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**ANNUAL AUDITED REPORT
 FORM X-17A-5
 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 1/1/2001 AND ENDING 12/31/2001
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

BEREAN CAPITAL INC

OFFICIAL USE ONLY
 FIRM ID. NO.

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

300 SOUTH WACKER DRIVE

(No. and Street)

CHICAGO

ILLINOIS

60606

(City)

(State)

(Zip Code)

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

DUDLEY BROWN

312-986-8200

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

JULIAN COLEMAN JR. AND COMPANY, LTD.

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

125 SOUTH WACKER DRIVE

CHICAGO

ILLINOIS

60606

(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**

FOR OFFICIAL USE ONLY

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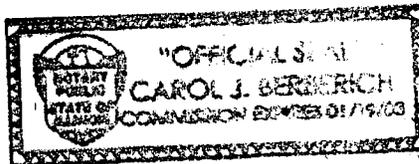
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, DUDLEY BROWN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BEREAN CAPITAL, INC., as of DECEMBER 31, 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:

Dudley Brown
Signature
President
Title

Carol Bergerich
Notary Public



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).



BEREAN CAPITAL, INC.

**FINANCIAL STATEMENTS
AND
SUPPLEMENTAL INFORMATION**

(With Independent Auditor's Report)

DECEMBER 31, 2001 AND 2000



**Julian Coleman, Jr.
& Company, Ltd.**
Certified Public Accountants
Business Consultants

**BEREAN CAPITAL, INC.
FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000**

CONTENTS

	Page No.
FINANCIAL STATEMENTS	
Independent Auditor's Report	1
Statements of Financial Condition	2
Statements of Operations	3
Statements of Changes in Stockholders' Equity	4
Statements of Cash Flows	5
Notes to Financial Statements	6 - 8
SUPPLEMENTAL INFORMATION	
Computation of net capital, pursuant to rule 15c-3-1	9
Computation for Determination of Reserve Requirements, and possession and control requirements pursuant to rule 15c-3-3.	10
Reconciliation of the audited net capital with the corresponding focus report	11
Independent Auditor's Report on Internal Control	12 -13



Julian Coleman, Jr. & Company, Ltd.

Certified Public Accountants • Business Consultants
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January 31, 2002

INDEPENDENT AUDITOR'S REPORT

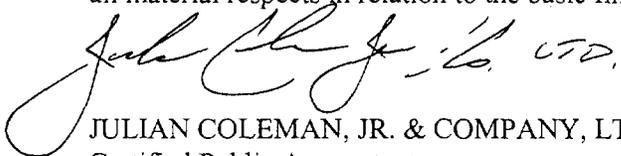
To the Board of Directors of
BEREAN CAPITAL, INC.
Chicago, Illinois 60606

We have audited the accompanying statements of financial condition of Berean Capital, Inc. as of December 31, 2001 and 2000 and the related statements of operations, changes in stockholders' equity and cash flows and supplemental information 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 generally accepted auditing standards in the United States of America. 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 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 presents fairly, in all material respects, the financial position of Berean Capital, Inc. as of December 31, 2001 and 2000, and the results of its operations, changes in its stockholders' equity and its cash flows for the years then ended in conformity with generally accepted accounting principles in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information 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 audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



JULIAN COLEMAN, JR. & COMPANY, LTD.
Certified Public Accountants

BEREAN CAPITAL, INC.
STATEMENTS OF FINANCIAL CONDITION
DECEMBER 31, 2001 AND 2000

ASSETS

	2001	2000
ASSETS		
Cash and Cash Equivalents	\$ 665,514	\$ 578,040
Accounts Receivable:		
Securities Transactions	148,048	79,437
Other	43,203	438
Investment Securities	20,100	20,100
Note Receivable	50,000	50,000
Deposits	750	500
Office Equipment at Cost, Net of Accumulated Depreciation of \$86,076 and \$80,076	12,947	14,693
TOTAL ASSETS	\$ 940,562	\$ 743,208

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Accounts Payable	\$ 55,178	\$ 47,255
Accrued Expenses	51,382	18,900
Federal and State Taxes Payable	2,500	8,000
 Total Liabilities	 109,060	 74,155

STOCKHOLDERS' EQUITY

Preferred Stock: Adjustable Rate, Cumulative Series A, No Par Value; 1,000 Shares Authorized; 904.756 and 749.756 Shares Issued and Outstanding in 2001 and 2000	1,014,856	859,856
Common Stock, No Par Value; 2,000 shares authorized; 800 Shares Issued and Outstanding	4,000	4,000
Accumulated Deficit	(187,354)	(194,803)
 Total Stockholders' Equity	 831,502	 669,053
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 940,562	\$ 743,208

The accompanying notes are an integral part of these statements.

