

BB

SECURI

SION



ANN

05039919

JRT

FORM X-177
PART III

OMB APPROVAL

OMB Number: 3235-0123

Expires: January 31, 2007

Estimated average burden
hours per response..... 12.00

SEC FILE NUMBER

8-052119

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 01/01/2004 AND ENDING 12/31/2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: NEW CASTLE FINANCIAL GROUP INC

OFFICIAL USE ONLY

FIRM I.D. NO.

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

40 UNDERHILL BLVD SUITE 1A
(No. and Street)

SYOSSET, NY 11791
(City) (State) (Zip Code)

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

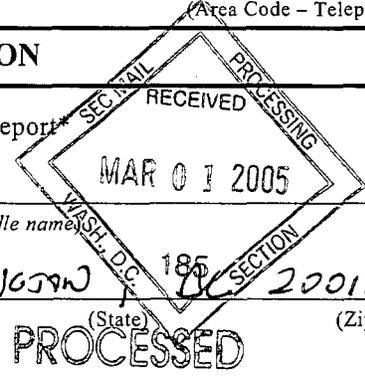
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

EGO AND COMPANY, P.C.
(Name - if individual, state last, first, middle name)

7600 GEORGIA AVE N.W. WASHINGTON, DC 20012
(Address) (City) (State) (Zip Code)



PROCESSED

MAR 23 2005 E

THOMSON FINANCIAL

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)

3/2/05
S.S.

OATH OR AFFIRMATION

I, BRUNO FERNANDES, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of NEW CASTLE FINANCIAL GROUP INC, as of FEBRUARY 28 DECEMBER 31 20 05, 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]
Signature
FINOR
Title

[Signature]
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 240.17a-5(e)(3).

**AUDIT REPORT
OF
NEW CASTLE FINANCIAL GROUP, INC.**

**FISCAL YEAR ENDED
DECEMBER 31, 2004**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004
AND
*(INDEPENDENT AUDITOR'S REPORT THEREON)***

NEW CASTLE FINANCIAL GROUP, INC.
DECEMBER 31, 2004

Table of Contents

	<u>Page</u>
Independent Auditor's Report	1
Balance Sheet	2
Income Statement	3
Statement of Cash Flows	4
Notes to the Financial Statements	5
Schedule A- Statement of Changes in Stockholders' Equity	7
Schedule B - Computation of Net Capital	8
Schedule C - Other Supplementary Data	9
Report on Internal control Required by SEC Rule 17a-5.....	10



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of
New Castle Financial Group, Inc.
Arlington, VA

We have audited the accompanying balance sheet of New Castle Financial Group, Inc. (NCFG), as of December 31, 2004 and 2003, and the related statements of income, stockholders' equity and cash flows for the twelve months and fourteen months then ended. These financial statements are the responsibility of NCFG's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. 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 New Castle Financial Group, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the twelve months and fourteen months, respectively, then ended in conformity with U.S. generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements described in the first paragraph. The accompanying schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information in those schedules 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.

Ego & Company, P.C.

Washington, DC
February 23, 2005

7600 Georgia Avenue, N.W.
Suite 206
Washington, DC 20012

Tel 202-726-4050
Fax 202-726-4051
Cell 301-529-6559

NEW CASTLE FINANCIAL GROUP, INC.
Balance Sheet
December 31, 2004
(With Comparative Totals for Fiscal Year 2003)

	<u>2004</u>	<u>2003</u>
Assets:		
Cash (Note 3)	\$ 4,213	\$ 5,250
Accounts Receivable	-	1,182
Commission receivable	15,207	22,494
Clearing deposit (Note 4)	30,000	30,000
Organizational costs, net (Note 5)	-	447
Total Assets	<u>\$ 49,420</u>	<u>\$ 59,373</u>
Liabilities & Stockholders' Equity:		
Liabilities:		
Accounts payable	\$ 3,518	\$ 4,813
Commission payable	-	28,749
Payroll liability	5,077	-
Total Liabilities	<u>8,595</u>	<u>33,562</u>
Stockholders' Equity:		
Common stock	11,000	11,000
Additional paid-in capital	117,786	93,408
Retained earnings	(87,961)	(78,597)
Total Stockholders' Equity	<u>40,825</u>	<u>25,811</u>
Total Liabilities & Stockholders' Equity	<u>\$ 49,420</u>	<u>\$ 59,373</u>

The accompanying notes are an integral part of these financial statements

NEW CASTLE FINANCIAL GROUP, INC
Income Statement
For the Year Ended December 31, 2004
(With Comparative Totals for Fiscal Year 2003)

