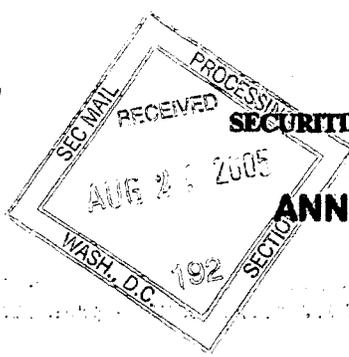


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8- 065923

# 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 July 1, 2004 AND ENDING June 30, 2005  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Regent Capital Group Inc.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

28025 Dorthy Drive, Suite 102  
(No. and Street)

Agoura Hills, CA 91301  
(City) (State) (Zip Code)

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

Stanley Mroz (760) 340-1945  
(Area Code - Telephone No.)

### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Kevin G. Breard, CPA An Accountancy Corporation

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

9010 Corbin Avenue, Suite 7 Northridge California 91324  
(Address) (City) (State) (Zip Code)

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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).

BBB  
9-27

KEVIN G. BREARD, C.P.A.  
AN ACCOUNTANCY CORPORATION

Independent Auditor's Report

Board of Directors  
Regent Capital Group, Inc.

I have audited the accompanying statement of financial condition of Regent Capital Group, Inc. as of June 30, 2005, and the related statements of operations, changes in stockholder's equity, and cash flows for the year then ended that you are filing 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 conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Regent Capital Group, Inc. as of June 30, 2005, and the results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

My examination was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on Schedules I-III are presented for purposes of additional analysis and is not required as part of the basic financial statements, but as supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subject to the auditing procedures applied in the examination of the basic financial statements and, in my opinion, is fairly stated in all material respect in relation to the basic financial statements taken as a whole and in conformity with the rules of the Securities and Exchange Commission.



Kevin G. Breard  
Certified Public Accountant

Northridge, California  
August 3, 2005

NORTHRIDGE OFFICE PLAZA  
9010 CORBIN AVENUE, SUITE 7  
NORTHRIDGE, CALIFORNIA 91324  
(818) 886-0940 • FAX (818) 886-1924  
BreardCPA@aol.com

**Regent Capital Group, Inc.**  
**Statement of Financial Condition**  
**June 30, 2005**

**Assets**

Cash	\$ 31,009
Deposit	<u>1,580</u>
<b>Total assets</b>	<b><u>\$ 32,589</u></b>

**Liabilities & Stockholder's Equity**

**Liabilities**

Accounts payable	\$ <u>16,693</u>
<b>Total liabilities</b>	16,693

**Stockholder's equity**

Common stock, no par value, 50,000,000 shares authorized 10,000,000 shares issued and outstanding	10,000
Additional paid-in capital	16,099
Accumulated deficit	<u>(10,203)</u>
<b>Total stockholder's equity</b>	<b><u>15,896</u></b>
<b>Total liabilities &amp; stockholder's equity</b>	<b><u>\$ 32,589</u></b>

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

**Regent Capital Group, Inc.**  
**Statement of Operations**  
**For the Year Ended June 30, 2005**

**Revenues**

Commission income	\$ 1,320,769
Realized (gains)/losses	(384)
Interest and dividend income	17
Other income	<u>2,566</u>

**Total revenues** 1,322,968

**Expenses**

Commissions and floor brokerage	1,210,088
Interest	123
Occupancy and equipment rental	3,001
Tax and license fees, other than income	25
Other operating expenses	<u>110,564</u>

**Total expenses** 1,323,801

**Income (loss) before income taxes** (833)

**Income tax provision** 800

**Net income (loss)** \$ (1,633)

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

**Regent Capital Group, Inc.**  
**Statement of Changes in Stockholder's Equity**  
**For the Year Ended June 30, 2005**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance at July 1, 2004	\$ 10,000	\$ 3,796	\$ (8,570)	\$ 5,226
Capital contributions	-	12,303	-	12,303
Net income (loss)	<u>-</u>	<u>-</u>	<u>(1,633)</u>	<u>(1,633)</u>
Balance at June 30, 2005	<u>\$ 10,000</u>	<u>\$ 16,099</u>	<u>\$ (10,203)</u>	<u>\$ 15,896</u>

