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ANNUAL AUDITED REPORT
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PART III

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Money Concepts Capital Corp

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

7121 Fairway Drive

(No. and Street)

Palm Beach Gardens

FL

33418-3764

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Barry Rittman

(561)472-2048

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

KPMG

(Name - if individual, state last, first, middle name)

777 South Flager Drive, Suite 215

West Palm Beach

FL

33401

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 23 2005
THOMSON FINANCIAL

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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (06-02)

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OATH OR AFFIRMATION

I, Denis Walsh, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Money Concepts Capital Corp, as of December 31, 20 04, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

Denis Walsh
Signature

Irene Judith Yanner
Notary Public



President
Title

This report** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of ~~Income (Loss)~~ Operations
- (d) Statement of ~~Changes in Financial Condition~~ Cash Flow
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
- (o) Independent Auditor's report on internal accounting control.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



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Independent Auditors' Report

The Board of Directors
Money Concepts Capital Corp.:

We have audited the accompanying statements of financial condition of Money Concepts Capital Corp. (the Company) (a wholly owned subsidiary of Money Concepts International, Inc.) as of December 31, 2004 and 2003, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Money Concepts Capital Corp. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information included in Schedules I, II, and III is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, such information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

KPMG LLP

February 11, 2005

MONEY CONCEPTS CAPITAL CORP.

(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Statements of Financial Condition

December 31, 2004 and 2003

Assets	2004	2003
Cash and cash equivalents	\$ 600,751	490,261
Commissions receivable, net of provision for doubtful accounts of \$63,622 and \$0, respectively	492,385	787,204
Deposit with clearing broker	25,000	25,000
Prepaid expenses and other assets	3,481	21,298
Due from affiliate	496,274	—
Deferred tax asset, net	93,636	53,456
	<u>\$ 1,711,527</u>	<u>1,377,219</u>
Liabilities and Stockholder's Equity		
Liabilities:		
Commissions payable	\$ 255,354	460,000
Accounts payable and accrued expenses	64,421	52,747
Deferred revenue	189,117	100,137
Income tax payable to Parent	239,246	47,669
Total liabilities	<u>748,138</u>	<u>660,553</u>
Stockholder's equity:		
Common stock, no par value, stated value of \$100 per share.		
Authorized, issued, and outstanding 100 shares	10,000	10,000
Additional paid-in capital	40,000	40,000
Retained earnings	913,389	666,666
Total stockholder's equity	<u>963,389</u>	<u>716,666</u>
	<u>\$ 1,711,527</u>	<u>1,377,219</u>

See accompanying notes to financial statements.

MONEY CONCEPTS CAPITAL CORP.
(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Statements of Operations

Years ended December 31, 2004 and 2003

	2004	2003
Revenue:		
Sales commissions	\$ 19,511,508	16,812,264
Investment advisory fees	10,216,737	7,210,358
Interest	7,713	6,146
Other	—	250
Total revenue	29,735,958	24,029,018
Expenses:		
Commissions on sales and investment advisory fees	22,995,320	18,297,185
Salaries and employee benefits	3,083,267	2,995,637
Office expenses	1,179,264	1,026,032
Management fees to Parent	1,495,840	1,201,451
Bank charges	54,590	47,451
Clearing expenses	239,534	225,083
Professional fees	183,440	130,887
Other expenses	106,583	91,317
Total expenses	29,337,838	24,015,043
Income before income taxes	398,120	13,975
Income tax expense	151,397	8,191
Net income	\$ 246,723	5,784

See accompanying notes to financial statements.

MONEY CONCEPTS CAPITAL CORP.
(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Statements of Changes in Stockholder's Equity

Years ended December 31, 2004 and 2003

	<u>Common stock</u>	<u>Additional paid-in capital</u>	<u>Retained earnings</u>	<u>Total stockholder's equity</u>
Balance, December 31, 2002	\$ 10,000	40,000	660,882	710,882
Net income	—	—	5,784	5,784
Balance, December 31, 2003	10,000	40,000	666,666	716,666
Net income	—	—	246,723	246,723
Balance, December 31, 2004	\$ <u>10,000</u>	<u>40,000</u>	<u>913,389</u>	<u>963,389</u>

See accompanying notes to financial statements.

MONEY CONCEPTS CAPITAL CORP.

