

30 3/23/05



SECURI



05039833

SION

OMB APPROVAL
 OMB Number: 3234-0123
 Expires: October 31, 2004
 Estimated average burden hours per response....12.00

**ANNUAL AUDITED REPORT
 FORM X-17A-5
 PART 111**

SEC FILE NUMBER
 8- 53273

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 01/01/04 AND ENDING 12/31/04
 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Thomas Securities, LLC
 ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
 FIRM I.D. NO.

3414 Peachtree Road, Suite 656
 (No. and Street)
Atlanta Georgia 30326
 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Thomas Borbone (678) 539-1700
 (Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in the Report*

Rubio CPA, PC
 (Name - if individual, state last, first, middle name)
2120 Powers Ferry Road, Suite 350 Atlanta Georgia 30339
 (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 31 2005
 THOMSON FINANCIAL

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)

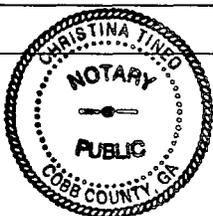
SEC 1410 (06-02) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

BR

TLH
3/24

OATH OR AFFIRMATION

I, Thomas Borbone, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Thomas Securities, LLC, as of December 31, 2004, 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

Title

Christina Tinedo
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 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 240.17z-5(e)(3).

THOMAS SECURITIES, LLC
Financial Statements
For the Year Ended
December 31, 2004
With
Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

To the Owners
Thomas Securities, LLC

We have audited the accompanying balance sheet of Thomas Securities, LLC, a wholly-owned subsidiary of Thomas Group Capital, LLC, as of December 31, 2004 and the related statements of operations, changes in member's 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 Thomas Securities, 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedules I, II and III 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 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit 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.

February 17, 2005
Atlanta, Georgia



RUBIO CPA, PC

THOMAS SECURITIES, LLC
BALANCE SHEET
DECEMBER 31, 2004

ASSETS

	<u>2004</u>
Cash and cash equivalents	\$ 35,373
Accounts receivable – clearing broker	185,781
Other accounts receivable	15,848
Property and equipment, net of accumulated depreciation of \$50,211	69,668
Deposit with clearing broker	188,768
Prepaid expenses	29,701
Employee advances	31,161
Other	<u>60,191</u>
Total Assets	<u>\$ 616,491</u>

LIABILITIES AND MEMBER'S EQUITY

LIABILITIES	
Accounts payable	\$ 141,738
Accrued commissions	75,551
Accrued expenses - other	<u>10,125</u>
Total Liabilities	<u>227,414</u>
Liabilities subordinated to claims of general creditors	<u>125,000</u>
MEMBER'S EQUITY	<u>264,077</u>
Total Liabilities and Member's Equity	<u>\$ 616,491</u>

The accompanying notes are an integral part of these financial statements.

THOMAS SECURITIES, LLC
STATEMENT OF OPERATIONS
For the Year Ended December 31, 2004

	<u>2004</u>
REVENUES	
Commissions	\$ 2,294,375
Consulting	<u>339,000</u>
Total revenues	<u>2,633,375</u>
GENERAL AND ADMINISTRATIVE EXPENSES	
Employee compensation and benefits	1,436,853
Clearing costs	319,631
Communications	51,062
Occupancy	197,298
Interest	12,819
Other operating expenses	<u>749,589</u>
Total expenses	<u>2,767,252</u>
NET LOSS	<u>\$ (133,877)</u>

The accompanying notes are an integral part of these financial statements.

THOMAS SECURITIES, LLC
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2004

	2004
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net (loss)	\$ (133,877)
Adjustments to reconcile net loss to net cash used in operations:	
Depreciation and amortization	18,000
Increase in accounts receivable	(72,415)
Increase in employee advances	(6,690)
Increase in payables and accrued expenses	43,322
Increase in prepaid expenses and other assets	(18,389)
NET CASH USED IN OPERATING ACTIVITIES	(170,049)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(17,141)
NET CASH USED BY INVESTING ACTIVITIES	(17,141)
CASH FLOW FROM FINANCING ACTIVITIES	
Contributions of capital	199,000
Decrease in deposit with clearing broker	10,417
Repayment of bank loan	(4,740)
NET CASH PROVIDED BY FINANCING ACTIVITIES	204,677
NET INCREASE IN CASH AND CASH EQUIVALENTS	17,487
CASH AND CASH EQUIVALENTS BALANCE:	
Beginning of year	17,886
End of year	\$ 35,373
SUPPLEMENTAL CASH FLOW INFORMATION	
Interest paid	\$ 12,819

The accompanying notes are an integral part of these financial statements.

THOMAS SECURITIES, LLC
 STATEMENT OF CHANGES IN MEMBER'S EQUITY
 For the Year Ended December 31, 2004

	<u>Paid-In Capital</u>	<u>Retained Earnings (Deficit)</u>	<u>Total</u>
Balance, December 31, 2003	\$ 532,500	\$ (333,546)	\$ 198,954
Net loss		(133,877)	(133,877)
Capital contributions	<u>199,000</u>	<u> </u>	<u>199,000</u>
Balance, December 31, 2004	<u>\$ 731,500</u>	<u>\$ (467,423)</u>	<u>\$ 264,077</u>

The accompanying notes are an integral part of these financial statements.

THOMAS SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE A — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business: The Company is a registered broker dealer organized under the laws of the state of Delaware that began business in December 2000. The Company is registered with the Securities and Exchange Commission, the National Association of Securities Dealers and the securities commissions of appropriate states. The Company provides securities brokerage and investment banking services. The Company is wholly owned by Thomas Group Capital, LLC ("Parent") effective during 2004.