BEREAN CAPITAL, INC.
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
REVENUES		
Commissions	\$ 1,670,235	\$ 1,625,946
Underwriting Management Fee	56,552	126,676
Gain on Principal Transactions	-	5,660
Other Income	<u>294</u>	<u>-</u>
Total Revenues	<u>1,727,081</u>	<u>1,758,282</u>
EXPENSES		
Employee Compensation and Commissions	900,354	789,267
Clearing Charges and Other Trading Costs	457,024	533,147
Consultants	22,275	34,872
Rent and Insurance	43,771	28,986
General and Administrative	<u>307,498</u>	<u>202,189</u>
Total Expenses	<u>1,730,922</u>	<u>1,588,461</u>
(LOSS) / INCOME FROM OPERATIONS	(3,841)	169,821
OTHER INCOME (EXPENSE)		
Interest Income	20,294	17,760
Bad Debt Expense	-	(149,727)
Miscellaneous Income	<u>501</u>	<u>-</u>
Total Other Income (Expense)	<u>20,795</u>	<u>(131,967)</u>
INCOME BEFORE TAXES	\$ 16,954	\$ 37,854
Provision for Federal and State Income Taxes	<u>9,505</u>	<u>8,830</u>
NET INCOME	<u>\$ 7,449</u>	<u>\$ 29,024</u>

The accompanying notes are an integral part of these statements.

BEREAN CAPITAL, INC.
STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2001 AND 2000

	Preferred Stock	Common Stock	Accumulated Deficit	Total Stockholder's Equity
Balance 1/1/00	\$ 779,856	\$ 4,000	\$ (223,827)	\$ 560,029
Issue 80 Shares	80,000	-	-	80,000
2000 Net Income	<u>-</u>	<u>-</u>	<u>29,024</u>	<u>29,024</u>
Balance 12/31/00	859,856	\$ 4,000	\$ (194,803)	669,053
Issue 155 Shares	155,000	-	-	155,000
2001 Net Income	<u>-</u>	<u>-</u>	<u>7,449</u>	<u>7,449</u>
Balance 12/31/01	<u>\$1,014,856</u>	<u>\$ 4,000</u>	<u>\$ (187,354)</u>	<u>\$ 831,502</u>

The accompanying notes are an integral part of these statements.

BEREAN CAPITAL, INC.
STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2001 AND 2000

	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income	\$ 7,449	\$ 29,024
Adjustments to Reconcile Net Income (loss) to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	6,000	7,000
Net Change in Certain Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	(68,611)	(6,112)
(Increase) Decrease in Deposits	(250)	-
(Increase) Decrease in Other Accounts Receivable	(42,765)	316,087
Increase (Decrease) in Accounts Payable, Accrued Expenses, and Income Taxes Payable	<u>34,905</u>	<u>(149,156)</u>
NET CASH (USED) PROVIDED BY OPERATING ACTIVITIES	<u>(63,272)</u>	<u>196,843</u>
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Increase in Investment Securities	-	(20,100)
Purchase of Equipment	<u>(4,254)</u>	<u>(9,827)</u>
NET CASH (USED IN) INVESTING ACTIVITIES	<u>(4,254)</u>	<u>(29,927)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Sale of Preferred Stock	<u>155,000</u>	<u>80,000</u>
NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>155,000</u>	<u>80,000</u>
NET INCREASE (DECREASE) IN CASH	87,474	246,916
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>578,040</u>	<u>331,124</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 665,514</u>	<u>\$ 578,040</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ -</u>	<u>\$ -</u>
Cash Paid for Income Taxes	<u>\$ 7,556</u>	<u>\$ 830</u>

The accompanying notes are an integral part of these statements.

