

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

**ANNUAL REPORT
FOR THE YEAR ENDED
31 DECEMBER 2014**

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
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**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

DIRECTORS' REPORT

The directors of Bell Potter Capital Limited (Company) present their report together with the consolidated financial report consisting of the Company and its controlled entities (Group) for the year ended 31 December 2014.

The directors holding office during the year are set out below. All directors held office for the full year.

Colin Bell	Chairman
Alastair Provan	Managing Director
Lewis Bell	Director
Andrew Bell	Director
Craig Coleman	Director
Dean Davenport	Director
Rowan Fell	Director

OPERATING AND FINANCIAL REVIEW

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

The Group's profit before income tax for the year ended 31 December 2014 was \$1,402,936 (2013: \$2,696,302).

The Company's profit before income tax for the year ended 31 December 2014 was \$1,402,936 (2013: \$2,696,302).

The Groups' profit after income tax for the year ended 31 December 2014 was \$982,055 (2013: \$1,887,411).

The Company's profit after income tax for the year ended 31 December 2014 was \$982,055 (2013: \$1,887,411).

There were no significant changes in the nature of the Company's activities or its state of affairs during the year. The Company will continue to pursue its strategy of developing and building the margin lending and cash deposit businesses in future.

DIVIDENDS

Dividends declared and paid by the Group and the Company during the financial year were \$2,000,000 (2013: Nil) (note 13).

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

No matter or circumstance has arisen since the end of the year that has significantly affected, or may significantly affect, the Company's operations, the results of those operations or the Company's state of affairs, in future financial years.

INDEMNIFICATION

The Company's parent entity, Bell Financial Group Limited (BFG), has agreed to indemnify the directors against all liabilities to another person (other than BFG or a related entity) that may arise from their position as officers of BFG or its controlled entities, except where the liability arises out of conduct including a lack of good faith. Except for the above, neither BFG (nor the Company) has indemnified any person who is or has been an officer or auditor of the Company.

INSURANCE

Since the end of the previous financial year, the Company's parent entity, BFG, has paid a premium for an insurance policy for the benefit of the directors, officers, company secretaries and senior executives of BFG and its controlled entities. In accordance with commercial practice, the policy prohibits disclosure of the nature of insurance or amount of the premium.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

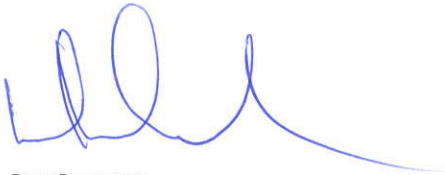
OPTIONS

No options over shares in the Company were 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 2014.

Signed in accordance with a resolution of the Directors:



Dean Davenport
Director

Melbourne
Date: 24th March 2015



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 2014 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

24 March 2015



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 2014, 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 control 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 control 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 2014 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

24 March 2015

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
INCOME STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	Consolidated Entity		Parent Entity	
		2014 \$	2013 \$	2014 \$	2013 \$
Finance income	5 (a)	11,109,351	12,367,628	8,046,699	9,483,866
Finance costs	5 (b)	(4,619,411)	(5,578,788)	(3,525,863)	(4,258,831)
Total finance income		6,489,940	6,788,840	4,520,836	5,225,035
Other income	5 (c)	4,841	3,660	1,944,486	1,549,778
Total revenue		6,494,781	6,792,500	6,465,322	6,774,813
Management fees		(1,715,008)	(1,184,732)	(1,715,008)	(1,184,732)
Commission paid		(2,129,923)	(2,009,656)	(2,129,923)	(2,009,656)
System expenses		(400,074)	(418,706)	(400,074)	(418,706)
Professional expenses		(479,548)	(146,328)	(454,079)	(131,321)
Other expenses		(367,292)	(336,776)	(363,302)	(334,096)
Profit before income tax		1,402,936	2,696,302	1,402,936	2,696,302
Income tax (expense) / benefit	6	(420,881)	(808,891)	(420,881)	(808,891)
Profit for the year		982,055	1,887,411	982,055	1,887,411
Attributable to:					
Equity holders of the Company		982,055	1,887,411	982,055	1,887,411
Profit for the year		982,055	1,887,411	982,055	1,887,411