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

**Regent Capital Group, Inc.**  
**Statement of Cash Flow**  
**For the Year Ended June 30, 2005**

**Cash flows from operating activities:**

Net income (loss) \$ (1,633)

Adjustments to reconcile net income (loss) to net cash provided by  
(used in) operating activities:

Increase (decrease)

Accounts payable	\$ 16,693
Income taxes payable	(800)
Deposit	<u>(1,580)</u>

Total adjustments	<u>14,313</u>
-------------------	---------------

Net cash provided by (used in) operating activities	12,680
---	--------

**Cash flows from investing activities:**

-

**Cash flows from financing activities:**

Proceeds from capital contributions	<u>12,303</u>
-------------------------------------	---------------

Net cash provided by (used in) financing activities	<u>12,303</u>
---	---------------

Net increase (decrease) in cash	24,983
---------------------------------	--------

Cash at beginning of year	<u>6,026</u>
---------------------------	--------------

Cash at end of year	<u><u>\$ 31,009</u></u>
---------------------	-------------------------

**Supplemental disclosure of cash flow information:**

Income taxes paid	\$ 800
Interest paid	\$ 123

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

**Regent Capital Group, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2005**

**Note 1: GENERAL AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*General*

Regent Capital Group, Inc. (the "Company") was incorporated on February 20, 2003 in the State of California and obtained a license as a security broker/dealer on October 15, 2003. The Company is a fully disclosed broker/dealer whereby it does not hold customer funds or securities. The Company is a member of the National Association of Securities Dealers ("NASD") and the Securities Investors Protection Corporation ("SIPC").

The Company earns commissions through the sale of real estate private placements.

*Summary of Significant Accounting Policies*

The presentation 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Commissions revenues and expenses are recorded when incurred, usually at the closing of escrow on the real estate private placements.

Advertising costs are expenses as incurred.

**Note 2: INCOME TAXES**

The income tax provision consists of the following at June 30, 2005:

Federal	\$	-
State		<u>800</u>
Total income tax provision	<u>\$</u>	<u>800</u>

The Company has available at June 30, 2005, unused net operating losses, which may be applied against future taxable income or carried back to offset previous taxable income, resulting in a deferred tax asset of approximately \$2,457. The net operating loss begins to expire in the year 2024.

A 100% valuation allowance has been established against this benefit since management cannot determine if it is more likely than not that the asset will be realized.

**Regent Capital Group, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2005**

**Note 3: RECENTLY ISSUED ACCOUNTING STANDARDS**

In January 2003, The Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 46, "*Consolidation of Variable Interest Entities*" ("FIN 46"). This interpretation of Accounting Research Bulletin No. 51, requires companies to consolidate the operations of all variable interest entities ("VIE's") for which they are the primary beneficiary. The term "primary beneficiary" is defined as the entity that will absorb a majority of expected losses, receive a majority of the expected residual returns, or both. This interpretation was later revised by the issuance of Interpretation No. 46R ("FIN 46R"). The revision was issued to address certain implementation issues that had arisen since the issuance of the original interpretation and to provide companies with the ability to defer the adoption of FIN 46 to periods after March 15, 2004. The implementation of FIN No. 46 and FIN 46R, had no material impact on the Company's financial statements.

On July 16, 2004, the FASB ratified the Emerging Issues Task Force ("EITF") consensus on Issue 02-14, "*Whether the Equity Method of Accounting Applies When an Investor Does Not Have an Investment in Voting Stock of an Investee but Exercises Significant Influence through Other Means*" ("EITF 02-14"). The consensus concludes that an investor should apply the equity method of accounting when it can exercise significant influence over an entity through a means other than holding voting rights. The consensus is effective for reporting periods beginning after September 15, 2004. The adoption of EITF 02-14 did not have a material impact on the Company's financial statements.

On December 16, 2004, FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), "*Share-Based Payment*" ("FASB 123R"), which addresses the accounting for employee stock options. FASB 123R requires that the cost of all employee stock options, as well as other equity-based compensation arrangements, be reflected in the financial statements based on the estimated fair value of the awards. Stock options are a valuable and important tool that have been used by many companies as a means to motivate employees and to promote business growth. The statement requires that the value of these arrangements be measured and recognized in the financial statements. FASB 123R becomes effective for reports filed after June 15, 2005. Early adoption of FASB 123R had no material effect on the Company's financial statements.

