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

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

SEC FILE NUMBER
8- 50973

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 1/1/05 AND ENDING 12/31/05  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: TN Capital Equities, Ltd.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

350 Madison Avenue, 8th fl.

(No. and Street)

New York  
(City)

NY  
(State)

10017  
(Zip Code)

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

John Steinmetz

212 381-7390

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Richard J. Girasole, CPA

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

1273 77th Street

(Address)

Brooklyn

(City)

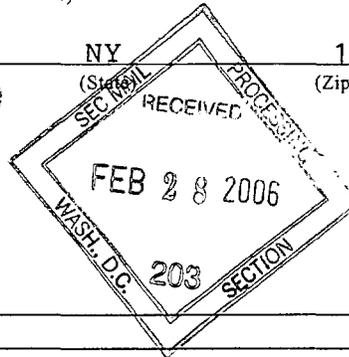
NY

(State)

11228

(Zip Code)

PROCESSED



CHECK ONE:

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

APR 28 2006  
THOMSON FINANCIAL

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

SEC 1410 (06-02)

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.

OATH OR AFFIRMATION

I, John Steinmetz, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TN Capital Equities, Ltd., as of 12/31/05, 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:

State of New York

VINCENT J. GUARNERI  
Notary Public, State of New York  
No. 01GU6100630  
Qualified in Kings County  
Commission Expires Oct. 20, 2007

John F. Steinmetz  
Signature  
President  
Title

Vincent J. Guarneri 2/27/06  
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 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).

**TN CAPITAL EQUITIES, LTD.**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2005**

**TN Capital Equities, Ltd.**

**For The Year Ended**

**December 31, 2005**

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# RICHARD J. GIRASOLE, CPA, P.C.

Certified Public Accountant

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1273 77th Street  
Brooklyn, NY 11228  
(718) 238-1212  
Fax: (718) 238-2654  
E-mail: rjg1112@aol.com

345 7th Avenue, 21st floor  
New York, NY 10001  
(212) 947-3036  
Fax: (212) 947-8827

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors and Stockholders of  
TN Capital Equities, Ltd.:

I have audited the accompanying statements of financial condition of TN Capital Equities, Ltd. as of December 31, 2005 and 2004, and the related statements of income, cash flows and changes in financial position for the years then ended which are being filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 have conducted my audit in accordance with generally accepted auditing standards. 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 reasonable basis for my opinion.

In my opinion, such financial statements present fairly, in all material respects, the financial position of TN Capital Equities, Ltd. at December 31, 2005 and 2004, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

February 22, 2006



Richard J. Girasole CPA

**TN CAPITAL EQUITIES, LTD.**  
**Statement of Financial Condition**  
**As of December 31, 2005 and 2004**

**ASSETS**

	<u>2005</u>	<u>2004</u>	
<b>CURRENT ASSETS</b>			
Cash in Bank	\$ 335,345	\$ 281,388	
Loans Receivable	<u>18,500</u>	<u>14,500</u>	
<b>Total Current Assets</b>	<u>353,845</u>	<u>295,888</u>	
<b>PROPERTY AND EQUIPMENT</b>			
Office Equipment	8,578	8,578	
Less: Accum Depreciation	<u>(8,242)</u>	<u>(8,127)</u>	
<b>Net Property and Equipment</b>	<u>336</u>	<u>451</u>	
<b>OTHER ASSETS</b>			
Security Deposits	<u>0</u>	<u>7,215</u>	
<b>Total Other Assets</b>	<u>0</u>	<u>7,215</u>	
<b>TOTAL ASSETS</b>	<u>\$ 354,181</u>	<u>\$ 303,554</u>	

