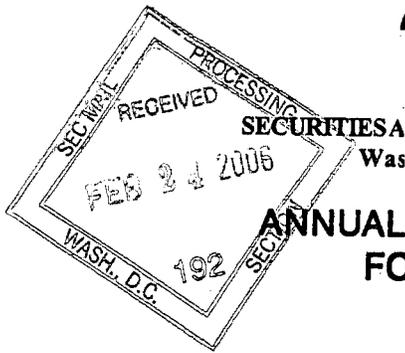


BB



06004356

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response..... 12.00

MR  
3/10

SEC FILE NUMBER  
8-28301

# 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 01/01/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

## A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Kensington Capital Corp

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

4910 13th Avenue

(No. and Street)

Brooklyn

(City)

NY

(State)

11219

(Zip Code)

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

Abraham Silver

718-436-2111

(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

Bischall, Neil D.

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

1146 East 32nd Street Brooklyn NY

(Address)

(City)

(State)

11210  
(Zip Code)

CHECK ONE:

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

PROCESSED

APR 21 2006

THOMSON  
FINANCIAL

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)

SEC 1410 (06-02)

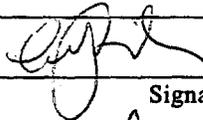
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

BB  
4/20

OATH OR AFFIRMATION

I, Abram Silver, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kensington Capital Corp, 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:

N/A



Signature

President

Title

  
Notary Public

TAMMY G. NEWMAN  
Notary Public, State of New York  
No. 24 4779838  
Qualified in Kings County  
Commission Expires 4/30/07

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 15c3-3 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).

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: January 31, 2007  
Estimated average burden  
hours per response..... 12.00

Form  
X-17A-5

FOCUS REPORT  
(Financial and Operational Combined Uniform Single Report)  
PART IIA 12

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

1) Rule 17a-5(a)  16

2) Rule 17a-5(b)  17

3) Rule 17a-11  18

4) Special request by designated examining authority  19

5) Other  26

NAME OF BROKER-DEALER

Kensington Capital Corp 13

SEC FILE NO.

8-28301 14

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

4910 13th Avenue 20

FIRM I.D. NO.

1742 15

(No. and Street)

FOR PERIOD BEGINNING (MM/DD/YY)

01/01/05 24

Brooklyn 21

(City)

NY 22

(State)

11210 23

(Zip Code)

AND ENDING (MM/DD/YY)

12/31/05 25

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

Abram Silver 30

(Area Code) — Telephone No.

718-436-2111 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

32

33

34

35

36

37

38

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES  40 NO  41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT  42

**EXECUTION:**

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the \_\_\_\_\_ day of \_\_\_\_\_ 20 06

Manual signatures of:

1) \_\_\_\_\_  
Principal Executive Officer or Managing Partner

2) \_\_\_\_\_  
Principal Financial Officer or Partner

3) \_\_\_\_\_  
Principal Operations Officer or Partner

**ATTENTION** — Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78f(a))

Persons who 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.

**TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

NAME (If individual, state last, first, middle name)

Rischall, Neil D

70

ADDRESS

1146 East 32<sup>nd</sup> St

Number and Street

71

Brooklyn

City

72

NY

State

73

11210

Zip Code

74

CHECK ONE

Certified Public Accountant

75

Public Accountant

76

Accountant not resident in United States  
or any of its possessions

77

FOR SEC USE

--	--

DO NOT WRITE UNDER THIS LINE . . . FOR SEC USE ONLY

WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT PART IIA

BROKER OR DEALER <i>Kensington Capital Corp</i>	N3	
--	----	--

100

## STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

as of (MM/DD/YY) <i>12/31/05</i>	99
SEC FILE NO. <i>28301</i>	98
Consolidated <input type="checkbox"/>	198
Unconsolidated <input checked="" type="checkbox"/>	199

