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

SEC RECEIVED FEB 21 2002 PROCESSING SECTION 365 WASH, D.C.

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

SEC FILE NUMBER
8- 45364

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 (MM/DD/YY) AND ENDING 12/31/2001 (MM/DD/YY)

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Amherst Securities Group, L.P.

OFFICIAL USE ONLY
FIRM ID. NO.

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

5151 San Felipe, Suite 1300
(No. and Street)

Houston	Texas	77056
(City)	(State)	(Zip Code)

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

Linda Hannan (713) 888-9100
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Mann Frankfort Stein & Lipp CPAs, L.L.P.
(Name — *if individual, state last, first, middle name*)

12 Greenway Plaza, Suite 800	Houston	Texas	77046
(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 22 2002
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 (3-91)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

3/21

OATH OR AFFIRMATION

I, Linda Hannan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Amherst Securities Group, L.P., as of December 31, ~~19~~ 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 soley as that of a customer, except as follows:

LISA A. JONES
MY COMMISSION EXPIRES
JULY 13, 2005

Lisa A. Jones

Notary Public

Linda Hannan

Signature

Senior Vice President & CFO

Title

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

- [x] (a) Facing page.
- [x] (b) Statement of Financial Condition.
- [x] (c) Statement of Income (Loss).
- [x] (d) Statement of Changes in Financial Condition.
- [x] (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- [x] (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- [x] (g) Computation of Net Capital
- [x] (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- [x] (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.
- [x] (l) An Oath or Affirmation.
- [ ] (m) A copy of the SIPC Supplemental Report.
- [x] (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).*

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AMHERST SECURITIES GROUP, L.P.

STATEMENTS OF FINANCIAL CONDITION

DECEMBER 31, 2001 AND 2000

AMHERST SECURITIES GROUP, L.P.
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2001 AND 2000

CONTENTS

MANN
FRANKFORT
STEIN &
LIPP
Certified Public Accountants
A Limited Liability Partnership

12 Greenway Plaza, Suite 1202
Houston, Texas 77046-1289
(713) 561-6500
FAX: (713) 968-7128

Independent Auditors' Report

To the Partners
Amherst Securities Group, L.P.

We have audited the accompanying statements of financial condition of Amherst Securities Group, L.P. (a Texas Limited Partnership) as of December 31, 2001 and 2000. These financial statements are the responsibility of the Partnership'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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements of financial condition. 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 statements of financial condition referred to above present fairly, in all material respects, the financial position of Amherst Securities Group, L.P. as of December 31, 2001 and 2000, in conformity with accounting principles generally accepted in the United States.

Mann Frankfort Stein & Lipp CPAs, L.L.P.

Houston, Texas
January 25, 2002

AMHERST SECURITIES GROUP, L.P.
STATEMENTS OF FINANCIAL CONDITION

	December 31,			
	2001		2000	
ASSETS				
Cash and cash equivalents	$	131,642	$	153,781
Cash segregated under regulations		2,205,882		1,045,739
Accrued interest receivable		1,076,967		1,320,684
Receivable from broker-dealers		20,071,649		6,039,100
Receivable from clearing organization		9,478,590		-
Receivable from customers		4,259,657		3,346,128
Securities purchased under agreements to resell		5,282,156		9,368,419
Marketable securities owned		105,595,272		95,823,891
Furniture and equipment, less accumulated depreciation of $723,163 in 2001 and $1,502,446 in 2000		302,315		426,570
Other assets		545,599		779,202
TOTAL ASSETS	$	148,949,729	$	118,303,514

	December 31,	
	2001	2000
LIABILITIES AND PARTNERS' CAPITAL		
LIABILITIES		
Payable to clearing organization	$ 10,960,943	$ 27,186,221
Marketable securities sold, but not yet purchased	5,251,224	9,289,035
Securities sold under agreements to repurchase	74,119,250	54,492,435
Payable to broker-dealers	23,813,578	7,855,191
Payable to customers	864,565	2,635,168
Accounts payable	136,447	626,423
Accrued liabilities	13,009,547	3,384,600
Notes payable	-	802,824
TOTAL LIABILITIES	128,155,554	106,271,897
LIABILITIES SUBORDINATED TO THE CLAIMS OF GENERAL CREDITORS	10,000,000	-
PARTNERS' CAPITAL	10,794,175	12,031,617
TOTAL LIABILITIES AND PARTNERS' CAPITAL	$ 148,949,729	$ 118,303,514

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: Amherst Securities Group, L.P. (the "Partnership") is a Texas Limited Partnership formed by a reorganization of Amherst Securities Group, Inc. in 2000. Under the reorganization, Amherst Securities Group, Inc. became the general partner of Amherst Securities Group, L.P. and all of the shareholders of Amherst Securities Group, Inc. obtained a limited partner interest in Amherst Securities Group, L.P. equal to their ownership interest in Amherst Securities Group, Inc. Additionally, Amherst Securities Group, Inc. changed its name to ASG General Partners, Inc.