-See Accountant's Audit Report and Notes to the Financial Statements-

**TN CAPITAL EQUITIES, LTD.**  
**Statement of Financial Condition**  
**As of December 31, 2005 and 2004**

**LIABILITIES AND SHAREHOLDER'S EQUITY**

	<u>2005</u>	<u>2004</u>
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 30,559	\$ 15,040
Accrued Taxes Payable	13,400	12,500
Brokers Fees Payable	<u>202,750</u>	<u>165,000</u>
<b>Total Current Liabilities</b>	<u>246,709</u>	<u>192,540</u>
<b>LONG-TERM LIABILITIES</b>		
Loans Payable - TN Cap Prt.	<u>0</u>	<u>55,000</u>
<b>Total Long-Term Liabilities</b>	<u>0</u>	<u>55,000</u>
<b>Total Liabilities</b>	<u>246,709</u>	<u>247,540</u>
<b>STOCKHOLDERS' EQUITY</b>		
Capital Stock	26,980	26,980
Retained Earnings	<u>80,492</u>	<u>29,034</u>
<b>Total Stockholders' Equity</b>	<u>107,472</u>	<u>56,014</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>\$ 354,181</u>	<u>\$ 303,554</u>

-See Accountant's Audit Report and Notes to the Financial Statements-

**TN CAPITAL EQUITIES, LTD.**  
**Statement of Income**

	12 Months Ended December 31, 2005	12 Months Ended December 31, 2004
<b>Sales</b>		
Fees & Commissions	\$ 2,001,578	\$ 2,559,635
<b>Total Sales</b>	<u>2,001,578</u>	<u>2,559,635</u>
<b>Cost of Sales</b>		
Broker Fees	1,713,661	1,397,940
Consulting Fees	<u>147,293</u>	<u>914,289</u>
<b>Total Cost of Sales</b>	<u>1,860,954</u>	<u>2,312,229</u>
<b>Gross Profit</b>	<u>140,624</u>	<u>247,406</u>
<b>Operating Expenses</b>		
Computer Expense	0	490
Depreciation	115	1,204
Delivery/Messenger	0	897
Registration Fees	370	3,223
NASD Fees	19,035	11,140
Office	1,837	24,395
Postage/Delivery	0	1,935
Professional Fees	21,089	109,727
Rent	20,349	19,366
Taxes Corp - State	8,100	4,500
Taxes - City Corp	7,800	5,500
Federal Corp Tax	6,500	6,500
Telephone	2,436	3,924
Travel & Entertainment	<u>1,586</u>	<u>2,374</u>
<b>Total Operating Expenses</b>	<u>89,217</u>	<u>195,175</u>
<b>Operating Income</b>	<u>51,407</u>	<u>52,231</u>
<b>Other Income</b>		
Interest Income	<u>50</u>	<u>41</u>
<b>Total Other Income</b>	<u>50</u>	<u>41</u>
<b>Net Income</b>	<u>\$ 51,457</u>	<u>\$ 52,272</u>

-See Accountant's Audit Report and Notes to the Financial Statements-

**TN CAPITAL EQUITIES, LTD.**  
**STATEMENT OF CASH FLOWS**  
For the 12 months Ended December 31, 2005

	<u>2005</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	\$ 51,458
Adjustments to reconcile Net Income (Loss) to net Cash provided by (used in) operating activities:	
Depreciation and Amortization	115
Losses (Gains) on sales of Fixed Assets	0
Decrease (Increase) in Operating Assets:	
Accounts Receivable	(4,000)
Other	7,215
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	15,519
Accrued Liabilities	38,650
Total Adjustments	<u>57,499</u>
 <b>Net Cash Provided By (Used in) Operating Activities</b>	 108,957
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Notes Payable Repayments	(55,000)
Proceeds From Sale of Stock	<u>0</u>
<b>Net Cash Provided By (Used In) Financing Activities</b>	<u>(55,000)</u>
 <b>NET INCREASE IN CASH</b>	 53,957
 <b>CASH AT BEGINNING OF PERIOD</b>	 <u>281,388</u>
 <b>CASH AT END OF PERIOD</b>	 <u>\$ 335,345</u>

-See Accountant's Audit Report and Notes to the Financial Statements-

**TN Capital Equities, Ltd.  
Statement of Changes in Stockholders' Equity  
December 31, 2005**

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

	<b><u>Total Capital</u></b>
Stockholders' Equity January 1, 2005	\$ <u>56,014</u>
Net Income - 2005	51,457
Total Capital Contributions - 2005	- 0 -
Stockholders' Equity 12/31/2005	\$ <u>107,471</u>

