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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

FACING PAGE

**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 01/01/2001 AND ENDING 12/31/2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Scott James Group, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

6700 Arlington Boulevard

(No. and Street)

Falls Church, Virginia 22042

(City)

(State)

(Zip Code)

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

Scott James

703-533-2500

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mayah, Tamba, S.

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

7005 Good Luck Road New Carrollton, Maryland 20784-3621

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

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

PROCESSED

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THOMSON FINANCIAL

*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).

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OATH OR AFFIRMATION

I, Tamba S. Mayah, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Scott James Group, Inc., as of December 31, ~~XX~~2001, 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:

Tamba S. Mayah 2/22/02
Signature

Tamba S. Mayah, Certified Public
Title Accountant

Josefina J. delatorre
Notary Public

My Commission expires - Feb 28, 2005

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 15c3-1 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.

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

Scott James Group, Inc.
Statement of Financial Condition
For the Year Ended December 31, 2001

<u>Assets</u>	<u>Allowable</u>	<u>Non-Allowable</u>	<u>Total</u>
Cash	54,719		
Receivables from Brokers or Dealers			
A. Clearance Account	25,000		
B. Other	2,671		
Other Assets		1,038	
Total Assets	<u>82,390</u>	<u>1,038</u>	<u>83,428</u>

Liabilities & Shareholder's Equity

<u>Liabilities</u>	<u>AI Liabilities</u>	<u>Non-AI Liabilities</u>	<u>Total</u>
Accounts Payable	245	0	245
Long-Term Debt	0	0	0
Total Liabilities	<u>245</u>		<u>245</u>

Shareholders Equity

Common Stock		1
Additional Paid-In Capital		104,206
Retained Earnings		-21,024
Total Ownership Equity		<u>83,183</u>
Total Liabilities & Shareholder's Equity		<u>83,428</u>

Scott James Group, Inc.
Statement of Income
For the Year Ended December 31, 2001

REVENUE

Commissions:	
Commissions on transactions in exchange listed equity securities executed on an exchange	2,250
Commissions on listed options transactions	25
All other securities commissions	<u>2,388</u>
Total securities commissions	<u><u>4,663</u></u>

Gains or losses on firm securities investment accounts	-950
Fees for account supervision, investment advisory and administrative services	72,483
Other revenue	<u>5,698</u>
Total Revenue	<u><u>81,894</u></u>

EXPENSES

Other employee compensation and benefit	73,745
Commissions paid to other broker-dealers	1,137
Interest expense	7
Regulatory fees and expenses	16,604
Other expenses	<u>7,969</u>
Total Expenses	<u><u>99,462</u></u>

NET INCOME	<u><u>-17,568</u></u>
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Scott James Group, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2001
Increase (Decrease) in Cash

Cash Flows from operating activities:

Net Income	(17,568)
Increase In Accounts Payable	245
Increase In Accounts Receivable	(2,671)
Net Cash Provided by Operating Activities	<u>(19,994)</u>

Capital Contributions	56,661
Capital Withdrawals	(16,954)
Net Cash Provided by Capital Contributions	<u>39,707</u>

Net Increase In Cash	19,713
Cash Beginning of Year	<u>61,044</u>
Cash End of Year	<u><u>80,757</u></u>

Scott James Group, Inc.
Statement of Changes in Ownership Equity 2001

Balance, beginning of period	61,044
Net Income (loss)	-17,568
Additions	56,661
Deductions	<u>-16,954</u>
Balance, end of period	<u><u>83,183</u></u>

Scott James Group, Inc.
Statement of Changes in Liabilities Subordinated to claims of General Creditors
For the Year Ended December 31, 2001

Liabilities subordinated to claims of general creditors beginning of period	0
Liabilities subordinated to claims of general creditors beginning of period	0
Net change in liabilities subordinated to claims of general creditors	<u>0</u>

Scott James Group, Inc.
Net Capital
31-Dec-01

Money Market	50,319.19
Clearing Deposit	25,000.00
Checking Account	2,436.19
Web CRD Balance	1,038.00
Accounts Receivable	2,670.71
Pershing Net Credit Balance	1,964.05
Total Assets	<u>83,428.14</u>
-Total Liabilities	<u>244.93</u>
Net Worth	83,183.21
-Non-Allowable	<u>1,038.00</u>
Adjusted Capital	82,145.21
-Haircut	<u>1,006.38</u>
Net Capital	81,138.83
-Required Minimum	50,000.00
Excess Net Capital	<u><u>31,138.83</u></u>

Aggregate Indebtedness	244.93
Ratio of AI to Net Capital	0.00

Scott James Group, Inc.
COMPUTATION OF NET CAPITAL 12/31/2001

Total ownership equity from Statement of Financial Condition	83,183
Total ownership equity qualified for Net Capital	83,183
Total capital and allowable subordinated liabilities	83,183
Deductions and/or charges:	
Total nonallowable assets from Statement of Financial Condition	1,038
Net capital before haircut on securities positions	82,145
Haircuts: Money Market	1,006
Net Capital	81,139

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum dollar net capital requirement of reporting broker or dealer	<u>50,000</u>
Excess Net Capital	<u><u>31,139</u></u>

COMPUTATION OF AGGREGATE INDEBTEDNESS

Total AI Liabilities from Statement of Financial Condition	245
Total aggregate indebtedness	245
Percentage of aggregate indebtedness to net capital	0.3%

No differences exist between the unaudited Part IIA Focus Filing and this report.