**Note 4: NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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. Net capital and aggregate indebtedness change day to day, but on June 30, 2005, the Company had net capital of \$14,316, which was \$9,316 in excess of its required net capital of \$5,000; and the Company's ratio of aggregate indebtedness (\$16,693) to net capital was 1.17 to 1, which is less than the 15 to 1 maximum ratio allowed a broker/dealer.

**Regent Capital Group, Inc.**  
**Notes to Financial Statements**  
**For the Year Ended June 30, 2005**

**Note 5: RECONCILIATION OF AUDITED NET CAPITAL TO UNAUDITED FOCUS**

There was a \$1,101 difference between the computation of net capital under net capital Sec. Rule 15c3-1 and the corresponding unaudited focus part IIA.

Net capital per unaudited schedule		\$ 13,215
Adjustments:		
Accumulated deficit	\$ 2,680	
Non-allowable assets	(1,580)	
Rounding	<u>1</u>	
Total adjustments		<u>1,101</u>
Net capital per audited statements		<u><u>\$ 14,316</u></u>

**Regent Capital Group, Inc.**  
**Schedule I - Computation of Net Capital Requirements**  
**Pursuant to Rule 15c3-1**  
**As of June 30, 2005**

**Computation of net capital**

Stockholder's equity

Common stock	\$ 10,000
Additional paid-in capital	16,099
Accumulated deficit	<u>(10,203)</u>

Total stockholder's equity \$ 15,896

Less: Non allowable assets

Deposit	<u>(1,580)</u>
Net adjustments to capital	<u>(1,580)</u>

**Net capital** 14,316

**Computation of net capital requirements**

Minimum net capital requirements

6 2/3 percent of net aggregate indebtedness	\$ 1,113
Minimum dollar net capital required	<u>5,000</u>

Net capital required (greater of above) (5,000)

**Excess net capital** \$ 9,316

Ratio of aggregate indebtedness to net capital 1.17:1

There was a \$1,101 difference between net capital shown here and net capital as reported on the Company's unaudited Form X-17A-5 report dated June 30, 2005. (See Note 5)

*See independent auditor's report.*

**Regent Capital Group, Inc.**  
**Schedule II - Computation for Determination of Reserve**  
**Requirements Pursuant to Rule 15c3-3**  
**As of June 30, 2005**

A computation of reserve requirements is not applicable to Regent Capital Group, Inc.. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

*See independent auditor's report.*

**Regent Capital Group, Inc.**  
**Schedule III - Information Relating to Possession or Control**  
**Requirements Under Rule 15c3-3**  
**As of June 30, 2005**

Information relating to possession or control requirements is not applicable to Regent Capital Group, Inc. as the Company qualifies for exemption under Rule 15c3-3 (k) (2) (ii).

*See independent auditor's report.*

**Regent Capital Group, Inc.**  
**Supplementary Accountant's Report**  
**on Internal Accounting Control**  
**Report Pursuant to 17a-5**  
**For the Year Ended June 30, 2005**

KEVIN G. BREARD, C.P.A.  
AN ACCOUNTANCY CORPORATION

Board of Directors  
Regent Capital Group, Inc.

In planning and performing my audit of the financial statements and supplemental schedules of Regent Capital Group, Inc. for the year ended June 30, 2005, I considered its internal control structure, for the purpose for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my 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"), I have made a study of the practices and procedures followed by Regent Capital Group, Inc. including tests of such practices and procedures that I considered relevant to 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 security accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

1. Making the 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 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 judgements 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 SEC'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 17-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

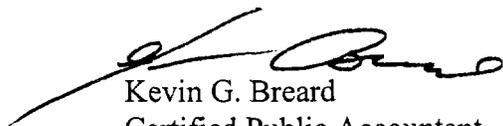
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Breard CPA @ 201 6 0 6 M

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 they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

My consideration of the internal control structure would not necessarily disclose all matters in the 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 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, I noted no matters involving the internal control structure, including procedures for safeguarding securities, that I considered to be material weakness as defined above.

I 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 purpose 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 material inadequacy for such purposes. Based on this understanding on my study, I believe that the Company's practices and procedures were adequate at June 30, 2005 to meet the SEC 's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Kevin G. Breard  
Certified Public Accountant

Northridge, California  
August 3, 2005