	Allowable	Non-Allowable		Total
1. Cash .....	\$ <i>68,917</i> <span style="border: 1px solid black; padding: 2px;">200</span>		\$ <i>68,917</i>	<span style="border: 1px solid black; padding: 2px;">750</span>
2. Receivables from brokers or dealers:				
A. Clearance account .....	<span style="border: 1px solid black; padding: 2px;">295</span>			
B. Other .....	<span style="border: 1px solid black; padding: 2px;">300</span>	<span style="border: 1px solid black; padding: 2px;">550</span>		<span style="border: 1px solid black; padding: 2px;">810</span>
3. Receivable from non-customers .....	<span style="border: 1px solid black; padding: 2px;">355</span>	<span style="border: 1px solid black; padding: 2px;">600</span>		<span style="border: 1px solid black; padding: 2px;">830</span>
4. Securities and spot commodities owned at market value:				
A. Exempted securities .....	<span style="border: 1px solid black; padding: 2px;">418</span>			
B. Debt securities .....	<span style="border: 1px solid black; padding: 2px;">419</span>			
C. Options .....	<span style="border: 1px solid black; padding: 2px;">420</span>			
D. Other securities .....	<span style="border: 1px solid black; padding: 2px;">424</span>			
E. Spot commodities .....	<span style="border: 1px solid black; padding: 2px;">430</span>		<i>487,824</i>	<span style="border: 1px solid black; padding: 2px;">850</span>
5. Securities and/or other investments not readily marketable:				
A. At cost % \$ <span style="border: 1px solid black; padding: 2px;">130</span>				
B. At estimated fair value .....	<span style="border: 1px solid black; padding: 2px;">440</span>	<span style="border: 1px solid black; padding: 2px;">610</span>		<span style="border: 1px solid black; padding: 2px;">860</span>
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:				
A. Exempted securities \$ <span style="border: 1px solid black; padding: 2px;">150</span>				
B. Other securities \$ <span style="border: 1px solid black; padding: 2px;">160</span>	<span style="border: 1px solid black; padding: 2px;">480</span>	<span style="border: 1px solid black; padding: 2px;">630</span>		<span style="border: 1px solid black; padding: 2px;">880</span>
7. Secured demand notes:				
Market value of collateral:				
A. Exempted securities \$ <span style="border: 1px solid black; padding: 2px;">170</span>	<span style="border: 1px solid black; padding: 2px;">470</span>	<span style="border: 1px solid black; padding: 2px;">640</span>		<span style="border: 1px solid black; padding: 2px;">890</span>
B. Other securities \$ <span style="border: 1px solid black; padding: 2px;">180</span>				
8. Memberships in exchanges:				
A. Owned, at market \$ <span style="border: 1px solid black; padding: 2px;">190</span>		<span style="border: 1px solid black; padding: 2px;">650</span>		
B. Owned, at cost .....				
C. Contributed for use of the company, at market value .....		<span style="border: 1px solid black; padding: 2px;">660</span>		<span style="border: 1px solid black; padding: 2px;">900</span>
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships .....	<span style="border: 1px solid black; padding: 2px;">480</span>	<span style="border: 1px solid black; padding: 2px;">670</span>		<span style="border: 1px solid black; padding: 2px;">910</span>
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization .....	<span style="border: 1px solid black; padding: 2px;">490</span>	<span style="border: 1px solid black; padding: 2px;">680</span>	<i>144</i>	<span style="border: 1px solid black; padding: 2px;">920</span>
11. Other assets .....	<span style="border: 1px solid black; padding: 2px;">535</span>	<span style="border: 1px solid black; padding: 2px;">735</span>	<i>661,282</i>	<span style="border: 1px solid black; padding: 2px;">930</span>
12. TOTAL ASSETS .....	\$ <i>356,741</i> <span style="border: 1px solid black; padding: 2px;">540</span>	\$ <i>661,282</i> <span style="border: 1px solid black; padding: 2px;">740</span>	\$ <i>423,167</i>	<span style="border: 1px solid black; padding: 2px;">940</span>

