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

PROCESSED

MAR 23 2005

THOMSON
FINANCIAL

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 JANUARY 1, 2004 AND ENDING DECEMBER 31, 2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

CHARTWORTH CAPITAL, LLC

OFFICIAL USE ONLY

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

155 FLEET STREET

(No. and Street)

PORTSMOUTH

NH

03885

(City)

(state)

(Zip Code)

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

HOWARD SMITH

603-766-0478

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Kenneth R. George, CPA

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

7 Squire Way

Stratham

NH

03885

(Address)

(City)

(state)

Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

FOR OFFICIAL USE ONLY

*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)

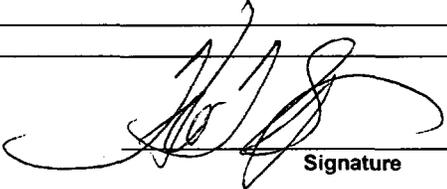
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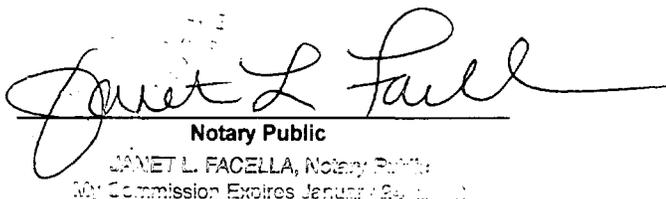
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OATH OR AFFIRMATION

I HOWARD SMITH swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of CHARTWORTH CAPITAL, LLC as of DECEMBER 31 20 04, 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

MANAGING MEMBER
Title


Notary Public
JANET L. FACELLA, Notary Public
My Commission Expires January 26, 2005

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

- (a) Facing page
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (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).

CHARTWORTH CAPITAL, LLC
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2004

CHARTWORTH CAPITAL, LLC

Year Ended December 31, 2004

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To the Partners of
CHARTWORTH CAPITAL, LLC
Portsmouth, New Hampshire

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying statement of financial condition of Chartworth Capital, LLC as of December 31, 2004 and the related statements of operations, changes in members' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities and 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Chartworth Capital, LLC as of December 31, 2004 and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II 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 our audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.



Kenneth R. George, CPA

Stratham, New Hampshire
February 10, 2005

Chartworth Capital, LLC
Statement of Financial Condition
December 31, 2004

Assets

Cash and cash equivalents	\$ 17,557
Accounts receivable	13,230
Prepaid expenses	<u>1,833</u>
 Total assets	 <u>\$ 32,620</u>

Liabilities and Members' Equity

Liabilities:	
Accounts payable and accrued expenses	\$ 4,586
 Members' equity:	
Members' equity	<u>28,034</u>
 Total liabilities and members' equity	 <u>\$ 32,620</u>

See accompanying notes to financial statements.

Chartworth Capital, LLC
Statement of Operations
Year ended December 31, 2004

Revenue:	
Consulting fees	\$ 44,327
Operating expenses:	
Management fees	25,635
Registration fees	7,713
Professional fees	3,789
Dues and subscriptions	1,149
Other expenses	<u>7</u>
Total operating expenses	<u>38,293</u>
Net income	<u>\$ 6,034</u>

See accompanying notes to financial statements.

Chartworth Capital, LLC
Statement of Changes in Members' Equity
Year ended December 31, 2004

	<u>Howard Smith</u>	<u>John Grabowski</u>	<u>Total</u>
Balance at December 31, 2003	\$ 0	\$ 0	\$ 0
Member contribution	11,000	11,000	22,000
Net income	<u>3,017</u>	<u>3,017</u>	<u>6,034</u>
Balance at December 31, 2004	<u>\$ 14,017</u>	<u>\$ 14,017</u>	<u>\$ 28,034</u>

See accompanying notes to financial statements.

Chartworth Capital, LLC
Statement of Cash Flows
Year ended December 31, 2004

Cash flows from operating activities:	
Net income	\$ 6,034
Adjustment to reconcile net income to net cash used in operating activities:	
Increase in prepaid expenses	(1,833)
Increase in receivables	(13,230)
Increase in accounts payable and accrued expenses	<u>4,586</u>
Net cash used in operating activities	<u>(4,443)</u>
Member contributions	<u>22,000</u>
Net cash provided by financing activities	<u>22,000</u>
Net increase in cash and cash equivalents	17,557
Cash and cash equivalents, beginning of year	<u>0</u>
Cash and cash equivalents, end of year	<u>\$ 17,557</u>

See accompanying notes to financial statements.

