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

SEC FILE NUMBER
8 - 47032

**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, 2005 AND ENDING DECEMBER 31, 2005  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER DEALER:

ACF INTERNATIONAL, INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

50 CONGRESS STREET, SUITE 6

(No. And Street)

BOSTON,

MA

02109

(City)

(State)

(Zip Code)

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

Cristina Del Sol

(617) 523-3295

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

FULVIO & ASSOCIATES, LLP

ATTN: JOHN FULVIO, CPA

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

60 EAST 42<sup>ND</sup> STREET

NEW YORK

NY

10165

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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



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THOMSON FINANCIAL

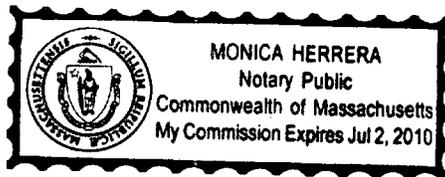
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, Cristina Del Sol, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ACF INTERNATIONAL, INC., as of DECEMBER 31, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_



*[Handwritten Signature]*

Signature

President/CEO

Title

*Monica Herrera*

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 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 or 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 sin the date of previous audit.
- (o) Supplemental independent Auditors Report on Internal Accounting Control.

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

INDEPENDENT AUDITORS' REPORT

To the Shareholder of  
ACF International, Inc.:

We have audited the accompanying statement of financial condition of ACF International, Inc. as of December 31, 2005, and the related statements of operations, changes in shareholder's equity and cash flows for the year then ended. 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 ACF International, Inc. as of December 31, 2005, 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 on pages 11 and 12 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 our 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 and in conformity with the rules of the Securities and Exchange Commission.

*Fulvio & Associates LLP*

New York, New York  
February 20, 2006

ACF INTERNATIONAL, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2005

ASSETS

Cash and Cash Equivalents	\$ 509,947
Due from Affiliate	65,768
Furniture, Fixtures and Equipment (net of accumulated depreciation of \$57,355)	56,462
Other Assets	<u>64,476</u>
TOTAL ASSETS	<u>\$ 696,653</u>

LIABILITIES AND SHAREHOLDER'S EQUITY

Liabilities:

Accrued Expenses	\$ 25,215
Prepaid Rent	<u>40,532</u>
Total Liabilities	<u>65,747</u>

Shareholder's Equity:

Common Stock, no par value, 200,000 shares authorized, 50,000 shares issued and outstanding	735,042
Additional Paid In Capital	1,002,707
Accumulated Deficit	<u>(1,106,843)</u>
Total Shareholder's Equity	<u>630,906</u>

TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY \$ 696,653

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

ACF INTERNATIONAL, INC.  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUES:

Commission income	\$ 207,328
Interest income	<u>3,358</u>
Total Revenues	<u>210,686</u>

EXPENSES:

Floor brokerage, clearance and exchange fees	136,788
Employee compensation and benefits	203,962
License and regulatory fees	4,803
Quote and equipment rental	48,805
Office rent and utilities	109,989
Professional fees	111,961
Office expense	13,571
Telephone	38,683
Dues and subscriptions, & Professional Education	2,184
Depreciation and amortization	9,875
Travel and entertainment	11,746
Repairs and maintenance	26,136
Insurance	3,383
Other operating expenses	<u>23,485</u>
Total Expenses	<u>745,371</u>
Loss before provision for income taxes	(534,685)
Provision for income taxes	<u>(3,199)</u>
Net loss	<u>\$ (537,884)</u>

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

ACF INTERNATIONAL, INC.  
 STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	Common Stock	Additional Paid in Capital	(Accumulated Deficit)	Total
Balance at January 1, 2004	\$ 735,042	\$ 371,487	\$ (568,959)	\$ 537,570
Contributions	-	631,220	-	631,220
Less: Net Loss	-	-	(537,884)	(537,884)
Balance at December 31, 2005	<u>\$ 735,042</u>	<u>\$ 1,002,707</u>	<u>\$ (1,106,843)</u>	<u>\$ 630,906</u>

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

ACF INTERNATIONAL, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Cash Flows from Operating Activities:

Net Loss		\$ (537,884)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	\$ 9,875	
Loss on abandonment of fixed asset	8,259	
Increase in due from affiliate	(65,768)	
Decrease in other assets	(15,853)	
Increase in accrued expenses	12,698	
Increase in Prepaid rent	<u>40,532</u>	
Total Adjustments		<u>(10,257)</u>
Net Cash Used in Operating Activities		<u>(548,141)</u>
Cash Flows from Investing Activities		
Purchase of Fixed Assets		<u>(50,296)</u>
Net cash used in Investing Activities		<u>(50,296)</u>
Cash flows from Financing Activities:		
Contributions		<u>631,220</u>
Net cash provided by financing activities		<u>631,220</u>
Net Increase in Cash During the Year		32,783
Cash at Beginning of Year		<u>477,164</u>
Cash at End of Year		<u>\$ 509,947</u>

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

ACF INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

NOTE 1. SIGNIFICANT BUSINESS ACTIVITIES

ACF International, Inc. (the "Company") is registered as a broker dealer in securities with the Securities and Exchange Commission. In this capacity, it executes agency transactions on behalf of its customers and executes principal transactions in securities. The company conducts business primarily with other broker dealers on behalf of its customers. The Company's customers are located primarily in the United States.