	2004	2003
REVENUES:		
Commissions revenue	\$ 247,265	\$ 89,105
Other income	40	-
	\$ 247,305	\$ 89,105
EXPENSES:		
Payroll expenses	\$ 90,867	\$ 38,839
Advertising	500	754
Clearing charges	114,911	25,364
Payroll taxes	7,447	-
Insurance	3,041	365
Postage & delivery	26	81
Equipment rental & repairs	-	6,311
Licenses & permits	-	10
Office supplies	-	320
Printing & reproduction	-	779
Amortization expense	447	1,118
Professional fees	25,773	27,166
Telephone	4,609	3,186
Bank service charges	544	145
Rent	8,415	-
Miscellaneous expense	89	7,026
	\$ 256,669	\$ 111,464
Total Expenses		
Income/(loss) before provision of taxes	(9,364)	(22,359)
Provision of taxes		
	\$ (9,364)	\$ (22,359)
Net Income/(Loss)		

The accompanying notes are an integral part of these financial statements

NEW CASTLE FINANCIAL GROUP, INC.
Statement of Cash Flows
For the Year Ended December 31, 2004
(With Comparative Totals for Fiscal Year 2003)

	<u>2004</u>	<u>2003</u>
CASH FLOW FROM OPERATING ACTIVITIES		
Net Income/(loss)	\$ (9,364)	\$ (22,359)
Adjustments to reconcile net income to net cash flows from operating activities:		
Amortization	447	1,118
(Increase)/decrease in accounts receivable	1,182	-
(Increase)/decrease in commission receivable	7,287	(22,148)
(Increase)/decrease in clearing deposits	-	5,000
Increase/(decrease) in accounts payable	(295)	3,959
Increase/(decrease) in commission payable	(28,749)	28,749
Increase/(decrease) in payroll liability	5,077	
Net Cash Provided by (used in) Operating Activities	<u>(24,415)</u>	<u>(5,681)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Net acquisition of assets	<u>-</u>	<u>-</u>
Net Cash Used in Investing Activities	<u>-</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Net proceeds from paid-in capital	<u>23,378</u>	<u>3,082</u>
Net Cash provided by financing activities	<u>23,378</u>	<u>3,082</u>
NET INCREASE IN CASH AND CASH EQUIVALENT	(1,037)	(2,599)
CASH AND CASH EQUIVALENT, BEGINNING OF YEAR	<u>5,250</u>	<u>7,849</u>
CASH AND CASH EQUIVALENT, END OF YEAR	<u>\$ 4,213</u>	<u>\$ 5,250</u>

The accompanying notes are an integral part of these financial statements

NEW CASTLE FINANCIAL GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

1. Organization

New Castle Financial Group, Inc. (NCFG), formerly known as Trade Wall Street, Inc., had a change in ownership during fiscal year 2004. It was incorporated in the state of Delaware in October 1999 to engage in the business of performing security transactions for investors and businesses (clients) as a securities broker. NCFG also gives its clients access to use any of its registered representatives to complete security transactions or directly complete any security transaction online. NCFG operates brokerage services through one clearing organization: Computer Clearing Services, Inc. NCFG's clients send money directly to the clearing organization for deposit into NCFG accounts. NCFG collects commission fees for its services to its clients. NCFG is currently registered to do business in 13 states, but aims to register in most states of the United States.

The organization changed its name first from "Trade Wall Street, Inc" to "New Castle Securities Corp.", and on October 27, 2003, the organization again changed its name from "New Castle Securities Corp." to its current name of "New Castle Financial Group Inc".

2. Summary of Significant Accounting Policies

a. Basis of Accounting

NCFG has adopted the accrual basis of accounting in the preparation of its financial statements. Consequently, revenue is recognized when earned rather than when cash is received, and expenses and purchases of assets are recognized when the obligation is incurred rather than when cash is disbursed.

b. Cash and Cash Equivalents

For financial statement purposes, NCFG considers demand deposits and money market funds to be cash and cash equivalents.

c. Equipment, Furniture & Fixtures and Related Depreciation

NCFG capitalizes all expenditures greater than \$500 for furniture and equipment. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. Organizational costs are capitalized and amortized over 60 months using straight-line method.

NEW CASTLE FINANCIAL GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 and 2003

d. Estimates

The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Cash and Cash Equivalents

NCFG receives all of its revenue from fees charged for its brokerage services. During the year, NCFG maintained two checking accounts at Bank of America and United Bank. The total cash balances at December 31, were as follows:

	<u>2004</u>	<u>2003</u>
Checking –Bank of America	\$ 4,171	\$ -0-
Checking- United Bank	<u>42</u>	<u>5,249</u>
Total	<u>\$ 4,213</u>	<u>\$ 5,249</u>

4. Clearing Deposit

NCFG held a clearing deposit with Computer clearing house as requirement for NCFG to do business with Computer clearing house. At December 31, 2004 and 2003, the balance in this reserve account amounted to \$30,000.

