3/2

SECURITIES AND EXCHANGE COMMISSION

06003431

| OMB APPROVAL |
|---|
| OMB Number: 3235-0123 |
| Expires: January 7, 2007 |
| Estimated average burden hours per response...12.00 |

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

| SEC FILE NUMBER |
|---|
| 8-49342 |

SEC MAIL PROCESSING SECTION
RECEIVED
FEB 24 2006
WASH. DC
185

## 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 ENDING December 31, 2005

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
Trident Partners, Ltd

| OFFICIAL USE ONLY |
|---|
| FIRM ID. NO. |

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

500 North Broadway
(No. and Street)

| Jericho | NY | 11753 |
|---|---|---|
| (City) | (State) | (Zip Code) |

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

Brian Schantz 516-681-9100
(Area Code – Telephone No.)

## B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Lilling & Company LLP
(Name – If Individual, State Last, First, Middle Name)

| 10 Cutter Mill Road | Great Neck | NY | 11021 |
|---|---|---|---|
| (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 17 2006
THOMSON
FINANCIAL

| FOR OFFICIAL USE ONLY |
|---|
| |

3/16/06

** 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 exemption. See section 240,17a-5(e)(2).*

**Sec 1410 (6-02)**

*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*

# OATH OR AFFIRMATION

I, Brian Schantz swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

Trident Partners, Ltd., 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:

MARK D. WEBER
Notary Public, State of New York
No. 01WE5067984
Qualified in Suffolk County
Commission Expires 10/28/06

Signature

President
Title

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 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) A report on internal control.

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

# Lilling & Company LLP

Certified Public Accountants

## *INDEPENDENT AUDITORS' REPORT*

To the Board of Directors
Trident Partners, Ltd.
Jericho, New York

We have audited the accompanying statement of financial condition of Trident Partners, Ltd. as of December 31, 2005, and the related statements of operations, changes in stockholders' 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. 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. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. According, we express no such opinion. 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 Trident Partners, Ltd. at 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 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 under the Securities Exchange Act of 1934. This schedule is the responsibility of the Company's management. 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.

Lilling & Company

*CERTIFIED PUBLIC ACCOUNTANTS*

*January 24, 2006*

Ten Cutter Mill Road, Great Neck, NY 11021-3201 • (516) 829-1099 • Fax (516) 829-1065

# TRIDENT PARTNERS, LTD.

*STATEMENT OF FINANCIAL CONDITION*
*DECEMBER 31, 2005*

### *ASSETS*

| | |
|---|---|
| Cash | $ 10,207 |
| Due from clearing brokers | 419,944 |
| Securities owned | 24,251 |
| Other assets | 60,885 |
| | $ 515,287 |

### *LIABILITIES AND STOCKHOLDERS' EQUITY*

***Liabilities***

| | |
|---|---|
| Commission payable | $ 130,668 |
| Accounts payable and accrued expenses | 89,281 |
| | 219,949 |

***Stockholders' equity***

| | |
|---|---|
| Capital stock, no par value; 200 shares authorized; 10 shares issued and outstanding | 15,000 |
| Paid-in capital | 554,825 |
| Retained earnings (deficit) | (274,487) |
| | 295,338 |
| | $ 515,287 |

*See notes to financial statements*

## TRIDENT PARTNERS, LTD.

*STATEMENT OF OPERATIONS*
*YEAR ENDED DECEMBER 31, 2005*

| | |
|---|---|
| ***REVENUES*** | |
| Commissions | $ 3,874,282 |
| Trading and other income | 691,889 |
| | 4,566,171 |
| ***EXPENSES*** | |
| Commissions expense | $ 1,991,370 |
| Salaries and payroll related expenses | 1,031,311 |
| Management fees | 3,400 |
| Occupancy | 241,289 |
| Professional fees | 73,271 |
| Operating expenses | 1,204,570 |
| | 4,545,211 |
| ***NET INCOME*** | $ 20,960 |

