

AB 2/27/06



SECURITIES 06002118

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10

ANNUAL AUDITED REPORT
FORM X-17A-5 (A)
PART III

SEC FILE NUMBER
8- 37456

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 10/1/04 AND ENDING 9/30/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Advance Capital Services, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY
FIRM I.D. NO.

One Towne Square, Suite 444

(No. and Street)

Southfield

Michigan

48076

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Teresa Farley (248) 350-8543

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Button Eddy & Sorrentino, P.L.L.C.

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

33515 State Street

Farmington

Michigan

48335

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
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THOMSON
FINANCIAL

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*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) 3/9/06

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3/9/06

OATH OR AFFIRMATION

I, Robert J. Cappelli, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Advance Capital Group, Inc. and Subsidiaries, as of September, 2005, 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:

Robert J. Cappelli
Signature

President - Advance Capital Group

Title

Vice Pres.-Advance Capital Services

Clairessa Lyn Parnell
Notary Public

CLAIRESSA LYN PARNELL
Notary Public, State of Michigan
County of Wayne
My Commission Expires Aug. 23, 2012
Acting in the County of OAKLAND

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 15c3-1 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.
- (o) Statement of Cash Flows - Broker Dealer

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Advance Capital Services, Inc.
(A wholly owned subsidiary of Advance Capital Group, Inc.)

Statement of Cash Flows
for the Year Ended September 30, 2005

Cash flows from operating activities

Cash received from brokers and dealers, investment companies and customers	\$ 4,961,519
Cash paid to vendors and employees	(5,429,276)
Interest received	<u>4,964</u>
<i>Net cash used by operating activities</i>	(462,793)

Cash flows from investing activities

Expenditures for furniture and equipment	(58,522)
Deposit returned	2,670
Advances to employees	<u>(2,205)</u>

Net cash used in investing activities (58,057)

Net decrease in cash and cash equivalents (520,850)

Cash and cash equivalents - Beginning of year 748,017

Cash and cash equivalents - End of year \$ 227,167

Advance Capital Services, Inc.
(A wholly owned subsidiary of Advance Capital Group, Inc.)

Statement of Cash Flows (Continued)
for the Year Ended September 30, 2005

*Reconciliation of net loss to net cash
used by operating activities*

Net loss \$ (70,390)

*Adjustments to reconcile net loss to net
cash used by operating activities*

Depreciation and amortization 34,640

Loss on disposal of furniture and equipment 409

Changes in:

Accounts receivable 2,647

Accounts payable and accrued taxes and expenses (430,099)

Total adjustments (392,403)

Net cash used by operating activities \$ (462,793)