BEREAN CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Berean Capital, Inc. ("Berean"), a Delaware corporation, is an introducing broker registered with the Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers ("NASD"). The primary operations of Berean consist of acting as an introducing broker of over-the-counter stocks and U.S. Government securities. The customer base for Berean consists principally of institutional pension funds in the United States.

The financial statements of the Company are presented on the accrual basis of accounting.

Securities transactions and related commission revenues and expenses are recorded on a trade-date basis.

Net Capital Requirements

Pursuant to Rule 15c3-1 of the Securities and Exchange Commission, the Company is required to maintain net capital as defined under the rule. The Company is required to maintain "net capital" equal to the greater of \$100,000 or 6 2/3% of the "aggregate indebtedness," as these terms are defined. Net capital changes from day to day, but at December 31, 2001 and 2000, the Company had net capital of \$703,429 and \$581,118, respectively.

Accounts Receivable

Securities Transactions --

Accounts receivable primarily represents commission income earned on security transactions. Management of the Company believes all amounts included in account receivables are collectable in full and, accordingly, no allowance for doubtful accounts is deemed necessary.

Other

Primarily represents accounts receivable from related parties that management believes are collectable.

Furniture and Equipment

Furniture and equipment purchased prior to January 1, 1994, were depreciated on the straight-line method over the estimated useful lives of the assets. Assets purchased after January 1, 1994, are depreciated using the accelerated method over a period of five to seven years. Depreciation expense for 2001 and 2000 was \$6,000 and \$7,000 respectively.

Cash and Cash Equivalents

The Company considers all highly liquid investments, with a maturity of less than a year when purchased, to be cash equivalents.

BEREAN CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comprehensive Income

Statement of Financial Accounting Standards No. 130, Reporting Comprehensive Income, (SFAS 130), requires that total comprehensive income be reported in the financial statements. Total comprehensive income for the Company is equal to net income for the period ending December 31, 2001 and 2000.

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 reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CLEARING BROKER

The Company is an introducing broker and clears all transactions for customers on a fully disclosed basis with other brokers. The Company promptly transmits all customer funds and securities to such clearing brokers and, at December 31, 2001 and 2000, the Company had no amounts or securities due the clearing broker from unsettled trades. Because the Company is contingently liable for the payment of securities purchased and the delivery of securities sold by customers, the Company maintains with its clearing brokers money market accounts.

The accounts receivable from clearing brokers/dealers arise in the normal course of business from the settlement of securities transactions. The receivables are generally collected within 30 days.

3. EMPLOYEE BENEFIT PLAN

In 1997, the Company adopted a 401(k) Profit Sharing Plan and Trust ("The Plan"). Employer contributions to the plan are discretionary and amounted to \$29,329 and \$19,376 in 2001 and 2000. Employees may elect to defer a portion of their salaries as contributions to the Plan, subject to limitations as provided by the Internal Revenue Code, and the Company may elect to match such contribution.

4. LEASE COMMITMENTS

The Company has various lease agreements for office facilities and trading equipment. These obligations end on various dates with the longest lease expiring on November 30, 2006.

The following is a schedule by years of future minimum rentals under the leases at December 31, 2001.

2002	\$ 73,664
2003	70,612
2004	36,875
2005	30,852
2006	31,777

BEREAN CAPITAL, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000

5. PROVISION FOR INCOME TAXES

The Provision for Federal and state income taxes consists of the following components:

	2001	2000
Current Tax Expense	\$ <u>9,505</u>	\$ <u>8,830</u>
Total Provision	\$ <u>9,505</u>	\$ <u>8,830</u>

6. CONCENTRATIONS OF CREDIT RISK

Financial instruments that potentially subject the Company to significant concentrations of credit risk consist principally of cash deposits in excess of federally insured limits. At December 31, 2001 the Company had cash balances on deposit at one Chicago area bank that exceeded the balance insured by the Federal Deposit Insurance Corporation (FDIC) in the amount of \$336,108.