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 2014**

	Consolidated Entity		Parent Entity	
	2014 \$	2013 \$	2014 \$	2013 \$
Profit for the year	982,055	1,887,411	982,055	1,887,411
Other comprehensive income				
Changes in fair value of cash flow hedge	(15,414)	13,235	(12,030)	37,647
Other comprehensive income for the year, net of tax	<u>(15,414)</u>	<u>13,235</u>	<u>(12,030)</u>	<u>37,647</u>
Total comprehensive income for the year	<u>966,641</u>	<u>1,900,646</u>	<u>970,025</u>	<u>1,925,058</u>
Attributable to:				
Equity holders of the company	<u>966,641</u>	<u>1,900,646</u>	<u>970,025</u>	<u>1,925,058</u>
Total comprehensive income for the year	<u>966,641</u>	<u>1,900,646</u>	<u>970,025</u>	<u>1,925,058</u>

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 2014**

		Consolidated Entity		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
ASSETS					
Cash and cash equivalents	7	22,437,789	38,390,211	22,381,824	38,351,750
Loans and advances	8	171,382,997	171,695,623	101,559,182	91,535,884
Trade and other receivables	9	1,674,135	1,086,275	55,730,973	50,701,487
Prepayments		178,667	158,070	178,667	158,070
Investment in Controlled Entities	10	-	-	20,102	20,102
TOTAL ASSETS		<u>195,673,588</u>	<u>211,330,179</u>	<u>179,870,748</u>	<u>180,767,293</u>
LIABILITIES					
Deposits and other borrowings	11	184,785,734	200,548,463	169,785,734	170,823,997
Derivatives		60,498	45,084	32,702	20,672
Trade and other payables	12	4,045,410	3,008,461	3,242,570	2,170,041
Provisions		272,134	185,000	272,134	185,000
TOTAL LIABILITIES		<u>189,163,776</u>	<u>203,787,008</u>	<u>173,333,140</u>	<u>173,199,710</u>
NET ASSETS		<u>6,509,812</u>	<u>7,543,171</u>	<u>6,537,608</u>	<u>7,567,583</u>
EQUITY					
Contributed equity	13	3,000,000	3,000,000	3,000,000	3,000,000
Cash flow hedge reserve	13	(60,498)	(45,084)	(32,702)	(20,672)
Retained earnings	13	3,570,310	4,588,255	3,570,310	4,588,255
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>6,509,812</u>	<u>7,543,171</u>	<u>6,537,608</u>	<u>7,567,583</u>

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

* The presentation format of the statement of financial position has been changed from a current/non-current basis to order of liquidity. See note 1(a) for additional disclosures.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Share Capital \$	Cash Flow Hedge Reserve \$	Retained Earnings \$	Total Equity \$
Consolidated Entity:				
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	<u>3,000,000</u>	<u>(45,084)</u>	<u>4,588,255</u>	<u>7,543,171</u>
Balance at 1 January 2014	<u>3,000,000</u>	<u>(45,084)</u>	<u>4,588,255</u>	<u>7,543,171</u>
Total comprehensive income				
Profit for the year	-	-	982,055	982,055
Other comprehensive income				
Changes in fair value of cash flow hedge	-	(15,414)	-	(15,414)
Total other comprehensive income	-	(15,414)	-	(15,414)
Total comprehensive income for the year	-	(15,414)	982,055	966,641
Transactions with owners, directly in equity				
Dividends	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2014	<u>3,000,000</u>	<u>(60,498)</u>	<u>3,570,310</u>	<u>6,509,812</u>
Parent Entity:				
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	<u>3,000,000</u>	<u>(20,672)</u>	<u>4,588,255</u>	<u>7,567,583</u>
Balance at 1 January 2014	<u>3,000,000</u>	<u>(20,672)</u>	<u>4,588,255</u>	<u>7,567,583</u>
Total comprehensive income				
Profit for the year	-	-	982,055	982,055
Other comprehensive income				
Changes in fair value of cash flow hedge	-	(12,030)	-	(12,030)
Total other comprehensive income	-	(12,030)	-	(12,030)
Total comprehensive income for the year	-	(12,030)	982,055	970,025
Transactions with owners, directly in equity				
Dividends	-	-	(2,000,000)	(2,000,000)
Balance at 31 December 2014	<u>3,000,000</u>	<u>(32,702)</u>	<u>3,570,310</u>	<u>6,537,608</u>