In the normal course of its business, the Company enters into financial transactions where the risk of potential loss due to changes in market (market risk) or failure of the other party to the transaction to perform (counterparty risk) exceeds the amounts recorded for the transaction.

The Company's policy is to continuously monitor its exposure to market and counterparty risk through the use of a variety of financial position and credit exposure reporting and control procedures. In addition, the Company has a policy of reviewing the credit standing of each broker dealer, clearing organization, customer and counterparty with which it conducts business.

The Company has agreed to indemnify its clearing broker for losses that the clearing broker may sustain from the customer accounts introduced by the Company. As of December 31, 2005, there were no customer accounts having debit balances which presented any risks.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Transactions in securities and related commission revenue and expense (if applicable) are recorded on a trade date basis. Depreciation and amortization are provided for in accordance with accounting principles generally accepted in the United States of America.

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased, to be cash equivalents.

ACF INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)

NOTE 3. RELATED PARTY TRANSACTIONS

The Company clears its transactions primarily through its parent company, the sole shareholder of ACF International, Inc. The parent company is located in Madrid, Spain.

NOTE 4. OTHER ASSETS

Other assets consist primarily of prepaid taxes and an investment in NASDAQ warrants.

NOTE 5. NET CAPITAL REQUIREMENTS

The Company is a registered broker-dealer and, therefore, subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1. This rule requires that net capital, as defined, shall be the greater of \$100,000 or one-fifteenth of aggregate indebtedness, as defined. Net capital and aggregate indebtedness change from day to day, but as of December 31, 2005, the Company had net capital of \$444,200, which exceeded its requirement of \$100,000 by \$344,200.

NOTE 6. INCOME TAXES

The Company is subject to corporate taxes for federal and state purposes. A provision for these taxes has been made and is reflected on the statement of operations.

ACF INTERNATIONAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005  
(Continued)

NOTE 7. COMMITMENTS

During 2005, the Company entered into a lease for office space in Boston that expires in June 2010. The annual lease payments are \$33,465. In addition, during 2005, the Company entered into another lease for office space in Miami, Florida. The lease commenced in June, 2005 and had a free rent concession period for eight months which is reflected as prepaid rent on the statement of financial condition. The minimum future lease payments on these leases are as follows:

<u>Year</u>	
2006	\$ 103,865
2007	114,665
2008	117,320
2009	119,817
2010	105,668
Thereafter	<u>193,861</u>
	<u>\$ 755,196</u>

Rent expense incurred was approximately \$109,989 for the year ended December 31, 2005.

**SUPPLEMENTAL INFORMATION**

ACF INTERNATIONAL, INC.  
 COMPUTATION OF NET CAPITAL PURSUANT TO  
 UNIFORM NET CAPITAL RULE 15c3-1  
 DECEMBER 31, 2005

Credits:		
	Shareholder's equity	\$ 630,906
Debits:		
	Nonallowable Assets	<u>186,706</u>
	Net Capital Before Haircuts	444,200
Haircuts		<u>-</u>
	Net Capital Per Rule 15c3-1	444,200
Minimum Net Capital Requirement		<u>100,000</u>
	Excess Net Capital	<u>\$ 344,200</u>

No material differences exist between the above computation and the computation included in the Company's corresponding unaudited Form X-17a-5 Part II filing.

ACF INTERNATIONAL, INC.  
COMPUTATION FOR DETERMINATION OF THE RESERVE REQUIREMENTS  
AND INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3  
FOR THE YEAR ENDED DECEMBER 31, 2005

Although the Company does effect transactions for customers, as defined under rule 15c3-3, they do qualify for an exemption from the computation for determination of the reserve requirement and information relating to possession and control. The Company meets all of the requirements for exemption under Subparagraph K(2)(i) of rule 15c3-3.

Accordingly, there are no items to report under the requirements of this Rule.

**SUPPLEMENTARY REPORT  
OF INDEPENDENT AUDITORS**

**INDEPENDENT AUDITORS' SUPPLEMENTARY REPORT  
ON INTERNAL ACCOUNTING CONTROL**

To the Shareholder of  
ACF International Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of ACF International Inc. (the "Company") for the year ended December 31, 2005, 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 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:

- Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13
- 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.
- 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 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 practice 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 the 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 internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection or 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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 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 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, 2005, to meet the SEC's objectives.

This report recognizes that it is not practicable in an organization the size of ACF International Inc. to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. 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 those specified parties.

*Julius & Associates LLP*

New York, New York  
February 20, 2006