Effective January 2001, the Partnership recapitalized by amending the original agreement of limited partnership to establish three Classes of limited partnership interests (Class A, Class B, and Class C, respectively). Under the amended partnership agreement, the 99% limited partner ownership interest in the Partnership was divided into numerical units of ownership ("units"). The units of the original limited partners were converted into Class B units. Four hundred Class A units were issued to the subordinated note holders for a $200,000 cash contribution. The Class A units are to be repurchased by the Partnership when the subordinated notes are paid. Additionally, the Partnership issued 219.7 Class C units for a cash contribution of $1,000,000. General distinctions between the Classes of limited partnership interest include preferential semi-annual net operating profit distributions and buy-back agreements.

The Partnership issues its statements of financial condition on the accrual method of accounting in accordance with accounting principles generally accepted in the United States. Accounting principles followed by the Partnership and the methods of applying those principles which materially affect the determination of financial condition are summarized below:

Nature of Operations: The Partnership is a registered broker-dealer with the Securities and Exchange Commission (SEC) and the National Association of Securities Dealers, Inc. (NASD) and primarily markets fixed income securities to financial institutions with offices located in Texas, Florida, Tennessee and Connecticut. The Partnership's customers are located throughout the United States.

Revenue Recognition: Proprietary securities transactions are recorded on a settlement date basis with related gains or losses recorded on that date. Customers' securities transactions are reported on a settlement date basis with related commission income and expense recorded on the settlement date. Marketable securities are valued at market value with the difference between cost and market included in net earnings.

Cash and Cash Equivalents: The Partnership considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Resale and Repurchase Agreements: Transactions involving the purchase of securities under agreements to resell ("reverse repurchase agreements") or the sale of securities under agreements to repurchase ("repurchase agreements") are treated as collateralized financing transactions and are recorded at their contracted resale or repurchase amounts. Accrued interest is recorded separately. It is the policy of the Partnership to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under resale agreements. At December 31, 2001 and 2000, the market value, including accrued interest, of the securities sold subject to repurchase was $79,157,878 and $56,447,897, respectively.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Furniture and Equipment: Furniture and equipment are stated at cost. Depreciation is computed at rates considered sufficient to amortize the cost of the assets over three to seven years using the straight-line method.

Federal Income Taxes: Federal income taxes are not payable by, or provided for, the Partnership. The general and limited partners are taxed individually on their share of partnership earnings.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE B - CASH SEGREGATED UNDER REGULATIONS

Cash of $2,205,882 and $1,045,739 at December 31, 2001 and 2000, respectively, has been segregated in a special reserve bank account for the exclusive benefit of customers under Rule 15c3-3 of the Securities and Exchange Commission.

NOTE C - RECEIVABLE FROM AND PAYABLE TO BROKER-DEALERS

Amounts receivable from and payable to broker-dealers consist of securities failed-to-deliver and securities failed-to-receive.

NOTE D - MARKETABLE SECURITIES OWNED AND MARKETABLE SECURITIES SOLD, BUT NOT YET PURCHASED

Marketable securities owned and marketable securities sold, but not yet purchased, consist of government securities, United States Treasury notes and corporate debt and are stated at quoted market values. Securities owned are held by clearing organizations as collateral for amounts payable to those organizations.

NOTE E - PAYABLE TO CLEARING ORGANIZATION

As of December 31, 2001 and 2000, the payable to clearing organization is collateralized by the Partnership's owned securities.

As of December 31, 2001, the Partnership is using two clearing organizations. Interest is charged on the amounts due to the clearing organizations at the Effective Fed Fund Rate plus 1% and the Effective Fed Fund Rate plus 1.75%.

NOTE F - NOTES PAYABLE

At December 31, 2000, the Partnership had notes payable to former shareholders arising from the purchase of treasury stock, which accrued interest at the New York prime rate less one-half percent. As of December 31, 2001, these notes have been effectively retired by the Partnership by novation of the original obligation as agreed to by the payee and evidenced by an executed escrow agreement fully funded in May 2001.

NOTE G - LIABILITIES SUBORDINATED TO THE CLAIMS OF GENERAL CREDITORS

At December 31, 2001, the Partnership has subordinated note agreements with each of the three Class A limited partners. The three agreements have the same repayment terms and bear interest at London Interbank Offered Rate (LIBOR) plus 7.75%. Interest only payments are due semi-annually with the total principal due January 2005. The aggregate subordinated note balance outstanding at December 31, 2001 is $10,000,000. At December 31, 2001, the Partnership has accrued interest of $596,983 related to the subordinated notes.