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 2014**

	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
CASH FLOWS FROM / (USED IN) OPERATING ACTIVITIES				
Cash receipts in the course of operations	4,841	5,889	1,944,486	6,558,961
Cash payments in the course of operations	(5,740,885)	(41,661,198)	(20,481,256)	(17,030,281)
Interest received	11,307,860	12,239,829	8,244,437	9,537,039
Interest paid	(4,701,335)	(5,447,683)	(3,579,156)	(4,194,314)
Net cash flows from operating activities	<u>870,481</u>	<u>(34,863,163)</u>	<u>(13,871,489)</u>	<u>(5,128,595)</u>
CASH FLOW FROM INVESTING ACTIVITIES				
Net Cash Flows provided by Investing Activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES				
Repayment of intercompany borrowings	(98,437)	(736,393)	(98,437)	(736,393)
Drawdown / (Repayment) of borrowings	(14,724,466)	29,724,466	-	-
Dividend Paid	(2,000,000)	-	(2,000,000)	-
Net cash flows from / (used in) financing activities	<u>(16,822,903)</u>	<u>28,988,073</u>	<u>(2,098,437)</u>	<u>(736,393)</u>
NET INCREASE / (DECREASE) IN CASH HELD	<u>(15,952,422)</u>	<u>(5,875,090)</u>	<u>(15,969,926)</u>	<u>(5,864,988)</u>
Cash and cash equivalents at 1 January	38,390,211	44,265,301	38,351,750	44,216,738
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	<u>22,437,789</u>	<u>38,390,211</u>	<u>22,381,824</u>	<u>38,351,750</u>

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

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014 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).

During 2014, management have elected to disclose the Statement of Financial Position in order of liquidity in accordance with AASB 101 Presentation of Financial Statements paragraph 60. Previously, the Statement of Financial Position was prepared on a current/non-current basis. The directors believe the presentation of the Statement of Financial Position in order of liquidity provides information that is reliable and is consistent with the manner in which the broader financial services industry reports. As a consequence, the comparative period (2013) has been represented to be consistent with the current year order of liquidity.

The financial statements were authorised for issue by the Board of Directors on 24 March 2015.

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.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 Instrument (December 2014) and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

The AASB has issued the complete AASB 9. The new standard includes revised guidance on the classification and measurement of financial assets, including a new expected credit loss model for calculating impairment, and supplements the new general hedge accounting requirements previously published. It supersedes AASB 9 (issued in December 2009 - as amended) and AASB 9 (issued in December 2010).

AASB 15 Revenue from Contracts with Customers

AASB 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted. The Company is assessing the potential impact on its financial statements resulting from the application of AASB 15.

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NOTES TO THE FINANCIAL STATEMENTS
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1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Changes in accounting policies

Except for the changes below, the Company has consistently applied the accounting policies set out in note 1 to all periods presented in these financial statements.

The Company 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 2014.

AASB 101 Presentation of Financial Statements

During 2014, management have elected to disclose the Statement of Financial Position in order of liquidity in accordance with Paragraph 60 of Accounting Standards AASB 101 Presentation of Financial Statements. Previously, the Statement of Financial Position was prepared on a current/non-current basis. The Directors believe the presentation of the Statement of Financial Position in order of liquidity provides information that is more reliable and is consistent with the manner in which the broader financial services industry reports. As a consequence, the comparative period (2013) has been represented to be consistent with the current year order of liquidity.