*See notes to financial statements*

## TRIDENT PARTNERS, LTD.

*STATEMENT OF CASH FLOWS*
*YEAR ENDED DECEMBER 31, 2005*

| | |
|---|---|
| ***Cash flows from operating activities*** | |
| Net Income | $ 20,960 |
| Adjustments to reconcile net income to net cash used in operating activities: | |
| (Increase) decrease in assets: | |
| Due from clearing brokers | 200,449 |
| Securities owned | (23,687) |
| Other assets | (2,614) |
| Increase (decrease) in liabilities: | |
| Commission payable | (60,615) |
| Accounts payable and accrued expenses | (164,400) |
| Total adjustments | (50,867) |
| ***Net cash used in operating activities*** | (29,907) |
| ***NET DECREASE IN CASH*** | (29,907) |
| ***CASH - BEGINNING*** | 40,114 |
| ***CASH - END*** | $ 10,207 |

| | |
|---|---|
| Supplemental disclosures of cash flow information: | |
| Cash paid during the year for: | |
| Interest expense | $ - |
| Income taxes | $ 4,846 |

*See notes to financial statements*

# TRIDENT PARTNERS, LTD.

## *STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY*
## *YEAR ENDED DECEMBER 31, 2005*

| | *COMMON STOCK* | *PAID-IN CAPITAL* | *RETAINED EARNINGS (DEFICIT)* | *TOTAL* |
|---|---|---|---|---|
| ***Balance - beginning*** | $ 15,000 | $ 554,825 | $ (295,447) | $ 274,378 |
| Net income | - | - | 20,960 | 20,960 |
| ***Balance - end*** | $ 15,000 | $ 554,825 | $ (274,487) | $ 295,338 |

*See notes to financial statements*

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Trident Partners, Ltd. (the "Company") is a registered broker-dealer and clears its securities transactions on a fully disclosed basis with another broker-dealer. The Company had no liabilities subordinated to claims of creditors during the year ended December 31, 2005.

### Securities Transactions and Commissions

Securities transactions are recorded on a trade date basis. Commissions and related clearing charges are recorded on a trade date basis as securities transactions occur.

Securities owned are recorded at current market values. Securities not readily marketable are valued at fair market value as determined by management, which approximates estimated realizable value. Securities not readily marketable include investment securities that cannot be offered or sold because of restrictions applicable to the securities or to the Company.

### Significant Credit Risk and Estimates

The responsibility for processing customer activity rests with the Company's clearing firms, Dain Correspondent Services, located in St. Louis, Missouri and First Clearing Corp., located in Richmond Virginia. The Company's clearing and execution agreement provides that the clearing firm's credit losses relating to unsecured margin accounts receivable of the Company's customers are charged back to the Company.

In accordance with industry practice, the clearing firms record customer transactions on a settlement date basis, which is generally three business days after the trade date. The clearing firms are therefore exposed to risk of loss on these transactions in the event of the customer's inability to meet the terms of its contracts, in which case the clearing firms may have to purchase or sell the underlying financial instruments at prevailing market prices in order to satisfy its customer-related obligations. Any loss incurred by the clearing firms is charged back to the Company.

The Company, in conjunction with the clearing firms, control off-balance-sheet risk by monitoring the market value and marking securities to market on a daily basis and by requiring adjustments of collateral levels. The clearing firms establishe margin requirements and overall credit limits for such activities and monitors compliance with the applicable limits and industry regulations on a daily basis.

The Company main office is located in Jericho, New York with branch offices located in Long Island and New Jersey and its customers are located throughout the United States.

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

**Income taxes**

The Company accounts for income taxes under the provisions of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires the Company to recognize deferred tax assets and liabilities for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases.

Deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the current enacted tax rates which will be in effect when these differences reverse. Deferred tax expense is the result of changes in deferred tax assets and liabilities.

## 2. RELATED PARTY TRANSACTIONS

The Company is 100% owned by Meka Associates, LLC (Meka). Meka holds the lease for the office, purchases office equipment and supplies, and pays other operating expenses on behalf of the Company. The Company reimburses Meka on a regular basis. The total operating expenses paid to Meka in 2005 were approximately $304,000.