5. Organizational Costs

Although NCFG was incorporated in November 1999, it started doing business towards the end of August 2000, after registering as a member of NASD (July 2000). Management elected to record certain expenses incurred in setting up the company as organizational costs and chose to amortize these costs over 60 months. At December 31, the balances of the organizational costs and applicable amortization expense were as follows:

	<u>2004</u>	<u>2003</u>
Organizational costs	\$ 4,470	\$ 4,470
Less: Amortization	<u>(4,470)</u>	<u>(4,023)</u>
Net	<u>\$ -0-</u>	<u>\$ 447</u>

NEW CASTLE FINANCIAL GROUP, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended December 31, 2004

Schedule A

1. Changes in Stockholders' Equity:

Balance, beginning of period	\$ 25,811
Net income (loss)	(9,364)
Additions (includes non-conforming capital of \$0)	24,378
Deductions (includes non-conforming capital of \$0)	<u>0</u>
Balance, end of period	<u><u>\$ 40,825</u></u>

The accompanying notes are an integral part of these schedules

NEW CASTLE FINANCIAL GROUP, INC.
Computation of Net Capital Under 240.15c3-1
December 31, 2004

Schedule B

<u>Account Name</u>	<u>Allowable Assets</u>	<u>Non-Allowable Assets</u>	<u>Aggregate Indebtedness</u>	<u>Other Liabilities</u>	<u>Capital Accounts</u>
Cash (Note 3)	\$4,213	\$ -	\$ -	\$ -	\$ -
Accounts receivable-advances		-			
Commission receivable	15,207				
Clearing deposit (Note 4)	30,000				
Organizational costs, net	-	-			
Accounts payable	-			(3,518)	
Payroll liability				(5,077)	
Common stock					(11,000)
Additional paid-in capital					(117,786)
Retained earnings					78,597
Net Income					9,364
Totals	\$49,420	\$0	\$0	(\$8,595)	(\$40,825)

2. NET CAPITAL COMPUTATION:

Total Assets	\$ 49,420
Less: Total Liabilities	<u>(8,595)</u>
Net worth	40,825
Less: Subordinated Loans (approved)	<u>-</u>
Adjusted Net Worth	40,825
Less: Non-Allowable Assets	<u>-</u>
Tentative Net Worth	40,825
Haircuts	-
Undue Concentration haircuts	<u>-</u>
Net Capital	40,825
Less: Minimum Required Net Capital per SEC rule 15c3-1	<u>(5,000)</u>
Excess Net Capital	<u>\$ 35,825</u>

3. Reconciliation of Differences:

No material differences exist between the computation of net capital above and the New Castle Financial Group, Inc.'s unaudited most recent Part II or Part IIA filings.

The accompanying notes are an integral part of these schedules

NEW CASTLE FINANCIAL GROUP, INC.
Other Supplementary Data
For the Year Ended December 31, 2004

Schedule C

4. A Computation for Determination of the Reserve Requirements

New Castle Financial Group, Inc. is exempt from the computation of the Reserve Requirement under Rule 15c3-3, because it is a fully disclosed Broker Dealer and does not hold any customer securities or does not accept any customer funds.

5. A reconciliation, including appropriate explanations of the audited Computation of 15c3-3 Reserve Requirements and the broker's or dealer's corresponding unaudited most recent Part II or Part IIA filing shall be filed with said report when material differences exist. If no material differences exist, a statement so indicating shall be filed.

New Castle Financial Group, Inc. is exempt from the computation of the Reserve Requirement under Rule 15c3-3, because it is a fully disclosed Broker Dealer and does not hold any customer securities or does not accept any customer funds.

6. Information Relating to the Possession or Control Requirements.

New Castle Financial Group, Inc. is a fully disclosed Broker Dealer and is exempt from this requirement.

7. A Statement of Changes in Liabilities Subordinated to Claims of General Creditors.

There are no general creditors as of December 31, 2004

8. A report describing any material inadequacies found to exist .

There were no material inadequacies found by auditors to exist (see Report on page 10)

9. A Reconciliation between the audited and unaudited Statement of Financial Condition with respect to methods of consolidation.

No such differences exist because New Castle Financial Group, Inc. does not have subsidiaries that would require a consolidated financial condition for New Castle Financial Group, Inc.

The accompanying notes are an integral part of these schedules



**Report on Internal Control Required by SEC Rule 17a-5 for a Broker-Dealer
Claiming an Exemption from SEC Rule 15c3-3**

To the Board of Directors
New Castle Financial Group, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of New Castle Financial Group, Inc, (NCFG), for the year ended December 31, 2004, 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 followed by NCFG 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 NCFG 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 NCFG in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
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 Systems

The management of NCFG 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 and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which NCFG 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 conformity with U.S. 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 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 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 error 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, including control activities for safeguarding securities 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 on our study, we believe that NCFG's practices and procedures were adequate at December 31, 2004, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, NASD, and other regulatory agencies that rely on rule 17a-5(g) under 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.

Ego & Company, P.C.

Washington, DC
February 23, 2005