(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Statements of Cash Flows

Years ended December 31, 2004 and 2003

	<u>2004</u>	<u>2003</u>
Cash flows from operating activities:		
Net income	\$ 246,723	5,784
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Deferred taxes	(40,180)	(39,478)
Provision for doubtful accounts	63,622	—
Changes in operating assets and liabilities:		
Decrease (increase) in commissions receivable	231,197	(600,155)
Decrease (increase) in prepaid expenses and other assets	17,817	(17,544)
Decrease in income tax receivable from Parent	—	11,128
Increase in due from affiliate	(496,274)	—
(Decrease) increase in commissions payable	(204,646)	310,361
Increase (decrease) in accounts payable and accrued expenses	11,674	(31,445)
Increase in deferred revenue	88,980	100,137
Increase in income tax payable to Parent	191,577	47,669
Net cash provided by (used in) operating activities	<u>110,490</u>	<u>(213,543)</u>
Net increase (decrease) in cash and cash equivalents	110,490	(213,543)
Cash and cash equivalents, beginning of year	<u>490,261</u>	<u>703,804</u>
Cash and cash equivalents, end of year	<u>\$ 600,751</u>	<u>490,261</u>

See accompanying notes to financial statements.

MONEY CONCEPTS CAPITAL CORP.

(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Notes to Financial Statements

December 31, 2004 and 2003

(1) Organization and Summary of Significant Accounting Policies

(a) Organization

Money Concepts Capital Corp. (the Company) is a registered broker/dealer and investment adviser (Money Concepts Capital Corp., also d/b/a Money Concepts Advisory Service), and a member firm of the National Association of Securities Dealers, Inc. The Company is a wholly owned subsidiary of Money Concepts International, Inc. (the Parent), a financial services holding company. Mutual funds, annuities, life insurance, and limited partnership interests are sold through the Company's independent registered representatives.

As a nonclearing broker/dealer and registered investment adviser, the Company does not carry security accounts for customers or perform custodial functions relating to customer funds or securities and is therefore exempt from the provisions of Rule 15c3-3 of the Securities Exchange Act of 1934.

(b) Use of Estimates

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America and general practice within the brokerage industry. In preparing the financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the statements of financial condition and revenue and expenses for the periods. Actual results could differ from those estimates.

(c) Revenue and Expense Recognition

Commission income and expense from customer transactions are recorded on a trade-date basis. Fee income from investment advisory services is recorded as earned.

(d) Income Taxes

The Company files consolidated federal and state income tax returns with the Parent. The Company calculates income tax expense or benefit, and settles the current amount payable to or receivable from the Parent as if it files a separate tax return.

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years for differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

(e) Cash Equivalents

The Company considers cash, money market accounts, and certificates of deposit with original maturities of less than three months to be cash equivalents.

MONEY CONCEPTS CAPITAL CORP.

(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Notes to Financial Statements

December 31, 2004 and 2003

(2) Net Capital Requirements

Pursuant to the uniform net capital provisions of Rule 15c3-1 (the Rule) of the Securities Exchange Act of 1934, the Company is required to maintain minimum net capital equal to the greater of \$5,000 or 6-2/3% of "aggregate indebtedness," as those terms are defined in the Rule. At December 31, 2004 and 2003, the Company's net capital was \$282,522 and \$580,837, respectively, which was \$232,646 and \$536,778 in excess of its required net capital of \$49,876 and \$44,059, respectively. The Company's net capital ratio was 2.65 to 1 at December 31, 2004 and 1.1 to 1 at December 31, 2003.

(3) Related-Party Transactions

The Company paid approximately \$401,000 and \$382,000 during fiscal year 2004 and 2003, respectively, for rent to the Parent. These amounts are included in office expenses in the statements of operations. The lease is month-to-month and may be canceled at any time.

The Company entered into a management agreement with the Parent that requires the Company to pay the Parent 5% of total revenue of the Company, until such agreement is canceled by the Parent. Fees are paid for the use of the Parent's network of independent financial planning centers for marketing, independent agent recruiting and training, among other items. During the years ended December 31, 2004 and 2003, the Company paid management fees of \$1,495,840 and \$1,201,451, respectively, to the Parent.

(4) Defined Contribution Plan

The Company makes contributions to a defined contribution plan which covers qualified employees. Contributions by the Company are made solely at the discretion of the board of directors of the Company. During the years ended December 31, 2004 and 2003, the Company contributed approximately \$85,000 and \$78,000, respectively, to this plan.