## 3. COMMITMENTS AND CONTINGENCIES

**Litigation**

In the ordinary course of business the Company is subject to litigation relating to its activities as a broker-dealer including civil actions and arbitration. From time to time, the Company is also involved in proceedings and investigations by self-regulatory organizations. Although the ultimate outcome of potential and current litigation involving the Company cannot be predicted with certainty, the Company's management does not expect such litigation to have a material adverse effect on the Company's financial position or results of operations.

## 4. INCOME TAXES

The Company has net operating losses for tax purposes of approximately $178,000 that expire by 2016 available to offset future taxable income. Approximately $20,000 of net operating losses was utilized in 2005 resulting in no current year income tax expense.

Based on the Company's earnings and the amount of income that could be utilized in carry back years, and the uncertainty of future taxable income, it is not possible to determine whether deferred tax assets arising from these losses will be realized. Accordingly, a 100% valuation allowance has been established to reduce deferred tax assets to zero.

## 5. 401(k) RETIREMENT PLAN

The Company sponsors a 401(k) retirement plan covering substantially all employees. Eligible participants may make contributions to the plan up to amounts specified in the plan. The Company does not make contributions to the plan.

## 6. SEC RULE 15c3-3 EXEMPTION

The Company is exempt for the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934 pursuant to Paragraph (k)(2)(ii). As an introducing broker, the Company clears customer transactions on a fully disclosed basis with First Clearing Corp. and Dain Correspondent Services and promptly transmits all customer funds and securities to First Clearing Corp. and Dain Correspondent Services. First Clearing Corp. and Dain Correspondent Services carries all of the accounts of such customers and maintains and preserves such books and records.

## 7. NET CAPITAL REQUIREMENT

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), 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 (and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2005, the Company had net capital of $210,202, which was $110,202 in excess of its required net capital of $100,000. The Company had a percentage of aggregate indebtedness to net capital of 105% as of December 31, 2005.

*SUPPLEMENTAL INFORMATION*
*PURSUANT TO RULE 17a-5 OF THE*
*SECURITIES EXCHANGE ACT OF 1934*

*AS OF DECEMBER 31, 2005*

*COMPUTATION OF NET CAPITAL UNDER RULE 15c-3-1*
*OF THE SECURITIES AND EXCHANGE COMMISSION*
*DECEMBER 31, 2005*

| | | |
|---|---|---|
| *NET CAPITAL* | | |
| Stockholders' equity | $ | 295,338 |
| Deductions and/or charges | | |
| Nonallowable assets | | 85,136 |
| *NET CAPITAL* | $ | 210,202 |
| *AGGREGATE INDEBTEDNESS* | $ | 219,949 |
| *MINIMUM NET CAPITAL REQUIRED* | $ | 100,000 |
| *EXCESS OF NET CAPITAL OVER MINIMUM REQUIREMENTS* | $ | 110,202 |
| *PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL* | | 105% |

***Statement Pursuant to Paragraph (d) (4) of Rule 17a-5***

There were no material differences between the computation of net capital above and the Company's computation included in Part II of Form X-17A-5, as of December 31, 2005.

#  Lilling & Company LLP

Certified Public Accountants

***INDEPENDENT AUDITORS' 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
Trident Partners, Ltd.
Jericho, New York

In planning and performing our audit of the financial statements and supplemental schedule of Trident Partners, Ltd. (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:

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

2. 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

3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer 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 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 the preparation of financial statements in conformity with accounting principles generally accepted in the United States Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

**Ten Cutter Mill Road, Great Neck, NY 11021-3201 • (516) 829-1099 • Fax (516) 829-1065**

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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatement 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 a material weakness 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 the Company's practices and procedures were adequate at December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the NASD, 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 these specified parties.

Lilling + Company

*CERTIFIED PUBLIC ACCOUNTANTS*

***January 24, 2006***