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

Kensington Capital Corp

as of 12/31/05

### STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

#### LIABILITIES AND OWNERSHIP EQUITY

Liabilities	A.I. Liabilities	Non-A.I. Liabilities	Total
13. Bank loans payable .....	\$ 1045	\$ 1255	\$ 1470
14. Payable to brokers or dealers:			
A. Clearance account .....	92,797 1114	1315	92,797 1560
B. Other .....	1115	1305	1540
15. Payable to non-customers .....	1155	1355	1610
16. Securities sold not yet purchased, at market value .....		5 1360	5 1620
17. Accounts payable, accrued liabilities, expenses and other .....	49,285 1205	1385	49,285 1695
18. Notes and mortgages payable:			
A. Unsecured .....	1210		1690
B. Secured .....	1211	1390	1700
19. E. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings: .....		1400	1710
1. from outsiders \$ .....	970		
2. includes equity subordination (15c3-1(d)) of ... \$ .....	880		
B. Securities borrowings, at market value from outsiders \$ .....	990	1410	1720
C. Pursuant to secured demand note collateral agreements .....		1420	1730
1. from outsiders \$ .....	1000		
2. includes equity subordination (15c3-1(d)) of ... \$ .....	1010		
D. Exchange memberships contributed for use of company, at market value .....		1430	1740
E. Accounts and other borrowings not qualified for net capital purposes .....	1220	1440	1750
20. TOTAL LIABILITIES .....	\$ 142,082 1230	\$ 5 1450	\$ 142,087 1760
<b>Ownership Equity</b>			
21. Sole Proprietorship .....			1770
22. Partnership (limited partners) .....	1020		1780
23. Corporation:			
A. Preferred stock .....			1791
B. Common stock .....			40,000 1792
C. Additional paid-in capital .....			271,738 1793
D. Retained earnings .....			169,342 1794
E. Total .....			481,073 1795
F. Less capital stock in treasury .....			1796
24. TOTAL OWNERSHIP EQUITY .....			\$ 481,080 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY .....			\$ 623,167 1810

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

Kensington Capital Corp

as of 12/31/05

### COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition .....	\$	481,080	3480
2. Deduct ownership equity not allowable for Net Capital .....	%	( )	3490
3. Total ownership equity qualified for Net Capital .....		481,080	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital .....			3520
B. Other (deductions) or allowable credits (List) .....			3525
5. Total capital and allowable subordinated liabilities .....	\$	481,080	3530
6. Deductions and/or charges:			
A. Total non-allowable assets from			
Statement of Financial Condition (Notes B and C) .....	%	66,426	3540
B. Secured demand note delinquency .....			3590
C. Commodity futures contracts and spot commodities - proprietary capital charges .....			3600
D. Other deductions and/or charges .....			3610
7. Other additions and/or allowable credits (List) .....		( 66,426 )	3620
8. Net capital before haircuts on securities positions .....	%	414,654	3630
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)):			
A. Contractual securities commitments .....	\$		3660
B. Subordinated securities borrowings .....			3670
C. Trading and investment securities:			
1. Exempted securities .....	%		3735
2. Debt securities .....			3733
3. Options .....			3730
4. Other securities .....		55,396	3734
D. Undue Concentration .....		19,775	3650
E. Other (List) .....			3736
10. Net Capital .....	\$	339,483	3750

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

Kensington Capital Corp

as of

12/13/05

### COMPUTATION OF NET CAPITAL REQUIREMENT

**Part A**

11. Minimum net capital required (6 2/3% of line 19) .....	\$ 9,472	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$ 100,000	3758
13. Net capital requirement (greater of line 11 or 12) .....	\$ 100,000	3760
14. Excess net capital (line 10 less 13) .....	\$ 231,484	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19) .....	\$ 325,125	3780

### COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition .....	\$ 142,082	3790
17. Add:		
A. Drafts for immediate credit .....	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited .....	\$ 3810	
C. Other unrecorded amounts (List) .....	\$ 3820	
18. Total aggregate indebtedness .....	\$ 142,082	3840
19. Percentage of aggregate indebtedness to net capital (line 18 ÷ by line 10) .....	%	3850
20. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d) .....	%	3860

### COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

**Part B**

21. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits .....	\$	3970
22. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A) .....	\$ 3880	3880
23. Net capital requirement (greater of line 21 or 22) .....	\$	3760
24. Excess capital (line 10 less 23) .....	\$	3910
25. Net capital in excess of the greater of:		
A. 5% of combined aggregate debit items or \$120,000 .....	\$	3920

**NOTES:**

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
  1. Minimum dollar net capital requirement, or
  2. 6 2/3% of aggregate indebtedness or 4% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

