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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Mercer Capital Group, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

100 Nassau Street

Princeton (City) New Jersey (State) 08542 (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Richard M. Moseley (609) 924-6160
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Anne Skalka & Associates

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

168 Franklin Corner - Bldg 2 Lawrenceville, (Address) NJ (State) 08648 (Zip Code)

CHECK ONE:

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

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APR 23 2002

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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)

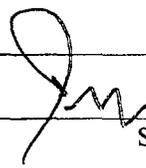
SEC 1410 (05-01)

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4/12

OATH OR AFFIRMATION

I, Richard M. Moseley, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Mercer Capital Group, INC., as of December 31, 20 01, 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:



Signature

President

Title



Notary Public

LUCIA ANDREI
NOTARY PUBLIC OF NEW JERSEY
My Commission Expires January 26, 2006

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 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.

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

MERCER CAPITAL GROUP, INC.
FINANCIAL STATEMENTS
FOR THE TWELVE MONTHS ENDED
DECEMBER 31, 2001

ANNE SKALKA & ASSOCIATES
A Professional Corporation
168 FRANKLIN CORNER ROAD
LAWRENCEVILLE, NJ 08648
609-844-1074

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To the Shareholders
Mercer Capital Group, Inc.
Princeton, NJ

We have compiled the accompanying statement of financial condition of Mercer Capital Group, Inc. for the twelve months ended December 31, 2001 and the related statements of income, and statement of cash flows for the period then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and accordingly, do not express an opinion or any other form of assurance on them.

A handwritten signature in black ink, appearing to read "Anne Skalka, CPA". The signature is fluid and cursive, with the letters "A", "S", and "C" being particularly prominent.

Anne Skalka and Associates

Lawrenceville, NJ
February 08, 2002

Mercer Capital Group, Inc
Statement of Financial Condition
December 31, 2001

ASSETS

Current Assets		
Cash in Bank - PNC	\$	<58>
Certificate of Deposit		6,053
Accounts Receivable		6,541
		12,536
Total Current Assets		
Property and Equipment		
Equipment		1,656
Accumulated Depreciation		<1,656>
		0
Total Property and Equipment		
Other Assets		
Investment in NASD		31,900
		31,900
Total Other Assets		
Total Assets	\$	44,436

LIABILITIES AND CAPITAL

Current Liabilities		
Total Current Liabilities		0
Long-Term Liabilities		
Total Long-Term Liabilities		0
Total Liabilities		0
Stockholder's Equity		
Common Shares, no par value, authorized 2,500 shares; issued and outstanding 200 shares		
Common Stock	\$	20,000
Paid in Capital		32,900
Retained Earnings		<8,023>
Net Income		<441>
		44,436
Total Capital		
Total Liabilities & Capital	\$	44,436

Mercer Capital Group, Inc
Statement of Income
For the Twelve Months Ending December 31, 2001

	Year to Date	
Revenues		
Total Revenues	<u>0.00</u>	0.00
Expenses		
Charitable Contributions	\$ <u>440.93</u>	0.00
Total Expenses	<u>440.93</u>	0.00
Net Income (Loss)	\$ <u><u><440.93></u></u>	0.00

See accountant's compilation report

Mercer Capital Group Inc.
Statement of Changes in Stockholder's Equity
Period Ending December 31, 2001

	<u>Common Shares</u>	<u>Additional Paid in Capital</u>	<u>Deficit</u>	<u>Total</u>
Balance, January 1, 2000	\$20,000	\$0	\$(8,023)	\$(11,977)
Net Income (Loss)	_____	<u>32,900</u>	<u>(441)</u>	<u>(441)</u>
Balance, December 31, 2000	<u>\$20,000</u>	<u>\$32,900</u>	<u>\$(8,464)</u>	<u>\$(44,436)</u>

See accountant's compilation report

Mercer Capital Group, Inc
Statement of Cash Flow
For the twelve Months Ended December 31, 2001

Year to Date

Cash Flows from operating activities	
Net Income	\$ <441>
Adjustments to reconcile net income to net cash provided by operating activities	
Accounts Receivable	<2,936>
Due to MCGH,LLC	<500>
Total Adjustments	<u><3,436></u>
Net Cash provided by Operations	<u><3,877></u>
Cash Flows from investing activities	
Used For	
Investment in NASD	<u><31,900></u>
Net cash used in investing	<u><31,900></u>
Cash Flows from financing activities	
Proceeds From	
Paid in Capital	32,900
Used For	
Net cash used in financing	<u>32,900</u>
Net increase <decrease> in cash	<u>\$ <2,877></u>
Summary	
Cash Balance at End of Period	\$ 5,995
Cash Balance at Beginning	<u>8,872</u>
Net Increase <Decrease> in Cash	<u>\$ <2,877></u>

See accountant's compilation report

NOTES TO FINANCIAL STATEMENTS

MERCER CAPITAL GROUP, INC.

1-Business Operations and Summary of Significant Accounting Policies

Business Operations

The Company is incorporated in the State of New Jersey and provides brokerage and advisory services.

Fixed Assets, Depreciation

Depreciation is provided on the straight-line method over the estimated useful life of 5 years.

Certificate of Deposit

The certificate of deposit approximates market value because of the short period to its maturity. Interest is compounded monthly and added to principal and recorded in the financial statements.

Basis of Accounting

The accompanying financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles.

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 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.

Reimbursed Expenses

Amounts reimbursed to the Company for overhead expenses are recorded as reductions of the expenses incurred to the extent they can be identified.

2-Related Party Transactions

The Company, its sole shareholder and MCG Holdings, L.L.C. (MCGH), a limited liability company having the Company's sole shareholder as a 50% member, have entered into agreements whereby all revenues of the Company are assigned to MCGH. MCGH, while not obligated to, reimburses the Company's overhead. In addition, an employment agreement is in effect between these parties for the services of the Company's shareholder and all amounts under the agreement are paid for by MCGH.

3-Income Taxes

The Company, with consent of its shareholder has elected an S-Corporation status for federal and state income tax purposes. In lieu of corporation taxes, the shareholders of an S-Corporation give effect to their proportionate share of the Company's taxable income or loss on their income tax returns. As such, no consideration has been given to income taxes in these financial statements.

Mercer Capital Group Inc.

Computation of Net Capital Requirements

December 31, 2001

Computation of Net Capital		
Total Stockholder's Equity		\$44,436
Deductions and/or charges		
Non-allowable assets		
Interest Receivable	53	
Accounts Receivable	6,541	
Investment in NASD	<u>31,900</u>	
		<u>(38,494)</u>
Net Capital		<u>\$5,942</u>

Computation of Aggregate Indebtedness

Aggregate Indebtedness	-0-
Ratio of Aggregate Indebtedness to Net Capital	-0-

Net Capital Requirement

Minimum net capital requirement	\$5,000
Net Capital in excess of requirement	942
Net Capital, as above	<u>\$ 5,942</u>

Reconciliation with the Company's computation (included in Part II Form X-17A-5 as of December 31, 2000)

Net Capital, as reported in Company's Part II (unaudited) Focus Report	\$5,942
Accounting adjustments not reflected on Focus Net Capital, as included in this report	<u>\$5,942</u>