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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 1/1/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

TN Capital Equities Ltd.

OFFICIAL USE ONLY

FIRM ID. NO.

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

14 East 60th Street, #701

New York

(No. and Street)

NY

REC'D S.E.C.

10022

(City)

(State)

MAR 12 2003

(Zip Code)

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

John Steinmetz

212-355-6755

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Richard J. Girasole, CPA

(Name - If individual, state last, first, middle names)

1273 77th Street

Brooklyn

NY

11228

(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 24 2003

FOR OFFICIAL USE ONLY

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 (3-91)

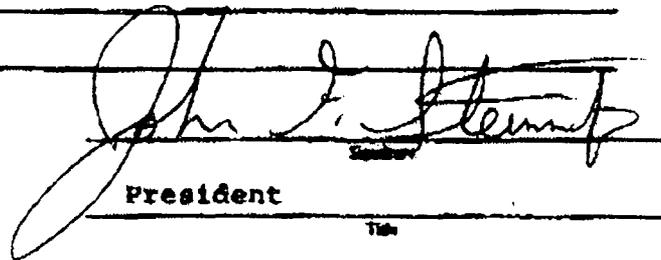
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OATH OR AFFIRMATION

I, John J. Stamm, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of MI Capital Services, Ltd., as of

12/31/02, ~~XXXXX~~ 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:

None



President
Title

This report covers (check all applicable boxes):

- (1) Financial Statements
- (2) Schedule of Financial Condition.
- (3) Schedule of Income (Loss).
- (4) Schedule of Changes in Financial Condition.
- (5) Schedule of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- (6) Schedule of Changes in Liabilities Subordinated to Claims of Creditors.
- (7) Computation of Net Capital
- (8) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (9) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (10) A Schedule, 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.
- (11) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (12) Additional Information.
- (13) A copy of the SEC Registration Report.
- (14) 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).



TN Capital Equities, Ltd.

Financial Statements

December 31, 2002

TN Capital Equities, Ltd.

For The Year Ended

December 31, 2002

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RICHARD J. GIRASOLE, CPA, P.C.

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

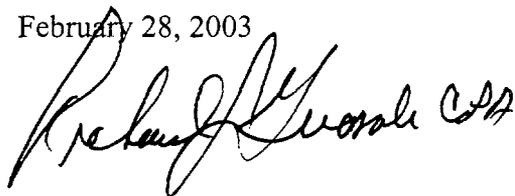
To the Board of Directors and Stockholders of
TN Capital Equities, Ltd.:

I have audited the accompanying statements of financial condition of TN Capital Equities, Ltd. as of December 31, 2002 and 2001, and the related statements of income (loss), cash flows and changes in financial position for the years then ended which are being filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I have conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit 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. I believe that my audit provides reasonable basis for my opinion.

In my opinion, such financial statements present fairly, in all material respects, the financial position of TN Capital Equities, Ltd. at December 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

February 28, 2003



TN Capital Equities, Ltd.
Statement of Financial Condition
December 31, 2002 and 2001

	Assets	
	2002	2001
Current Assets		
Cash in Bank	\$ 6,714	\$ 23,371
Prepaid Expenses	0	8,584
NASD Deposit Rec.	8,200	0
Total Current Assets	14,914	31,955
Fixed Assets		
Office Equipment (Net)	2,327	3,149
Total Fixed Assets	\$ 2,327	\$ 3,149
Other Assets		
Security Deposits	7,215	7,215
Total Other Assets	\$ 7,215	\$ 7,215
Total Assets	\$ 24,456	\$ 42,319

-See Accountant's Audit Report and Notes to Financial Statement-
Richard J Girasole, CPA, PC