Kensington Capital Corp

For the period (MMDDYY) from 9/1/05 3932 to 12/31/05 3933  
 Number of months included in this statement 12 3931

### STATEMENT OF INCOME (LOSS)

**REVENUE**

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange .....	\$	<u>571,164</u>	<u>3935</u>
b. Commissions on listed option transactions .....	25		<u>3938</u>
c. All other securities commissions .....			<u>3939</u>
d. Total securities commissions .....		<u>571,164</u>	<u>3940</u>
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange .....			<u>3945</u>
b. From all other trading .....		<u>152,716</u>	<u>3949</u>
c. Total gain (loss) .....		<u>152,716</u>	<u>3950</u>
3. Gains or losses on firm securities investment accounts .....			<u>3952</u>
4. Profit (loss) from underwriting and selling groups .....		26	<u>3955</u>
5. Revenue from sale of investment company shares .....			<u>3970</u>
6. Commodities revenue .....			<u>3990</u>
7. Fees for account supervision, investment advisory and administrative services .....			<u>3975</u>
8. Other revenue .....		<u>92,002</u>	<u>3995</u>
9. Total revenue .....		\$	<u>815,882</u> <u>4030</u>

**EXPENSES**

10. Salaries and other employment costs for general partners and voting stockholder officers .....		<u>387,600</u>	<u>4120</u>
11. Other employee compensation and benefits .....		<u>100,754</u>	<u>4115</u>
12. Commissions paid to other broker-dealers .....			<u>4140</u>
13. Interest expense .....			<u>4075</u>
a. Includes interest on accounts subject to subordination agreements .....			<u>4070</u>
14. Regulatory fees and expenses .....		<u>48,558</u>	<u>4195</u>
15. Other expenses .....		<u>408,847</u>	<u>4100</u>
16. Total expenses .....		\$	<u>871,559</u> <u>4200</u>

**NET INCOME**

17. Income (loss) before Federal income taxes and items below (Item 9 less Item 16) .....		\$	<u>(55,977)</u> <u>4210</u>
18. Provision for Federal income taxes (for parent only) .....		2a	<u>4220</u>
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above .....			<u>4222</u>
a. After Federal income taxes of .....		<u>4338</u>	
20. Extraordinary gains (losses) .....			<u>4224</u>
a. After Federal income taxes of .....		<u>4239</u>	
21. Cumulative effect of changes in accounting principles .....			<u>4225</u>
22. Net income (loss) after Federal income taxes and extraordinary items .....		\$	<u>(55,977)</u> <u>4230</u>

**MONTHLY INCOME**

23. Income (current month only) before provision for Federal income taxes and extraordinary items .....		\$	<u>(8,266)</u> <u>4211</u>
---	--	----	----------------------------

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER

Kensington Capital Corp

For the period (MMDDYY) from 01/01/05 to 12/31/05

### STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period .....	\$	<u>537,057</u>	4240
A. Net income (loss) .....		<u>(55,977)</u>	4250
B. Additions (Includes non-conforming capital of .....	\$	<u>4262</u>	4260
C. Deductions (Includes non-conforming capital of .....	\$	<u>4272</u>	4270
2. Balance, end of period (From item 1800) .....		\$	<u>481,080</u> 4290

### STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period .....	\$		4300
A. Increases .....			4310
B. Decreases .....			4320
4. Balance, end of period (From item 3520) .....		\$	<u>4330</u>

OMIT PENNIES

# FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT

## PART IIA

BROKER OR DEALER Kensington Capital Corp as of 10/31/05

### EXEMPTIVE PROVISION UNDER RULE 15c3-3

24. If an exemption from Rule 15c3-1 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k)(1) — \$2,500 capital category as per Rule 15c3-1 ..... 4550
- B. (k)(2)(A) — "Special Account for the Exclusive Benefit of customers" maintained ..... 4560
- C. (k)(2)(B) — All customer transactions cleared through another broker-dealer on a fully disclosed basis.  
 Name of clearing firm Southwest Securities Inc 4335 4570
- D. (k)(3) — Exempted by order of the Commission (include copy of letter) ..... 4580

**Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.**

Type of Proposed Withdrawal or Accrual (See below for code)	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (Yes or No)	
31	4600	4601	4602	4603	4604	4605
32	4610	4611	4612	4613	4614	4615
33	4620	4621	4622	4623	4624	4625
34	4630	4631	4632	4633	4634	4635
35	4640	4641	4642	4643	4644	4645
<b>Total \$</b>						4699

OMIT PENNIES

**Instructions:** Detail Listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and anticipated accruals which would cause a reduction of Net Capital. These anticipated accruals would include amounts of bonuses, partners' drawing accounts, taxes, and interest on capital, voluntary contributions to pension or profit sharing plans, etc., which have not been deducted in the computation of Net Capital, but which you anticipate will be paid within the next six months.