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 2014 (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.

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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	
	2014	2013	2014	2013
(a) Finance income:	\$	\$	\$	\$
Interest income on loans and advances	10,346,524	11,038,687	5,909,211	7,075,790
Interest income on bank deposits	762,827	1,328,941	739,969	1,328,225
Seller series interest revenue	-	-	821,642	530,976
Subordinated note interest revenue	-	-	575,877	548,875
Total finance income	11,109,351	12,367,628	8,046,699	9,483,866
(b) Finance costs:	\$	\$	\$	\$
Interest expense on deposits	(3,382,758)	(4,240,515)	(3,003,121)	(3,778,403)
Bank interest expense	(213,331)	(186,983)	(212,934)	(186,784)
Interest paid to related parties	(309,808)	(293,644)	(309,808)	(293,644)
Cash advance facility fees	(713,514)	(857,646)	-	-
Total finance costs	(4,619,411)	(5,578,788)	(3,525,863)	(4,258,831)

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5 REVENUE AND EXPENSES (continued)	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
(c) Other income	\$	\$	\$	\$
Service fee revenue	-	-	141,124	115,580
Residual income	-	-	1,798,521	1,430,438
Sundry income	4,841	3,660	4,841	3,760
Total other income	4,841	3,660	1,944,486	1,549,778

6 INCOME TAX	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
<i>Current tax expense</i>				
Current income tax charge	420,881	808,891	420,881	808,891
<i>Deferred income tax</i>				
Origination and reversal of temporary differences	-	-	-	-
Total income tax expense / (benefit)	420,881	808,891	420,881	808,891
<i>Numerical reconciliation between tax expense and pre-tax accounting profit</i>				
Accounting profit (before income tax)	1,402,936	2,696,302	1,402,936	2,696,302
Income tax using the Company's domestic tax rate of 30% (2013: 30%)	420,881	808,891	420,881	808,891
Income tax expense	420,881	808,891	420,881	808,891

7 CASH AND CASH EQUIVALENTS	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash at bank	22,437,789	23,185,088	22,381,824	23,146,627
Short-term deposits	-	15,205,123	-	15,205,123
	22,437,789	38,390,211	22,381,824	38,351,750

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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Margin Lending	171,382,997	171,695,623	101,559,182	91,535,884
	171,382,997	171,695,623	101,559,182	91,535,884

Loans and advances are repayable on demand. There were no impaired, past due or renegotiated loans at 31 December 2014 (2013: Nil).

There is significant turnover in loans and advances. Based on historical experience the Group's expectation is all but approximately 6% of loans may be realised in the next 12 months (2013: 3%), with the balance being realised after 12 months. Refer to note 15 for further detail on the Margin lending loans.

9 TRADE AND OTHER RECEIVABLES	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Subordinated Note	-	-	25,000,000	20,000,000
Seller Note	-	-	17,962,221	20,320,190
Trade receivables	1,617,777	971,755	1,617,777	971,755
Interest receivable	56,358	114,520	150,460	204,921
Residual income receivable	-	-	10,988,123	9,189,602
Service fee receivable	-	-	12,392	15,019
Carrying amount of trade and other receivables	1,674,135	1,086,275	55,730,973	50,701,487

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.