(5) Income Taxes

Income tax (benefit) expense attributable to income from operations consists of:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Year ended December 31, 2004:			
U.S. federal	\$ 163,576	(34,308)	129,268
State and local	28,001	(5,872)	22,129
	<u>\$ 191,577</u>	<u>(40,180)</u>	<u>151,397</u>
	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Year ended December 31, 2003:			
U.S. federal	\$ 40,702	(33,707)	6,995
State and local	6,967	(5,771)	1,196
	<u>\$ 47,669</u>	<u>(39,478)</u>	<u>8,191</u>

MONEY CONCEPTS CAPITAL CORP.
(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Notes to Financial Statements

December 31, 2004 and 2003

Income tax expense differs from the amount computed by applying the statutory federal income tax rate of 34% to income before taxes as follows:

	2004	2003
Tax expense at statutory federal income tax rate	\$ 135,361	4,752
State income taxes, net of federal benefit	14,605	789
Nondeductible meals and entertainment and other	1,431	2,650
	\$ 151,397	8,191

The tax effects of temporary differences that give rise to the deferred tax asset at December 31, 2004 and 2003 is as follows:

	2004	2003
Deferred tax asset:		
Deferred revenue	\$ 71,164	37,682
Accrued expenses	22,472	15,774
Total gross deferred tax asset	93,636	53,456
Less valuation allowance	—	—
Net deferred tax asset	\$ 93,636	53,456

(6) Contingencies

The Company is subject to lawsuits, claims, and other complaints arising out of the ordinary conduct of business. There is a possibility that resolution of certain of the Company's legal contingencies for which there is no reserve could result in a loss. Management is not able to estimate the amount of such loss (or range of loss). While the ultimate results and outcomes from these matters cannot be determined precisely, management, based in part upon the advice of legal counsel, believes that all matters are adequately covered by insurance or, if not covered, are without merit or are of such amounts as would not have a material adverse effect on the Company's financial position or results of operations.

MONEY CONCEPTS CAPITAL CORP.
(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Computation of Net Capital Under Rule 15c3-1
of the Securities Exchange Act of 1934

December 31, 2004

Computation of net capital:		
Total stockholder's equity qualified for net capital	\$	963,389
Deduct nonallowable assets and other deductions and/or charges:		
Nonallowable assets:		
Certain commissions receivable, net of certain commissions payable	\$	49,498
Prepaid expenses and other assets		3,481
Deferred tax asset		93,636
Fidelity bond deductible		37,978
Due from affiliate		496,274
		<u>680,867</u>
Total nonallowable assets		<u>680,867</u>
Net capital	\$	<u>282,522</u>
Amounts included in total liabilities which represent aggregate indebtedness – commissions payable, and accounts payable and accrued expenses		
	\$	748,138
Computation of basic net capital requirement:		
Minimum net capital required (the greater of \$5,000 or 6-2/3% of aggregate indebtedness)	\$	49,876
Excess net capital	\$	232,646
Excess net capital at 1000% (net capital less 10% of aggregate indebtedness)	\$	207,708
Ratio of aggregate indebtedness to net capital		2.65 to 1

Note: See Schedule II for reconciliation of computation of net capital pursuant to uniform net capital Rule 15c3-1 to the Company's corresponding unaudited Form X-17A-5, Part IIA filing.

See accompanying independent auditors' report.

MONEY CONCEPTS CAPITAL CORP.(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)Reconciliation of Computation of Net Capital Pursuant
to Uniform Net Capital Rule 15c3-1 to the Company's
Corresponding Unaudited Form X-17A-5, Part IIA Filing

December 31, 2004

	<u>Net capital</u>
Net capital per computation in Company's corresponding unaudited Form X-17A-5, Part IIA filing	\$ 473,597
Increase in due from affiliate	(496,274)
Increase in deferred tax asset	(40,180)
Adjustment to professional fees	(14,800)
Adjustment to sales commissions	(180,844)
Adjustment to commissions on sales and investment advisory fees	196,146
Adjustment to income taxes	(151,397)
Adjustment salaries and employee benefits	496,274
Net capital computation pursuant to Rule 15c3-1	\$ <u>282,522</u>

See accompanying independent auditors' report.

MONEY CONCEPTS CAPITAL CORP.

(A Wholly Owned Subsidiary of
Money Concepts International, Inc.)

Information Relating to Possession and Control Requirements
Under Rule 15c3-3 of the Securities Exchange Act of 1934

December 31, 2004

Exemption under Section (k)(2)(ii) is claimed:

All customer transactions are cleared through the Pershing Division of Donaldson, Lufkin & Jenrette Securities Corporation on a fully disclosed basis. The Company holds no customer funds or securities. Any such funds or securities are promptly transmitted to the clearing broker/dealer. The Company is therefore exempt from the possession and control requirements under Rule 15c3-3.

See accompanying independent auditors' report.



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**Independent Auditors' Report on
Internal Control Required by Rule 17a-5 of
the Securities Exchange Act of 1934**

The Board of Directors
Money Concepts Capital Corp.:

In planning and performing our audit of the financial statements and supplementary schedules of Money Concepts Capital Corp. (the Company), (a wholly owned subsidiary of Money Concepts International, Inc.) for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons;
2. Recordation of differences required by Rule 17a-13; and
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is