WITHDRAWAL CODE:	DESCRIPTIONS
1.	Equity Capital
2.	Subordinated Liabilities
3.	Accruals

**Neil D. Rischall CPA**  
Certified Public Accountant  
1146 East 32<sup>nd</sup> Street  
Brooklyn, New York 11210  
Phone (718) 692-0510 Fax (718) 258-6727  
Email: CPA@post.com Web Site : WWW.XpertCPA.com

To the Stockholders  
**KENSINGTON CAPITAL CORP.**  
Brooklyn, New York

February 16, 2006

I have examined the accompanying financial statements of KENSINGTON CAPITAL CORP. for the year ended December 31, 2005, and have issued my report thereon dated February 16, 2006. As part of my examination, I made a study and evaluation of the Company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

I also made a study of the practices and procedures followed by the Company under Rule 17a-5(g)(1) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. I did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governor of the Federal Reserve System because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining a system of internal accounting control 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 control 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 Commission's above-mentioned objectives. The objectives of a system 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.

To the Stockholders  
**KENSINGTON CAPITAL CORP.**

Because of inherent limitations in any internal accounting control procedures or the practices and procedures referred to above, errors or irregularities may, nevertheless, 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 degree of compliance with them may deteriorate.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of KENSINGTON CAPITAL CORP. taken as a whole. However, my study and evaluation disclosed no condition that we believed to be a material weakness.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission 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, I believe that the Company's practices and procedures were adequate at December 31, 2005 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission and the New York Stock Exchange and should not be used for any other purpose.

  
NEIL D. RISCHALL,  
Certified Public Accountant

Brooklyn, NY  
February 16, 2006

**Neil D. Rischall CPA**  
Certified Public Accountant  
1146 East 32<sup>nd</sup> Street  
Brooklyn, New York 11210  
Phone (718) 692-0510 Fax (718) 258-6727  
Email: CPA@post.com Web Site : WWW.XpertCPA.com

February 16, 2006

To the Stockholders  
Kensington Capital Corp.  
4910 13 Avenue  
Brooklyn, N.Y. 11219

Gentlemen:

I have examined the accompanying Financial Statements (Focus Report) (Form X-17A-5) of Kensington Capital Corp. as of December 31, 2005.

In connection therewith, I have reviewed the system of internal control, including the procedure for safe-guarding securities. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as I considered necessary in the circumstances, and I have observed the audit requirements prescribed by the Securities and Exchange Commission with respect to such examination.

In my opinion, the accompanying Financial Statements (focus report) (Form X-17A-5) present fairly the financial position of Kensington Capital Corp. as of December 31, 2005 in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year, and in the form required by the Securities and Exchange Commission.



NEIL D. RISCHALL  
Certified Public Accountant

Brooklyn, NY  
February 6, 2006

**KENSINGTON CAPITAL CORP.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**Neil D. Rischall CPA**  
Certified Public Accountant  
1146 East 32<sup>nd</sup> Street  
Brooklyn, New York 11210  
Phone (718) 692-0510 Fax (718) 258-6727  
Email : CPA@post.com Web Site : WWW.XpertCPA.com

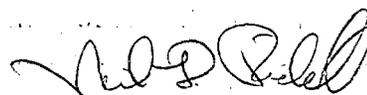
INDEPENDENT AUDITOR'S REPORT

To the Stockholders  
**KENSINGTON CAPITAL CORP.**  
Brooklyn, New York

I have audited the accompanying statement of financial condition of KENSINGTON CAPITAL CORP., a New York corporation as of December 31, 2005 and the related statements of income, retained earnings and cash flows for the year then ended. 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 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. 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 KENSINGTON CAPITAL CORP., 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.