**BELL POTTER CAPITAL LIMITED
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	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
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	
	2014	2013	2014	2013
	\$	\$	\$	\$
Deposits (Cash Account) ¹	161,785,734	162,823,997	161,785,734	162,823,997
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)	15,000,000	29,724,466	-	-
	184,785,734	200,548,463	169,785,734	170,823,997

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

	2013		2014		2014		2013	
	Effective Interest Rate	Effective Interest Rate	Year of Maturity	Face Value	Carrying Amount	Face Value	Carrying Amount	
Consolidated:								
Deposits (Cash Account)	1.80%	1.77%	2015	161,785,734	161,785,734	162,823,997	162,823,997	
Subordinated Debt	3.74%	4.00%	2015	8,000,000	8,000,000	8,000,000	8,000,000	
Cash advance facility	3.03%	3.19%	2015	15,000,000	15,000,000	29,724,466	29,724,466	
				184,785,734	184,785,734	200,548,463	200,548,463	
Parent:								
Deposits (Cash Account)	1.80%	1.77%	2015	161,785,734	161,785,734	162,823,997	162,823,997	
Subordinated Debt	3.74%	4.00%	2015	8,000,000	8,000,000	8,000,000	8,000,000	
				169,785,734	169,785,734	170,823,997	170,823,997	

12 TRADE AND OTHER PAYABLES

	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Trade payables	1,909,513	1,257,250	1,837,502	1,181,220
Interest payable in advance	1,540,152	1,481,729	809,223	719,239
GST payable	3,819	-	3,819	-
Due to related parties	591,926	269,482	592,026	269,582
Carrying amount of trade and other payables	4,045,410	3,008,461	3,242,570	2,170,041

13 CONTRIBUTED EQUITY AND RESERVES

	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Ordinary shares				
3,000,000 fully paid Ordinary Shares (2013: 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	(45,084)	(58,319)	(20,672)	(58,319)
Cash flow hedge movement	(15,414)	13,235	(12,030)	37,647
At 31 December	(60,498)	(45,084)	(32,702)	(20,672)
Retained earnings				
At 1 January	4,588,255	2,700,844	4,588,255	2,700,844
Profit / (loss) for the year	982,055	1,887,411	982,055	1,887,411
Dividend declared and paid in 2014	(2,000,000)	-	(2,000,000)	-
At 31 December	3,570,310	4,588,255	3,570,310	4,588,255

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

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14 RECONCILIATION OF CASH FLOWS FROM OPERATING ACTIVITIES	Consolidated Entity		Parent Entity	
	2014	2013	2014	2013
	\$	\$	\$	\$
Cash flows from operating activities				
Profit after tax	982,055	1,887,411	982,055	1,887,411
Changes in assets and liabilities:				
(Increase) / decrease receivables	(587,860)	31,002	(5,029,486)	4,569,192
(Increase) / decrease prepayments	(20,597)	(155,320)	(20,597)	(155,320)
(Increase) / decrease loans and advances	312,626	(24,575,203)	(10,023,298)	493,331
Increase / (decrease) deposits and other borrowings	(1,038,263)	(12,944,273)	(1,038,263)	(12,944,273)
Increase / (decrease) payables	1,135,386	800,720	1,170,966	928,564
Increase / (decrease) provisions	87,134	92,500	87,134	92,500
Net cash flow (used) / provided in operating activities	870,481	(34,863,163)	(13,871,489)	(5,128,595)
Reconciliation of cash				
For the purpose of the Statements of Cash Flows, cash and cash equivalents comprise the following:				
Cash at bank	22,437,789	23,185,088	22,381,824	23,146,627
Short-term deposits	-	15,205,123	-	15,205,123
	22,437,789	38,390,211	22,381,824	38,351,750

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 2014 (2013: Nil).

	Note	Consolidated Entity		Parent Entity	
		2014	2013	2014	2013
		\$	\$	\$	\$
Subordinated Note	9	-	-	25,000,000	20,000,000
Seller Note	9	-	-	17,962,221	20,320,190
Trade receivables	9	1,617,777	971,755	1,617,777	971,755
Interest receivable	9	56,358	114,520	150,460	204,921
Residual income receivable	9	-	-	10,988,123	9,189,602
Service fee receivable	9	-	-	12,392	15,019
Loans and advances	8	171,382,997	171,695,623	101,559,182	91,535,884

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

Ageing of receivables Consolidated Entity:	2014		2013	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due	1,617,777	-	971,755	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-
Ageing of receivables Parent Entity:	2014		2013	
	Gross	Impairment	Gross	Impairment
	\$	\$	\$	\$
Not past due	1,617,777	-	971,755	-
Past Due 0 - 30 Days	-	-	-	-
Past Due 31 - 120 Days	-	-	-	-
More than 1 year	-	-	-	-

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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.