Cash and Cash Equivalents: The Company considers all cash and money market instruments with a maturity of ninety days or less to be cash and cash equivalents.

Property and Equipment: Property and equipment are recorded at cost. Depreciation is provided by use of straight-line methods over the estimated useful lives of the respective assets. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in the results of operations.

Income Taxes: As a limited liability company, with a single owner, the Company is a disregarded entity for income tax purposes. Therefore the income or losses of the Company flow through to the owners of the Parent and no income taxes are recorded in the accompanying financial statements.

Estimates: Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets, liabilities, revenues and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

Securities Transactions: Customer's securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

THOMAS SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE B — LEASE COMMITMENT

The Company leases its office premises under operating leases. The Company's commitment under the office premises operating leases is approximately the following:

2005	\$ 176,000
2006	182,000
2007	180,000
2008	<u>133,000</u>
	<u>\$ 671,000</u>

Rent expense for the year ended December 31, 2004 was approximately \$179,000.

NOTE C — NET CAPITAL

The Company, as a registered broker dealer is subject to the Securities and Exchange Commission 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, 2004, the Company had net capital of \$182,508, which was \$82,508 in excess of its required net capital of \$100,000 and its ratio of aggregate indebtedness to net capital was 1.25 to 1.0.

NOTE D — CONCENTRATIONS

During 2004, the Company earned the consulting fee revenue from a single, non-recurring transaction.

NOTE E — OFF BALANCE SHEET RISK

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

THOMAS SECURITIES, LLC
NOTES TO FINANCIAL STATEMENTS
December 31, 2004

NOTE F — RELATED PARTIES

A related company, engaged in fee-based money management, clears through the Company. Commission revenues for 2004 were approximately \$43,000.

NOTE G — RETIREMENT PLAN

During 2004, the Company adopted a defined contribution retirement plan with a 401(k) feature which covers substantially all employees. Company contributions are discretionary. No Company contributions were made during 2004.

NOTE H — NET LOSS

The Company had a loss in 2004, which follows a loss for 2003. The Company was dependent upon capital contributions from its Parent for working capital and net capital during 2004. Management believes that the Company will be able to substantially reduce or eliminate its loss during 2005 because of increased revenues but may still be reliant upon capital contributions, which may be difficult to obtain, for its survival. Management expects the Company to continue as a going concern and the accompanying financial statements have been prepared on a going-concern basis without adjustments for realization in the event that the Company ceases to continue as a going concern.

NOTE I — SUBORDINATED LOANS

The subordinated loans consist of loans for \$25,000 and \$100,000 due March 2006 and February 2005, respectively. The loans bear interest at 10%, which is paid monthly.

Balance at December 31, 2003	\$ 125,000
Activity	<u>-</u>
Balance at December 31, 2004	<u>\$ 125,000</u>

NOTE J — LOSS CONTINGENCY

The Company is subject to customer complaints and litigation in the normal course of business. At December 31, 2004, the Company is defendant in litigation brought by a customer who is seeking \$210,000 as reimbursement for trading losses, management fees and margin interest in an account. The loss to the Company, if any, cannot be reasonably estimated at February 17, 2005 and therefore nothing has been accrued in the accompanying financial statements.

SUPPLEMENTAL INFORMATION

SCHEDULE I

THOMAS SECURITIES, LLC
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
 OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1934
 AS OF DECEMBER 31, 2004

NET CAPITAL:

Total member's equity	\$ 264,077
Add – subordinated loans	<u>125,000</u>
	<u>389,077</u>
Less nonallowable assets:	
Account receivable-other	(15,848)
Property and equipment	(69,668)
Prepaid expenses	(29,701)
Employee advances	(31,161)
Other assets	<u>(60,191)</u>
	<u>(206,569)</u>
Net capital before haircuts	182,508
Less haircuts	<u>-</u>
Net capital	182,508
Minimum net capital required	<u>100,000</u>
Excess net capital	<u>\$ 82,508</u>
Aggregate indebtedness	<u>\$ 227,414</u>
Net capital based on aggregate indebtedness	<u>\$ 15,237</u>
Ratio of aggregate indebtedness to net capital	<u>1.25 to 1.0</u>

SCHEDULE I (CONTINUED)

THOMAS SECURITIES, LLC
COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION ACT OF 1934
AS OF DECEMBER 31, 2004

RECONCILIATION WITH COMPANY'S COMPUTATION OF NET CAPITAL INCLUDED
IN PART IIA OF FORM X-17A-5 AS OF DECEMBER 31, 2004

Net capital as reported in Part IIA of Form X-17A-5	\$ 178,035
Audit adjustments:	
To record adjustments to brokerage accounts	7,430
To record additional commissions payable	(20,702)
To correct accounts payable	4,955
To reclassify assets to allowable	<u>12,790</u>
Net capital per above	<u>\$ 182,508</u>

THOMAS SECURITIES, LLC

SCHEDULE II
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2004

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption.

SCHEDULE III
INFORMATION RELATING TO THE POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
AS OF DECEMBER 31, 2004

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROL
REQUIRED BY RULE 17a-5**

To the Owner
Thomas Securities, LLC

In planning and performing our audit of the financial statements of Thomas Securities, LLC, 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, we have made a study of the practices and procedures (including test of compliance with such practices and procedures) followed by Thomas Securities, LLC, that we considered relevant to the objective stated in Rule 17a-5(g). We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and the procedure for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company related to the following: (1) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13; (2) in 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; and (3) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

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, estimates and judgments by management are required 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 commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 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 irregularities 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 Commission 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, 2004 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange 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.

February 17, 2005
Atlanta, Georgia



RUBIO CPA, PC