NEIL D. RISCHALL,  
Certified Public Accountant

Brooklyn, NY  
February 16, 2006

KENSINGTON CAPITAL CORP.  
Statement of Financial Condition  
December 31, 2005

ASSETS

Cash	\$ 68,917
Money Market Account	136,752
Prepaid Expenses & Other Receivables	66,282
Securities - Long	351,072
Furniture, Fixtures and Equipment, at cost, less accumulated depreciation of \$120,731	144
<b>TOTAL ASSETS</b>	<b>\$ 623,167</b>

LIABILITIES AND STOCKHOLDERS' EQUITY

Accrued Expenses and Payroll Taxes	\$ 20,494
Accrued Salaries	28,791
Due to Broker	92,797
Securities Sold - Not Yet Purchased	5
<b>Total Liabilities</b>	<b>142,087</b>

Stockholders' Equity

Common Stock - no par value; authorized, issued and outstanding, 200 shares	40,000
Additional Paid-in Capital	271,738
Retained Earnings	169,342
<b>Total Stockholder's Equity</b>	<b>481,080</b>

<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b>\$ 623,167</b>
---	-------------------

KENSINGTON CAPITAL CORP.  
 Statements of Income and Retained Earnings  
 For the Year Ended December 31, 2005

<b>INCOME</b>	
Commission Revenue	\$ 571,164
Gain Securities Trading (Note 9)	152,716
Interest and Dividend Income	63,912
Other Income	28,090
	<hr/>
Total Income	815,882
 <b>OPERATING EXPENSES</b>	
Salaries - Officers	287,600
Salaries - Other	106,854
Clearance Charges	110,125
Professional Fees	45,504
Rent	23,393
Registration & Filing Fees	48,558
Telephone	23,761
Interest and Bank Charges	465
Travel Expenses	8,906
Office Expense	9,435
Insurance	89,097
Auto Expenses	32,033
Depreciation	1,668
Miscellaneous Taxes	28,342
Advertising and Promotion	46,132
Bad Debt	2,409
Miscellaneous Expenses	1,015
Repairs and Maintenance	260
	<hr/>
Total Operating Expenses	865,557
	<hr/>
Operating Loss	( 49,675)
Provision for Income Taxes	( 6,302)
	<hr/>
Net Loss	( 55,977)
Retained Earnings - Beginning of Year	225,319
	<hr/>
Retained Earnings - End of Year	\$ 169,342
	<hr/> <hr/>

KENSINGTON CAPITAL CORP.  
Statement of Cash Flows  
For the Year Ended December 31, 2005

Cash flows from operating activities:

Net income	\$( 55,977)
<hr/>	
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	1,668
Securities	( 2,828)
Due to/from Broker	79,672
Prepaid Expenses	( 793)
Accrued Expenses & Payroll Taxes	213
Accrued Salaries	14,999
Securities Sold-Not Yet Purchased	( 39,918)
<hr/>	
Total adjustments	53,013
<hr/>	
Net cash provided (used) by operating activities	( 2,964)

Cash flows from investing activities:

Purchase Fixed Assets	( 1,380)
Cash proceeds from the sale of property	2,174
<hr/>	
Net cash provided (used) by investing activities	794

Net increase (decrease) in cash and equivalents	( 2,170)
Cash and equivalents, beginning	71,087
Cash and equivalents, ending	<u>\$ 68,917</u>

Supplemental disclosures of cash flow information:

Cash paid during the period for:	
Income Taxes	\$12,348

KENSINGTON CAPITAL CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Description of Business

KENSINGTON CAPITAL CORP. (the Company) was organized and commenced operations in June 1982. The Company is a non-clearing broker-dealer and is exempt from provisions of Rule 15c3-3 because all customers' accounts are carried by a clearing broker, on a fully disclosed basis. For financial statement and income tax purposes the Company records income and expenses using the accrual basis of accounting.

Cash and Cash Equivalents:

The Company considers all highly liquid investments with maturities of three months or less at the time of the purchase to be cash equivalents.