**-See Accountant's Audit Report and Notes to the Financial Statement-**

**TN Capital Equities, Ltd.**  
**Changes in Financial Position**  
**Twelve Months Ended December 31, 2005**

<b>Source of Funds</b>		
<b>Operations:</b>		
Net Profit	\$	51,458
Add:		
Depreciation		<u>115</u>
<b>Total From Operations</b>		<b>\$ 51,573</b>
<b>Other Sources</b>		0
<b>Total Other Sources</b>		<u>0</u>
<b>Total Source of Funds</b>		<b>51,573</b>
<b>Application of Funds</b>		0
<b>Total Application of Funds</b>		<u>0</u>
<b>Change: Working Capital</b>		<b>\$ <u>51,573</u></b>

-See Accountant's Audit Report and the Notes to Financial Statement-

## Notes to Financial Statements

### Organization

1. TN Capital Equities, Ltd. (the "Company"), initially known as GrowVest Capital Securities, Inc. and later known as Hornblower Capital Securities, Inc., is a Delaware corporation incorporated March 18, 1998, which is registered as a broker-dealer under the Securities Exchange Act of 1934 (the "Exchange Act"), and which became a member of the National Association of Securities Dealers, Inc. ("NASD") on September 24, 1998. The Company is a wholly owned subsidiary of TerraNova Capital Partners, Inc., initially known as GrowVest Capital Partners, Inc., and later known as Hornblower Capital Partners, Inc. a Delaware corporation

### Significant Accounting Policies

2. The Company's business is limited to acting as a private placement agent and to consulting in connection with mergers and acquisitions. Company revenues are derived from commissions and fees earned in private placement transactions and merger and acquisition consulting fees. The Company does not engage in any operations requiring establishment of customer accounts, handling of customer securities or funds, retail securities transactions, securities clearing activities, margin activities or any other forms of securities business. Significant changes in the Company's business require NASD approval.

### Initial Operations

3. From the time of its incorporation until it became a NASD member, the Company engaged in planning, organization and other activities preliminary to its becoming authorized to do business as a broker-dealer. From the date of its NASD admission until December 31, 2005, the Company applied to and is registered as a broker-dealer in various states and seeks to obtain business opportunities as a private placement agent and merger and acquisition consultant.

### Net Capital Requirement

4. As a registered broker-dealer, the Company is subject to Rule 15c3-1 (the Net Capital Rule) promulgated under the Exchange Act, and to comparable rules of the NASD relating to net capital. Pursuant to such rules, the Company is required to maintain net capital of at least \$5,000 or 6.67% of the aggregate indebtedness. At December 31, 2005 the company had net capital of \$86,636. This amount exceeded such requirements for 2005 by \$72,205. At December 31, 2004, the Company had net capital of \$111,014.
5. The NASD has approved, for purposes of computing net capital, a \$55,000 subordinated loan to the Company from the Parent Company for a period of five years. In December 2005, the loan was repaid in accordance with the original loan documents.

**TN Capital Equities, Ltd.**  
**Computation of Net Capital for Brokers and Dealers**  
**December 31, 2005**

**COMPUTATION OF NET CAPITAL FOR BROKERS AND DEALERS**  
**PURSUANT TO RULE 15c3-1 UNDER THE SECURITIES EXCHANGE ACT OF 1934**

NET CAPITAL	\$	107,472
Add: Subordinated Loan		<u>-0-</u>
TOTAL CAPITAL		107,472
DEDUCTIONS		(18,836)
HAIRCUTS ON SECURITIES		<u>-0-</u>
NET CAPITAL	\$	88,636
MINIMUM NET CAPITAL REQUIREMENT		<u>16,431</u>
EXCESS NET CAPITAL	\$	<u>72,205</u>
AGGREGATE INDEBTEDNESS		(246,709)

No material differences exist between the above computation and the computation included in the company's corresponding un-audited Part II of Form X-17A-5 as of December 31, 2005.

**TN Capital Equities, Ltd.  
Computation of Reserve Requirements  
December 31, 2005**

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3  
UNDER THE SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2005**

EXEMPTION UNDER SECTION (k)(2)(i) IS CLAIMED:

The company is exempt from the provision of Rule 15c3-3 under the Exchange Act in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k)(2)(i) of the Rule.