	Contracted Cash				
	Carrying Amount \$	flow \$	6-months or less \$	6- 12 months \$	1 - 2 years \$
Consolidated Entity 2014:					
Trade and other payables	4,045,410	(4,045,410)	(4,045,410)	-	-
Deposits (Cash Accounts)	161,785,734	(161,785,734)	(161,785,734)	-	-
Cash advance facility	15,000,000	(15,000,000)	(15,000,000)	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	60,498	(60,498)	(60,498)	-	-
Parent Entity 2014:					
Trade and other payables	3,242,570	(3,242,570)	(3,242,570)	-	-
Deposits (Cash Accounts)	161,785,734	(161,785,734)	(161,785,734)	-	-
Cash advance facility	-	-	-	-	-
Subordinated Debt	8,000,000	(8,000,000)	(8,000,000)	-	-
Hedging derivative	32,702	(32,702)	(32,702)	-	-
	Contracted Cash				
	Carrying Amount \$	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)	-	-

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.

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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 \$	2 - 5 years \$
Consolidated Entity 2014:							
<i>Fixed rate instruments</i>							
Loans and advances	8	5.05%	58,951,013	56,702,482	948,531	-	1,300,000
Cash advance facility	12	3.19%	(15,000,000)	(15,000,000)	-	-	-
Deposits and other borrowings	11	3.31%	(8,208,193)	(8,208,193)	-	-	-
			<u>35,742,820</u>	<u>33,494,289</u>	<u>948,531</u>	<u>-</u>	<u>1,300,000</u>
<i>Variable rate instruments</i>							
Cash and cash equivalents	7	2.40%	22,437,789	22,437,789	-	-	-
Loans and advances	8	6.15%	112,431,984	112,431,984	-	-	-
Subordinated Debt	11	4.00%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	11	1.69%	(153,577,541)	(153,577,541)	-	-	-
			<u>(26,707,768)</u>	<u>(26,707,768)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Consolidated Entity 2013:							
<i>Fixed rate instruments</i>							
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	3.23%	(29,724,466)	(29,724,466)	-	-	-
Deposits and other borrowings	11	3.71%	(14,587,782)	(14,587,782)	-	-	-
			<u>16,362,436</u>	<u>16,362,436</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Variable rate instruments</i>							
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)	-	-	-
			<u>(6,825,065)</u>	<u>(6,825,065)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
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FOR THE YEAR ENDED 31 DECEMBER 2014**

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

	Note	Average Effective Interest Rate	Total \$	6-months or less \$	6- 12 months \$	1 - 2 years \$	2 - 5 years \$
Parent Entity 2014:							
<i>Fixed rate instruments</i>							
Loans and advances	8	5.05%	28,966,870	28,391,446	275,424	-	300,000
Deposits and other borrowings	11	3.31%	(8,208,193)	(8,208,193)	-	-	-
			<u>20,758,677</u>	<u>20,183,253</u>	<u>275,424</u>	<u>-</u>	<u>300,000</u>
<i>Variable rate instruments</i>							
Cash and cash equivalents	7	2.40%	22,381,824	22,381,824	-	-	-
Loans and advances	8	6.15%	72,592,312	72,592,312	-	-	-
Subordinated Note	9	2.60%	25,000,000	25,000,000	-	-	-
Seller Note	9	2.60%	17,962,221	17,962,221	-	-	-
Subordinated Debt	11	4.00%	(8,000,000)	(8,000,000)	-	-	-
Deposits and other borrowings	11	1.69%	(153,577,541)	(153,577,541)	-	-	-
			<u>(23,641,184)</u>	<u>(23,641,184)</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Note	Average Effective Interest Rate	Total \$	6-months or less \$	6- 12 months \$	1 - 2 years \$
Parent Entity 2013:						
<i>Fixed rate instruments</i>						
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)	-	-
			<u>46,086,902</u>	<u>46,086,902</u>	<u>-</u>	<u>-</u>
<i>Variable rate instruments</i>						
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)	-	-
			<u>(46,703,075)</u>	<u>(46,703,075)</u>	<u>-</u>	<u>-</u>

