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

SEC FILE NUMBER
8-65975

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 01/01/05 AND ENDING 12/21/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Q Advisors, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

244 California Street

(No. and Street)

San Francisco

(City)

CA

(State)

94111

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Jim Williams (415) 492-8975

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

BKD, LLP

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

1700 Lincoln Street, Suite 3400 Denver CO 80203
(Address) (City) (State) (Zip Code)

PROCESSED

APR 26 2006

THOMSON
FINANCIAL

SEC MAIL RECEIVED
FEB 27 2006
WASH. D.C. 185 SECTION

CHECK ONE:

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

FOR OFFICIAL USE ONLY

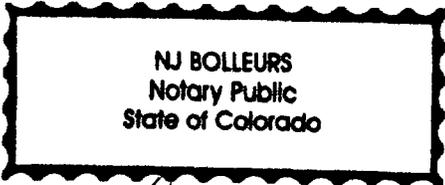
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

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OATH OR AFFIRMATION

I, Michael S. Quinn, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Q Advisors, LLC, 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:

None



[Signature]
Notary Public

[Signature]
Signature
[Signature]
Title

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.

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

Q Advisors LLC

December 31, 2005

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Independent Accountants' Report

Board of Directors
Q Advisors LLC
San Francisco, California
Denver, Colorado

We have audited the accompanying statement of financial condition of Q Advisors LLC as of December 31, 2005 and the related statements of income, members' capital and cash flows for the year ended December 31, 2005 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 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 Q Advisors LLC as of December 31, 2005 and the results of its operations and its cash flows for the year ended December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information is presented for the 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. 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.

Denver, Colorado
February 22, 2006

BKD, LLP

Q Advisors LLC
Statement of Financial Condition
December 31, 2005

Assets

Cash	\$	27,205
Accounts receivable, net of allowance, \$0		46,608
Prepaid management fees		1,175,000
Furniture and equipment, at cost, net of accumulated depreciation; \$19,512		<u>47,906</u>
	\$	<u><u>1,296,719</u></u>

Members' Capital

\$ 1,296,719

Q Advisors LLC

Statement of Income

December 31, 2005

Revenues

Financial advisory fees	\$ 3,054,598
Reimbursed direct client costs	109,736
Interest income	<u>8,245</u>
	<u>3,172,539</u>

Expenses

Management fees	250,000
Employee compensation and benefits	621,487
Direct client costs	76,735
Other general and administrative expenses	<u>209,641</u>
	<u>1,157,863</u>

Net Income

\$ 2,014,676

Q Advisors LLC
Statement of Members' Capital
December 31, 2005

Balance, Beginning of the Period	\$ 91,513
Net income	2,014,676
Distributions to member	<u>(809,470)</u>
Balance, End of the Period	<u>\$ 1,296,719</u>

Q Advisors LLC
Statement of Cash Flows
December 31, 2005

Operating Activities	
Net income	\$ 2,014,676
Items not requiring cash	
Depreciation	15,057
Changes in	
Accounts receivable	3,164
Accounts payable	(2,804)
Prepaid management fees	<u>(1,175,000)</u>
Net cash provided by operating activities	<u>855,093</u>
Investing Activities	
Purchase of furniture and equipment	<u>(41,856)</u>
Net cash used in investing activities	<u>(41,856)</u>
Financing Activities	
Distribution to member	<u>(809,470)</u>
Net cash used in financing activities	<u>(809,470)</u>
Increase in Cash	3,767
Cash, Beginning of Period	<u>23,438</u>
Cash, End of Period	<u>\$ 27,205</u>

Q Advisors LLC
Notes to Financial Statements
December 31, 2005

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Q Advisors LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company earns revenues from financial advisory services related to mergers and acquisitions, private equity and debt financing and capital structure advisory services. The Company extends unsecured credit to its customers, with credit extended to three customers exceeding 98% of accounts receivable at December 31, 2005. Because of the services provided, it is expected that the Company will have significant changes in the make-up of its customer base year to year.