Chartworth Capital, LLC
Notes to Financial Statements
December 31, 2004

NOTE 1 – NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Chartworth Capital, LLC (the Company) was organized on February 17, 2004. The Company provides merger and acquisition services, and distributes private placements to institutional investors and high net worth individuals. The Company is a registered broker-dealer under the provisions of the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc.

Revenue Recognition

Consulting revenue is recognized when earned.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all short-term investments with a maturity at the date of purchase of 90 days or less to be cash equivalents.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain 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. Accordingly, actual results could differ from those estimates.

Income Taxes

Pursuant to Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes", the Company accounts for income taxes using the asset and liability method of accounting for income taxes. Under this method, deferred tax assets and liabilities are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on the deferred tax assets and liabilities due to a change in tax rates is recognized in operations in the period that included the enactment date.

NOTE 2 – NET CAPITAL REQUIREMENTS

The Company, as a registered broker-dealer, is subject to the Securities and Exchange Commission ("SEC") Uniform Net Capital Rule (SEC Rule 15c3-1). This Rule requires the maintenance of minimum net capital, as defined, of \$5,000, and requires that aggregate indebtedness, as defined, shall not exceed 15 times net capital. At December 31, 2004, the Company had net capital, as defined, of \$12,971, which exceeded the required net capital by \$7,971. At December 31, 2004, the Company had a ratio of aggregate indebtedness to net capital of .35 to 1.

Chartworth Capital, LLC
Notes to Financial Statements
December 31, 2004

NOTE 3 – RELATED PARTY TRANSACTIONS

For the year ended December 31, 2004, the Company paid \$25,635 in management fees to Chartworth Management Co., Inc., an affiliated company with common ownership.

NOTE 4 – FOCUS (FORM X-17a-5) REPORT

A copy of the Company's most recent, annually audited Focus X-17a-5 Report (December 31, 2004) is available for examination at the principal office of the firm and at the regional office of the Securities and Exchange Commission.

To the Partners of
CHARTWORTH CAPITAL, LLC
Portsmouth, New Hampshire

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL STRUCTURE

In planning and performing our audit of the financial statements of Chartworth Capital, LLC (the "Company") for the year ended December 31, 2004, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

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 followed by the Company including tests of 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 (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of 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; and
2. Recordation of differences required by rule 17a-13; and
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 internal control structure 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 and the practices and procedures are 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 conformity with accounting principles generally accepted in the United States of America. 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 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 irregularities 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 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 our study, we believe that the Company's practices and procedures were adequate at December 31, 2004, to meet the SEC's objectives. In addition, the Company was in compliance with the exemptive provisions of Rule 15c3-3 at December 31, 2004 and further, no facts came to our attention indicating that the Company was not in compliance with such conditions during the year ended December 31, 2004.

This report is intended solely for the information and use of management, the SEC and other regulatory agencies 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.



Kenneth R. George, CPA

Stratham, New Hampshire
February 10, 2005

Chartworth Capital, LLC
Computation of Net Capital and Reconciliation Pursuant to SEC Rule 15c3-1
December 31, 2004

Schedule I

Members' equity	<u>\$ 28,034</u>
Non-allowable assets:	
Accounts receivable	13,230
Prepaid expense	1,833
Total non-allowable assets	<u>15,063</u>
Net capital	12,971
Minimum dollar net capital requirement	<u>5,000</u>
Excess net capital	<u><u>\$ 7,971</u></u>
Aggregate indebtedness	<u><u>\$ 4,586</u></u>
Ratio of aggregate indebtedness to net capital	<u><u>0.35</u></u>
Net capital, as reported in Company's Part IIA (unaudited) FOCUS Report	\$ 22,971
Reclassify accounts receivable as non-allowable assets	<u>(10,000)</u>
Net capital per above	<u><u>\$ 12,971</u></u>

Chartworth Capital, LLC
Computation of Reserve Requirement Pursuant to SEC Rule 15c3-3
December 31, 2004

Schedule II

The Company is exempt from the reserve requirements pursuant to Rule 15c3-3 under paragraph (k)(2)(i).