286	13,282	408,412
Colin Bell	1,721,850	2,039,163	125,839	2,132,129
Lewis Bell	68,473	137,144	3,720	163,177
Dean Davenport	46,122	54,565	3,337	54,565
Rowan Fell	65,147	259,616	15,259	351,481
Craig Coleman	1,245,787	944,559	64,457	1,366,504
Alastair Provan	-	-	-	-

	Balance 1 January 2012 $	Balance 31 December 2012 $	Interest paid and (payable) in the period $	Highest balance in period $
Andrew Bell	500,000	223,476	22,786	500,000
Colin Bell	277,349	1,721,850	74,325	1,721,850
Lewis Bell	-	68,473	1,275	142,579
Dean Davenport	122,949	46,122	5,611	137,049
Rowan Fell	242,534	65,147	5,351	242,534
Craig Coleman	1,167,715	1,245,787	86,190	1,362,856
Alastair Provan	-	-	-	-

Loans totalling $3,646,333 (2012: $3,370,855) were made to key management personnel and their related parties during the year. The recipients of these loans were Colin Bell, Andrew Bell, Craig Coleman, Dean Davenport, Rowan Fell and Lewis Bell. The loans represent margin loans held with the Company. Interest is payable at prevailing market rates. Related parties also have deposits on normal terms and conditions.

Details regarding the aggregate of loans made, guaranteed or secured by any entity in the group to key management personnel and their related parties, and the number of individuals in each Group, are as follows:

	Opening Balance $	Closing Balance $	Interest paid and (payable) in the period $	Number in Group at 31 December $
Total for key management personnel 2013	3,370,855	3,646,333	225,894	6
Total for key management personnel 2012	2,310,547	3,370,855	195,538	6
Total for other related parties 2013	-	-	-	-
Total for other related parties 2012	-	-	-	-
Total for key management personnel and their related parties 2013	3,370,855	3,646,333	225,894	6
Total for key management personnel and their related parties 2012	2,310,547	3,370,856	195,538	6

Interest is payable at prevailing market rates on all loans to key management persons and their related parties. 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 $225,894 (2012: $195,538). No amounts have been written-down or recorded as allowances for impairment, as the balances are considered fully collectible.

17 RELATED PARTY DISCLOSURE

The consolidated financial statements include the financial statements of Bell Potter Capital and its controlled entities listed in the following table:

Name	Country of Incorporation	% Equity Interest 2013	% Equity Interest 2012	Investment 2013 $	Investment 2012 $
BPC Securities Pty Ltd	Australia	100%	100%	20,002	20,002
BPC Custody Pty Ltd	Australia	100%	100%	100	100
The Bell Potter Master Trust[1]	-	-	-	-	-
				20,102	20,102

[1] Bell Potter Capital Limited is the sole residual income unitholder of The Bell Potter Margin Loan Trust ("Trust"). The Company consolidates the Trust as it has the majority of risks and benefits, and ownership of the residual interest.

The following table provides the total amount of transactions which have been entered into with related parties for the relevant financial year (for information regarding outstanding balances at year end, refer to note 9 and 12).

Related Parties		Amounts owed by related parties $	Amounts owed to related parties $	Interest received / (paid) $
Parent Entity				
Bell Financial Group Ltd	2013	-	(8,149,244)	(293,644)
	2012	-	(8,105,792)	(375,315)
Bell Potter Securities Limited	2013	-	(120,337)	-
	2012	-	(91,292)	-
Bell Potter Margin Loan Trust	2013	40,425,610	-	1,079,851
	2012	46,394,237	-	2,036,129
Consolidated Entity				
Bell Financial Group Ltd	2013	-	(8,149,244)	(293,644)
	2012	-	(8,105,792)	(375,315)
Bell Potter Securities Limited	2013	-	(120,237)	-
	2012	-	(91,192)	-

The ultimate parent entity of Bell Potter Capital Limited is Bell Financial Group Ltd.

18 AUDITORS REMUNERATION	Consolidated Entity 2013 $	Consolidated Entity 2012 $	Parent Entity 2013 $	Parent Entity 2012 $
Amounts due to KPMG for:				
Audit of the financial report of the Company	46,550	46,350	36,550	35,320
Other services in relation to the Company				
- audit required by regulators	16,450	17,510	16,450	16,480
	63,000	63,860	53,000	51,800

19 REMUNERATION OF DIRECTORS

(a) The directors of Bell Potter Capital Limited during the financial year and to the date of this report were:

Name:	Position:	Date Appointed:
C M Bell	Chairman	January 1999
D A Provan	Managing Director	December 1993
L M Bell	Director	January 1999
A G Bell	Director	January 1999
R Fell	Director	November 2007
D A Davenport	Director	November 2007
C Coleman	Director	November 2007

(b) Compensation of key management personnel	2013 $	2012 $
Short-term employee benefits	687,878	633,877
Long-term employee benefits	-	-
Post employment benefits	17,122	16,123
	705,000	650,000

Key management personnel compensation disclosed above has been determined based on management's allocation of work effort across each of the Bell Financial Group Entities.

20 FINANCING ARRANGEMENTS

	Consolidated Entity		Parent Entity	
	2013 $	2012 $	2013 $	2012 $
The Company has access to the following lines of credit:				
Cash Advance facility	100,000,000	100,000,000	-	-
Clean credit facility	-	100,000	-	-
Indemnity/Guarantee facility	1,000,000	1,000,000	-	-
Subordinated Debt facility	15,000,000	15,000,000	15,000,000	15,000,000
Facilities utilised at balance date:				
Cash Advance facility	29,724,466	-	-	-
Clean credit facility	-	-	-	-
Indemnity/Guarantee facility	1,000,000	1,000,000	-	-
Subordinated Debt facility	8,000,000	8,000,000	8,000,000	8,000,000

21 CONTINGENCIES

The Directors are of the opinion that provisions are not 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.

22 GUARANTEES

The Group has provided financial guarantees in the ordinary course of business which amount to $1,000,000 (2012: $1,000,000) and are not recorded in the Statement of Financial Position as at 31 December 2013.

23 SUBSEQUENT EVENTS

There were no significant events from 31 December 2013 to the date of this report.

Directors' Declaration

In the opinion of the Directors of Bell Potter Capital Limited ("the Company"):

(a) the financial statements and notes set out on pages 6 to 26, are in accordance with the Corporations Act 2001, including;

(i) giving a true and fair view of the Company's and Group's financial position as at 31 December 2013 and of their performance, for the financial year ended on that date; and

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

(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.

(c) The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the chief executive officer and chief financial officer for the financial year ended 31 December 2013.

(d) The Directors draw attention to Note 1 (a) to the Consolidated Financial Statements, which includes a statement of compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

Dean Davenport
Director

Melbourne
Date: 21st March 2014