The Company operates under the provisions of paragraph (k)(2)(i) of Rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from the remaining provisions of that Rule. Essentially, the requirements of paragraph (k)(2)(i) provide that the Company promptly transmit all customer funds and securities to customers and maintain a bank account designated as a "Special Account for the Exclusive Benefit of Customers."

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Accounts Receivable

Accounts receivable are stated at the amount billed to customers. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. At December 31, 2005, no accounts were deemed doubtful and thus no allowance is provided. Accounts receivable are ordinarily due 30 days after the issuance of the invoice. Accounts that are unpaid after the due date do not bear any interest. Delinquent receivables are written off based on specific circumstances of the customer.

Furniture and Equipment

Furniture and equipment are depreciated over the estimated useful life of each asset. Annual depreciation for both is computed using the straight-line method.

Revenue Recognition

Financial advisory fees and reimbursed direct client costs are recognized as earned based on the terms of the specific contracts with the customers.

Q Advisors LLC
Notes to Financial Statements
December 31, 2005

Income Taxes

The Company is not directly subject to income taxes under the provisions of the Internal Revenue Code and applicable state laws. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal or state income taxes has been included in the accompanying financial statements.

Note 2: Related Party Transactions

The Company pays a monthly management fee to a related party through common ownership. The amount of the management fee is determined by the members of the Company. For the year ended December 31, 2005, the amount paid to the related party was approximately \$1,035,000. The Company allocates a certain portion of these payments to employee compensation and benefits, and other general and administrative expenses based on expenses paid on behalf of the Company by the related party. The remaining amounts are recorded as management fees expense.

During 2005, the Company entered into an agreement whereby the Company's commitment for the management fee for the year ending December 31, 2006, is \$1,200,000. At December 31, 2005, the Company had prepaid \$1,175,000 of the 2006 management fee. The Company is committed to pay the remaining \$25,000 to the related party.

Note 3: Net Capital Requirements

The Company is subject to the Securities and Exchange Commission uniform net capital rule (Rule 15c3-1), which requires the maintenance of a minimum amount of net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. Rule 15c3-1 also provides 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 \$27,205, which was \$22,205 in excess of its required net capital of \$5,000. The Company's net capital ratio was 0 to 1 at December 31, 2005.

Supplementary Information

**Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934**

Q Advisors LLC
Computation of Net Capital Under Rule 15c3-1
of the Securities and Exchange Commission
December 31, 2005

Net Capital	
Total members' capital	\$ <u>1,296,719</u>
Deduct	
Non-allowable assets	
Accounts receivable	(46,608)
Prepaid management fee	(1,175,000)
Furniture and equipment, net	<u>(47,906)</u>
	<u>(1,269,514)</u>
 Net capital	 \$ <u><u>27,205</u></u>
Aggregate Indebtedness	
Items included in the statement of financial condition	
Accounts payable	\$ <u>—</u>
 Total aggregate indebtedness	 \$ <u>—</u>
 Minimum Net Capital Required	 \$ <u><u>5,000</u></u>
 Capital in Excess of Minimum Requirement	 \$ <u><u>22,205</u></u>
 Ratio of Aggregate Indebtedness to Net Capital	 <u><u>.14 to 1</u></u>

There were no material differences between the amounts presented above and the amounts presented in the Company's computation file with Part II, Form X-17A-5 for December 31, 2005. Accordingly, no reconciliation is necessary.

Independent Accountants' Report on Internal Control



Independent Accountants' Report on Internal Control

Board of Directors
Q Advisors LLC
San Francisco, California
Denver, Colorado

In planning and performing our audit of the financial statements and supplemental schedule of Q Advisors LLC (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 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 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
2. Recordation of differences required by Rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of the 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 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 accordance with 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 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 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 these specified parties.

Denver, Colorado
February 22, 2006

BKD, LLP