7. PREFERRED STOCK

Dividends on the adjustable rate, cumulative Series A preferred stock are payable at an annual rate of 3.5 percent in excess of an applicable rate, which is the highest of either (i) the three-month Treasury Bill rate, (ii) the ten-year constant maturity rate, or (iii) the twenty-year constant maturity rate, all as defined, but in no event less than 6.5 percent per year. The amount of dividend arrearage at December 31, 2001, was \$565,804. The Company, at its option, may redeem in whole or in part, the preferred stock at \$1,000 per share plus accrued and unpaid dividends.

8. INVESTMENT SECURITIES

Investment securities at December 31, 2001 and 2000 consist of warrants to purchase common stock in the NASDAQ Stock Market Inc., and are accounted for as available for sale. Securities available for sale are reported at fair market value, which at December 31, 2001 and 2000 approximated cost.

9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The carrying amount of Berean's cash and cash equivalents, receivables, accounts payable and accrued expenses approximates fair value because of the short maturity of those instruments. Berean derives the fair value of its investment securities based on quoted market prices.

SUPPLEMENTAL INFORMATION

Berean Capital, Inc.
CRD # 24915

Computation of Net Capital under SEC Rule 15c3-1
As of 31-Dec-01

Total Assets		940,562
Less: Total liabilities		109,060
Net Worth		<u>831,502</u>
Additions to Net Worth		
Capital before deductions		<u>831,502</u>
Deductions:		
Accts Rec--other	32,500	
Notes Receivable--Prosp Development	50,000	
Office Equipment net of depreciation	12,947	
Note Receivable--BCP	7,196	
Prepaid Expenses & Security Deposit	750	
Warrants	20,100	
Soft dollar debits	3,507	
		<u>(127,000)</u>
Net Capital before haircuts on securities positions		<u>704,502</u>
Haircut on Money Market Account--2%	53,662	(1,073)
Net Capital		<u>703,429</u> =====
Net Capital--Minimum dollar requirement		100,000
Net Capital--Minimum dollar requirement--based on Aggregate Indebtedness		7,271
Net Capital in excess of minimum requirement		603,429

BEREAN CAPITAL INC.
Computation For Determination of Reserve Requirements
For Broker/Dealers Under Rule 15c3-3 and Information For
Possession or Control Requirements Under Rule 15c3-3
December 31, 2001

The Company does not carry customer accounts as defined by the Securities Exchange Act of 1934 under Section (a)(1) of Rule 15c3-3. Therefore, the Company is exempt from the provisions of that rule.

**BEREAN CAPITAL, INC.
RECONCILIATION INCLUDING APPROPRIATE EXPLANATIONS OF THE
AUDITED COMPUTATION OF NET CAPITAL WITH THE
COMPANY'S CORRESPONDING UNAUDITED
PART II A FOCUS REPORT FILING DECEMBER 31, 2001**

No material differences existed at December 31, 2001, between the audited computation of net capital and the unaudited Part II A Focus Filing at December 31, 2001.



Julian Coleman, Jr. & Company, Ltd.

Certified Public Accountants • Business Consultants
125 South Wacker Drive, Suite 2800 • Chicago, IL 60606
Tel: 312.692.8340 • Fax: 312.692.8343 • e-mail: jcole@bbpc.com

January 31, 2002

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL

To the Board of Directors
BEREAN CAPITAL, INC.

In planning and performing our audit of the financial statements and supplemental information of BEREAN CAPITAL, INC. (the Company), for the year ended December 31, 2001, 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 and Exchange Commission (SEC), we have made a study of the 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 procedures for determining compliance with the exemptive provisions under 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. The recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payment for securities under Section 8 of 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 are to provide management with reasonable, but not absolute, assurance that assets 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 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 internal control or the practices and procedures referred to above, error or fraud may nevertheless occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risks that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate. In addition, the Company is a small organization and segregation of duties is limited by the number of employees.

REPORT ON INTERNAL CONTROL

Page 2

January 31, 2002

Our consideration of internal control would not necessarily disclose all matters in internal control 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 components 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 internal control that we consider to be a material weakness 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 use of Board of Directors, management and the SEC and any other regulatory bodies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in cursive script, appearing to read "Julian Coleman, Jr. & Co. LTD.", is written over the printed name of the firm.

JULIAN COLEMAN, JR. & COMPANY, LTD.
Certified Public Accountants