The agreements have restrictive operating and financial covenants with which the Partnership must comply to avoid accelerated repayment of the subordinated notes. The Partnership was in compliance with all applicable covenants at December 31, 2001.

The subordinated notes are covered by an agreement approved by the NASD and is thus available in computing net capital under the Securities and Exchange Commission's Uniform Net Capital Rule. To the extent that such liabilities are required for the Partnership's continued compliance with minimum net capital requirements, they may not be repaid.

NOTE H - OPERATING LEASES

The Partnership leases office facilities under operating lease agreements which expire at various times through January 2007. The Partnership also leases equipment under operating lease agreements expiring at various dates through the year 2003.

Approximate future minimum rentals are as follows:

Year Ending December 31,	
2002	$ 931,600
2003	294,200
2004	50,400
2005	50,400
2006	50,400
Thereafter	4,200
	$ 1,381,200

NOTE I - PROFIT SHARING PLAN

The Partnership has a profit sharing plan under Section 401(k) of the Internal Revenue Code for all eligible employees. Participants are permitted to defer compensation up to a maximum of 15% of their income. The Partnership makes a matching contribution of a portion of the participant's compensation. The Partnership may also elect to make additional contributions at its discretion.

NOTE J - NET CAPITAL REQUIREMENTS

The Partnership is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (rule 15c3-1) which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2001, the Partnership had net capital of $17,139,071, which was $16,278,764 in excess of its minimum required net capital of $860,307. At December 31, 2000, the Partnership had net capital of $7,547,043, which was $7,120,158 in excess of its minimum required net capital of $426,885.

NOTE K - CONCENTRATIONS OF CREDIT RISK

The Partnership is engaged in various trading and brokerage activities whose counterparties primarily include broker-dealers and other sophisticated financial institutions. In the event counterparties do not fulfill their obligations, the Partnership may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Partnership's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

The Partnership maintains cash in bank deposit accounts which, at times, exceed federally insured limits. The Partnership has experienced no losses associated with these accounts.

NOTE L - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

The Partnership has sold treasuries and T.B.A. pools that it has not yet purchased in order to reduce exposure on marketable securities owned. The Partnership has recorded these obligations in the statement of financial condition at the December 31, 2001 market values and will incur a loss if the market value of the securities increases subsequent to December 31, 2001.

In the normal course of business, the Partnership's customer clearance activities involve the execution and settlement of various customer securities transactions. These activities may expose the Partnership to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Partnership has to purchase or sell the financial instrument underlying the contract at a loss.

NOTE M - FAIR VALUE OF FINANCIAL INSTRUMENTS

The financial instruments of the Partnership are reported at market or fair values, or at carrying amounts that approximate fair values because of the short maturity of the instruments, except repurchase and reverse repurchase agreements and subordinated notes. The following methods and assumptions were used by the Partnership to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Repurchase and Reverse Repurchase Agreements: The fair value estimates are based on dealer quotes.

Subordinated Notes: The carrying amounts of subordinated notes approximate their fair value.

Notes Payable: The carrying amount of notes payable approximates their fair value.

NOTE N - LITIGATION

At December 31, 2001, the Partnership is involved in litigation in the normal course of business. Management of the Partnership does not expect the eventual outcome to have a material effect on the financial statements.

NOTE O - RELATED PARTY TRANSACTIONS

At December 31, 2001, the Partnership has a receivable balance from the Class A Limited Partner in the amount of $228,288.

AMHERST SECURITIES GROUP, L.P.

INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT ON INTERNAL CONTROL

DECEMBER 31, 2001

MANN
FRANKFORT
STEIN &
LIPP
Certified Public Accountants
A Limited Liability Partnership

12 Greenway Plaza, Suite 1202
Houston, Texas 77046-1289
(713) 561-6500
FAX: (713) 968-7128

Independent Auditors' Report on the Internal Control Required by SEC Rule 17a-5

To the Partners
Amherst Securities Group, L.P.

In planning and performing our audit of the financial statements of Amherst Securities Group, L.P. for the year ended December 31, 2001, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements and not to provide assurance on the internal control structure.

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 compliance with 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 the reserve required by Rule 15c3-3(e) and for obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by 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

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 an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, management is required to make estimates and judgments to assess the expected benefits and related costs of internal control structure policies and procedures 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. The objective of an internal control structure and the practices and procedures is 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 preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure 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 subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's objectives.

This report is intended solely for the information and use of the Partners, management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

Mann Frankfort Stein & Lipp CPAs, L.L.P.

Houston, Texas
January 25, 2002