**TN Capital Equities, LTD.
Statement of Financial Condition
December 31, 2002 and 2001**

Liabilities & Stockholders Equity

	Liabilities	
	<u>2002</u>	<u>2001</u>
Current Liabilities		
Accounts Payable Other	\$ <u>5,500</u>	\$ <u>0</u>
Total Current Liabilities	\$ 5,500	\$ 0
Long Term Liabilities		
Loans Payable - Parent (Note 5)	<u>55,000</u>	<u>55,000</u>
Total Long Term Liabilities	<u>55,000</u>	<u>55,000</u>
Total Liabilities	\$ 60,500	\$ 55,000
	Stockholders Equity	
Paid in Capital	\$ 26,980	\$ 26,980
Current Earnings (Loss)	(23,361)	(27,848)
Retained Earnings	<u>(39,663)</u>	<u>(11,813)</u>
Total Stockholders Equity	<u>\$(36,044)</u>	<u>\$(12,681)</u>
Total Liabilities & Stockholders Equity	\$ 24,456	\$ 42,319
	<u><u> </u></u>	<u><u> </u></u>

-See Accountant's Audit Report and Notes to Financial Statement-
Richard J Girasole, CPA, PC

TN Capital Equities, Ltd.
Statement of Income (Loss)
Twelve Months Ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Income		
Fees & Commissions	\$ <u>107,554</u>	\$ <u>124,401</u>
Total Income	\$ 107,554	\$ 124,401
General & Administrative Expenses		
Bank Charges	\$ 246	\$ 0
Business Promotion	1319	2,100
Corporate Taxes	0	282
Depreciation	823	1,372
Employee Benefits	920	7,527
NASD/State Reg. Fees	10,954	7,344
Insurance	0	803
Office	2,258	5,212
Postage/Delivery	1,556	5,670
Professional Fees	9,500	50,907
Rent	6,484	15,047
Sales Commissions	94,250	32,856
Telephone	2,667	14,812
Travel	<u>0</u>	<u>8,399</u>
Total G & A Expenses	\$ 130,977	\$ 152,331
Other Income		
Interest Income	<u>62</u>	<u>84</u>
Total Other Income	\$ <u>62</u>	\$ <u>84</u>
Net Income (Loss)	\$ <u>(23,361)</u>	\$ <u>(27,846)</u>

-See Accountant's Audit Report and Notes to Financial Statement-
Richard J Girasole, CPA, PC

TN Capital Equities, Ltd.
Statement of Cash Flows
Twelve Months Ended December 31, 2002

Cash Provided From Operations		
Net (Loss)	\$	(23,361)
Adjustments		
Add:		
Depreciation	823	
Prepaid Expenses	8,582	
Accounts Payable- Other	5,500	
Less:		
Fees Receivable	<u>(8,200)</u>	
Cash From Operations		\$ (16,656)
Cash Flows - Financing		- 0 -
Financing Cash Flows		- 0 -
Cash Decrease		(16,656)
Cash - Beginning of Year		
Cash in Bank	16,935	
Cash in Bank - Savings	<u>6,435</u>	
Total - Beginning of Year		<u>23,370</u>
Cash on Statement Date	\$	<u>6,714</u>

-See Accountant's Audit Report and Notes to Financial Statement-
Richard J Girasole, CPA, PC

TN Capital Equities, Ltd.
Statement of Changes in Stockholders Equity
December 31, 2002

STATEMENT OF CHANGES IN STOCKHOLDERS EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2002

	Total Capital
Stockholders Equity January 1, 2002	\$ <u>(12,681)</u>
Net (Loss)	(23,361)
Capital Contributions	0
Total Capital Contributions	<u>0</u>
Stockholders Equity	\$ <u><u>(36,042)</u></u>

-See Accountant's Audit Report and Notes Financial Statement-
Richard J Girasole, CPA, PC

TN Capital Equities, Ltd.
Change in Financial Position
Twelve Months Ended December 31, 2002

Source of Funds

Operations:

Net Profit (Loss)	\$ (23,361)	
Add:		
Depreciation	<u>823</u>	
Total From Operations		\$ (22,538)
Other Sources	0	
Total Other Sources		<u>0</u>
Total Source of Funds		(22,538)
Application of Funds	0	
Total Application of Funds		<u>0</u>
Change: Working Capital		\$ (22,538)

-See Accountant's Audit Report and Notes to Financial Statement-
Richard J Girasole, CPA, PC

Notes to Financial Statements

Organization

1. TN Capital Equities, Ltd. (the "Company"), initially known as GrowVest Capital Securities, Inc. and later known as Hornblower Capital Securities, Inc., is a Delaware corporation incorporated March 18, 1998, which is registered as a broker-dealer under the Securities Exchange Act of 1934 (the "Exchange Act"), and which became a member of the National Association of Securities Dealers, Inc. ("NASD") on September 24, 1998. The Company is a wholly owned subsidiary of TerraNova Capital Partners, Inc., initially known as GrowVest Capital Partners, Inc., and later known as Hornblower Capital Partners Inc., a Delaware corporation.

Significant Accounting Policies

2. The Company's business is limited to acting as a private placement agent and to consulting in connection with mergers and acquisitions. Company revenues are derived from commissions and fees earned in private placement transactions and merger and acquisition consulting fees. The Company does not engage in any operations requiring establishment of customer accounts, handling of customer securities or funds, retail securities transactions, securities clearing activities, margin activities or any other forms of securities business. Significant changes in the Company's business require NASD approval.

Initial Operations

3. From the time of its incorporation until it became a NASD member, the Company engaged in planning, organization and other activities preliminary to its becoming authorized to do business as a broker-dealer. From the date of its NASD admission until December 31, 2002, the Company applied to and is registered as a broker-dealer in various states and seeks to obtain business opportunities as a private placement agent and merger and acquisition consultant.

Net Capital Requirement

4. As a registered broker-dealer, the Company is subject to Rule 15c3-1 (the Net Capital Rule) promulgated under the Exchange Act, and to comparable rules of the NASD relating to net capital. Pursuant to such rules, the Company is required to maintain net capital of at least \$ 5,000. At December 31, 2002 the Company had net capital of \$1,216. This amount was less than the \$5,000 minimum by \$(3,784). This deficiency was corrected on January 27, 2003 by the receipt of the \$8,200 overpayment of fees to NASD. At December 31, 2001 the company had net capital of \$23,371. This amount exceeded such requirements for 2001 by \$18,371.
5. The NASD has approved, for purposes of computing net capital, a \$ 55,000 subordinated loan to the Company from the Parent Company for a period of five years.

TN Capital Equities, Ltd.
Computation of Net Capital For Brokers and Dealers
December 31, 2002

COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS
PURSUANT TO RULE 15c3-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934

NET CAPITAL	\$ (36,042)
Add: Subordinated Loan	<u>55,000</u>
TOTAL CAPITAL	18,958
DEDUCTIONS	(17,742)
HAIRCUTS ON SECURITIES	<u> 0</u>
NET CAPITAL	\$ 1216
MINIMUM NET CAPITAL REQUIREMENT	<u>5,000</u>
EXCESS NET CAPITAL	\$ <u>(3,784)</u>
AGGREGATE INDEBTEDNESS	N/A

This is a material deficiency between the above computation and the computation included in the Company's corresponding unaudited Part II of Form X-17A-5 as of December 31, 2002. This was caused by a \$5,500 expense accrual and an NASD fee overpayment of \$8,200 paid in 2002 which was refunded to TN Capital Equities on January 27, 2003. This refund corrected the capital deficiency.

**TN Capital Equities, Ltd.
Computation of Reserve Requirements
December 31, 200**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3
UNDER THE SECURITIES EXCHANGE ACT OF 1934
AS OF DECEMBER 31, 2002**

EXEMPTION UNDER SECTION (k)(2)(i) IS CLAIMED:

The company is exempt from the provision of Rule 15c3-3 under the Exchange Act in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.