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 2014, 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 \$0.22 million (2013: \$0.38 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 \$0.22 million (2013: \$0.38 million). A general increase of one-percentage point in interest rates would have an equal but opposite

BELL POTTER CAPITAL LIMITED
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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.

		CARRYING AMOUNT					FAIR VALUE				
		HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	LEVEL 1	LEVEL 2	LEVEL 3	TOTAL
NOTE		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Consolidated Entity:											
31 DECEMBER 2014											
	Financial assets not measured at fair value										
	Trade and other receivables				1,674,135						1,674,135
	Cash and cash equivalents				22,437,789						22,437,789
	Loans and advances				171,382,997						171,382,997
	Financial liabilities measured at fair value				195,494,921						195,494,921
	Interest rate swaps used for hedging			60,498							60,498
	Financial liabilities not measured at fair value									60,498	60,498
	Trade payables									4,045,410	4,045,410
	Deposits and borrowings									184,785,734	184,785,734
										188,831,144	188,831,144
31 DECEMBER 2013											
	Financial assets not measured at fair value										
	Trade and other receivables										1,086,275
	Cash and cash equivalents										38,390,211
	Loans and advances										171,695,623
	Financial liabilities measured at fair value										211,172,109
	Interest rate swaps used for hedging								45,084		45,084
	Financial liabilities not measured at fair value									45,084	45,084
	Trade payables									3,008,461	3,008,461
	Deposits and borrowings									200,548,463	200,548,463
										203,556,924	203,556,924

BELL POTTER CAPITAL LIMITED
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15 FINANCIAL INSTRUMENTS (continued)

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

Parent Entity:

NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	CARRYING AMOUNT			FAIR VALUE			TOTAL
			FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	LEVEL 1	LEVEL 2	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
31 DECEMBER 2014									
Financial assets not measured at fair value									
9	-	-	-	-	55,730,973	-	-	-	55,730,973
7	-	-	-	-	22,381,824	-	-	-	22,381,824
8	-	-	-	-	101,559,182	-	-	-	101,559,182
	-	-	-	-	179,671,979	-	-	-	179,671,979
Financial liabilities measured at fair value									
15	-	-	32,702	-	-	-	-	-	32,702
	-	-	32,702	-	-	-	-	-	32,702
Financial liabilities not measured at fair value									
12	-	-	-	-	3,242,570	-	-	-	3,242,570
11	-	-	-	-	169,785,734	-	-	-	169,785,734
	-	-	-	-	173,028,304	-	-	-	173,028,304

31 DECEMBER 2013

NOTE	HELD-FOR-TRADING	DESIGNATED AT FAIR VALUE	CARRYING AMOUNT			FAIR VALUE			TOTAL
			FAIR VALUE - HEDGING INSTRUMENTS	HELD TO MATURITY	LOANS AND RECEIVABLES	OTHER FINANCIAL LIABILITIES	LEVEL 1	LEVEL 2	
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Financial assets not measured at fair value									
9	-	-	-	-	50,701,487	-	-	-	50,701,487
7	-	-	-	-	38,351,750	-	-	-	38,351,750
8	-	-	-	-	91,535,884	-	-	-	91,535,884
	-	-	-	-	180,589,121	-	-	-	180,589,121
Financial liabilities measured at fair value									
15	-	-	20,672	-	-	-	-	-	20,672
	-	-	20,672	-	-	-	-	-	20,672
Financial liabilities not measured at fair value									
12	-	-	-	-	2,170,041	-	-	-	2,170,041
11	-	-	-	-	170,823,997	-	-	-	170,823,997
	-	-	-	-	172,994,038	-	-	-	172,994,038