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed on the straight-line method (half-year convention) or modified accelerated cost recovery method over the estimated useful lives. The estimated useful lives of property and equipment are from 3 to 5 years. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

Depreciation:

Depreciation is computed for both financial reporting purposes and federal income tax purposes using the straight-line method or modified accelerated cost recovery method. The effect of this departure from a generally accepted depreciation method has been determined to have no material effect on the financial statements.

Advertising

Advertising costs are expensed as incurred. Advertising expense was \$17,941 for the year ended December 31, 2005.

Provision for Bad Debts

The Company uses the direct write off method for reporting its bad debts.

Use of Estimates

The preparation 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, the 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. On an ongoing basis, management reviews its estimates based on currently available information. Changes in facts and circumstances may result in revised estimates.

See Accountants' Report.

KENSINGTON CAPITAL CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Concentration of Credit Risk

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash and trade accounts receivable. The Company places its cash and temporary cash investments with high credit quality institutions. Such investments at times may exceed the federal depository insurance limits.

NOTE 2- DUE FROM BROKER

The Company's securities transactions are cleared through Southwest Securities, and all the Company's trading accounts and customer's accounts are carried by Southwest Securities. Southwest Securities remits to the Company all profit on the Company's trading accounts and all commissions due net of clearance charges, trading errors and miscellaneous related charges, at the end of the month.

NOTE 3 - SECURITIES

Securities consist of marketable equity securities at quoted market values.

NOTE 4 - SECURITIES SOLD - NOT YET PURCHASED

Securities Sold-Not Yet Purchased consist of marketable equity securities at quoted market values.

NOTE 5 - FIXED ASSETS

Property, plant and equipment are stated at cost. Expenditures for maintenance and repairs are charged against operations. Renewals and betterments that materially extend the life of the assets are capitalized.

At December 31, 2005, property, plant and equipment are summarized by major classifications as follows:

	<u>Cost</u>	<u>Depreciation</u>	<u>Value</u>
Furniture & Fixtures	\$ 39,894	\$ 39,894	\$ -0-
Computer Equipment	78,481	78,481	-0-
Automobile	<u>2,500</u>	<u>2,068</u>	<u>144</u>
Total	<u>\$120,875</u>	<u>\$120,731</u>	<u>\$ 144</u>

Depreciation expense for the year ended December 31, 2005 was \$1,668.

See Accountants' Report.

KENSINGTON CAPITAL CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

NOTE 6 - PROFIT ON TRADING

This amount includes unrealized gains (losses) on securities, as follows:

Securities	\$(951)
Securities Sold Not Yet Purchased (Short Sales)	(2)

NOTE 7 - INCOME TAXES

The Company has elected, by unanimous consent of its shareholders to be taxed under the provisions of sub-Chapter S of the Internal Revenue Code. Accordingly, no provisions or liability for Federal income taxes is reflected in the accompanying statements. Instead, the shareholders are liable for individual income taxes on their respective share of the Company's taxable income.

Provision for income taxes consists of the following:

New York State Corporation Tax	\$ 100
New York City Corporation Tax	<u>6,202</u>
Total	\$ 6,302

NOTE 8 - INTERNAL CONTROL

No material inadequacies were found to exist.

NOTE 9 - NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). The following data has been excerpted from the Company's Focus Report for the year ended:

Net Capital	\$339,484
Required Net Capital	\$100,000
Excess Net Capital	\$239,484
Ratio of Aggregate Indebtedness to Net Capital	42

See Accountants' Report.

KENSINGTON CAPITAL CORP.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2005

**NOTE 10 - DISTRIBUTIONS TO SHAREHOLDERS**

In accordance with the loan agreements and shareholders' employment agreement, the shareholders are entitled to receive corporation distributions or shareholder/officer bonuses equal to the additional individual income taxes incurred for their proportionate share of the Company's taxable income.

During the twelve (12) months ended December 31, 2005 the Company did not make any distributions to its' shareholders from retained earnings.

See Accountants' Report.

**KENSINGTON CAPITAL CORP.**  
**RECONCILIATION BETWEEN UNAUDITED AND AUDITED FOCUS REPORTS**  
**DECEMBER 31, 2005**

There were no material differences between audited and unaudited focus reports.

2005-2006 Annual Report  
December 31, 2005

2005-2006 Annual Report  
December 31, 2005