(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.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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 2014 \$	Balance 31 December 2014 \$	Interest paid and (payable) in the period \$	Highest balance in period \$
Andrew Bell	211,286	250,000	22,198	614,435
Colin Bell	2,039,163	1,951,884	101,938	2,414,376
Lewis Bell	137,144	107,253	9,070	649,669
Dean Davenport	54,565	55,029	3,239	55,157
Rowan Fell	259,616	349,162	20,396	436,648
Craig Coleman	944,559	1,020,412	66,531	1,867,500
Alastair Provan	-	-	-	-

	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	-	-	-	-

Loans totalling \$3,733,740 (2013: \$3,646,333) 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 2014	3,646,333	3,733,740	223,372	26
Total for key management personnel 2013	3,370,855	3,646,333	225,894	6
Total for other related parties 2014	-	-	-	-
Total for other related parties 2013	-	-	-	-
Total for key management personnel and their related parties 2014	3,646,333	3,733,740	223,372	26
Total for key management personnel and their related parties 2013	3,370,855	3,646,333	225,894	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 \$223,372 (2013: \$225,894). No amounts have been written-down or recorded as allowances for impairment, as the balances are considered fully collectible.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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		Investment	
		2014	2013	2014 \$	2013 \$
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	2014	-	(7,856,537)	(309,808)
	2013	-	(8,149,244)	(293,644)
Bell Potter Securities Limited	2014	-	(735,489)	-
	2013	-	(120,337)	-
Bell Potter Margin Loan Trust	2014	43,068,715	-	1,397,519
	2013	40,425,610	-	1,079,851
Consolidated Entity				
Bell Financial Group Ltd	2014	-	(7,856,537)	(309,808)
	2013	-	(8,149,244)	(293,644)
Bell Potter Securities Limited	2014	-	(735,389)	-
	2013	-	(120,237)	-

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

18 AUDITORS REMUNERATION

Amounts due to KPMG for:

Audit of the financial report of the Company

Other services in relation to the Company

- audit required by regulators

	Consolidated Entity		Parent Entity	
	2014 \$	2013 \$	2014 \$	2013 \$
Audit of the financial report of the Company	46,550	46,550	36,550	36,550
Other services in relation to the Company	16,450	16,450	16,450	16,450
- audit required by regulators	63,000	63,000	53,000	53,000

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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	2014 \$	2013 \$
Short-term employee benefits	572,018	522,873
Long-term employee benefits	-	-
Post employment benefits	25,504	17,122
	<u>597,522</u>	<u>539,995</u>

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.

	Consolidated Entity		Parent Entity	
	2014 \$	2013 \$	2014 \$	2013 \$
20 FINANCING ARRANGEMENTS				
The Company has access to the following lines of credit:				
Cash Advance facility	100,000,000	100,000,000	-	-
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	15,000,000	29,724,466	-	-
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 (2013: \$1,000,000) and are not recorded in the Statement of Financial Position as at 31 December 2014.

23 SUBSEQUENT EVENTS

There were no significant events from 31 December 2014 to the date of this report.

**BELL POTTER CAPITAL LIMITED
AND CONTROLLED ENTITIES
DIRECTORS' DECLARATION
FOR THE YEAR ENDED 31 DECEMBER 2014**

Directors' Declaration

In the opinion of the Directors of Bell Potter Capital Limited:

- (a) the financial statements and notes that are 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 financial position as at 31 December 2014 and of its performance for the financial year ended on that date; and
 - (ii) complying with Australian Accounting Standards 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.

The directors draw attention to note 1(a) to the 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: 24th March 2015