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

SEC FILE NUMBER
8-43484

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: American Securities, Inc.

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

290 - 7th Avenue

San Francisco  
(City)

94118

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT REGARD TO THIS REPORT  
Mr. Michael Yap (415) 666-0633

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Louie & Pak, LLP

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

838 Grant Avenue, Suite 402-7 San Francisco California 94108

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

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THOMSON FINANCIAL

<b>FOR OFFICIAL USE ONLY</b>

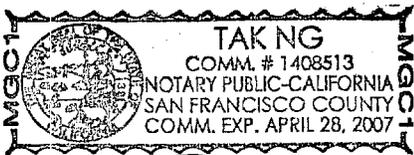
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*Handwritten initials/signature*

OATH OR AFFIRMATION

I, Michael Yap, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AmeriCal Securities, Inc., as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

- NONE -



[Signature]  
Notary Public

[Signature]  
Signature  
a.k.a. KIT YONG YAP, president.  
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).

AMERICAL SECURITIES, INC.  
BALANCE SHEET  
AS OF DECEMBER 31, 2005

**ASSETS**

CURRENT ASSETS	
Deposits with clearing organization	\$ 85,000
Commissions receivable	2,291
Other receivable	(1,790)
Prepaid Expense	<u>15,000</u>
Current Assets	100,501
FIXED ASSETS	
Furniture & fixtures	15,373
Office equipment	51,698
Leasehold improvement	103,448
Accumulated depreciation	<u>(105,331)</u>
Net Fixed Assets	65,188
TOTAL ASSETS	\$ <u><u>165,689</u></u>

**LIABILITIES & STOCKHOLDERS' EQUITY**

CURRENT LIABILITIES	
Commissions payable	\$ 1,252
Accounts payable	<u>11,875</u>
Current Liabilities	13,127
OTHER LIABILITIES	
Subordinated loans	<u>200,000</u>
TOTAL LIABILITIES	\$ <u>213,127</u>
STOCKHOLDERS' EQUITY	
Common Stock, no par value	200,000
Authorized - 500,000 shares	
Issued and outstanding - 200,000 shares	
Additional paid in capital	180,000
Retained Earnings	<u>(427,438)</u>
Total Stockholders' Equity	<u>(47,438)</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ <u><u>165,689</u></u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

AMERICAL SECURITIES, INC.  
STATEMENT OF INCOME (LOSS)  
FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUE	
Commission revenue	\$ 185,632
Interest and dividend income	1,216
Other income	<u>14,469</u>
Total Revenue	201,317
EXPENSES	
Commission expense	44,080
Clearing and Execution Fees	51,357
Officer's Medical Expense	5,395
Wages & Salaries	26,947
Payroll Taxes	2,700
Professional Fees	8,851
Broker Registration Fees	1,200
Rent	6,000
Insurance	2,028
Office Supplies and Expenses	1,067
Telephone	9,803
Utilities	3,423
Depreciation	4,956
Quotes & Execution Fees	15,164
Dues and Subscriptions	2,485
Business Development	14,601
Income Tax	800
Regulatory Fees	8,769
Bank Fees	264
Interest Expense	1,425
Trading Error	6,085
Equipment Leasing	2,076
Miscellaneous	<u>172</u>
Total Expenses	219,648
NET INCOME (LOSS)	<u>\$ (18,331)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

AMERICAL SECURITIES, INC.  
STATEMENT OF RETAINED EARNINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Retained Earnings, Beginning of Year	\$ (409,107)
Net loss for the year ended December 31, 2005	<u>(18,331)</u>
Retained Earnings, December 31, 2005	<u>\$ (427,438)</u>

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

AMERICAL SECURITIES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Cash Flows From Operating Activities

Net Income (loss) \$ (18,331)

Adjustments to Reconcile Net Income to  
Net Cash Provided by Operating Activities

Depreciation 4,956

(Increase) decrease in:

Commissions receivable 12,551

Other receivable 9,621

Prepaid Expense (15,000)

Increase (decrease) in:

Commissions payable (4,142)

Accounts payable 11,041

Taxes payable (2,205)

Net Cash Provided by Operating Activities (1,509)

Cash Flows From Financing Activities

Decrease in loan payable (108,239)

Net Cash Provided by Financing Activities (108,239)

Net Decrease in Cash (109,748)

Cash and Deposits with Clearing Organizations -  
Balance January 1, 2005 169,748

Additional Shareholder Equity 25,000

Cash and Deposits with Clearing Organizations -  
Balance December 31, 2005 \$ 85,000

SEE ACCOMPANYING NOTES TO FINANCIAL STATEMENTS.

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2005**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

General Information and Nature of Operations

AmeriCal Securities, Inc. is a California corporation.

This corporation is a brokerage firm located in San Francisco serving institutional and local individual investors.

Method of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting.

Recognition of Income

Commissions earned from the sale of stocks and options are recognized on a trade date basis. Related commission expenses are also recorded on a trade date basis.

Use of Estimates

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

Depreciation

Office equipment, furniture and leasehold improvements are stated at cost and depreciated on a straight-line basis utilizing the assets' estimated useful lives of 5 to 39 years. Depreciation expense was \$4,956 for the year ended December 31, 2005.

**2. ERROR ACCOUNT**

The error account is used for errors made in executing customers' orders. On December 31, 2005, this account had a net equity balance with U.S. Clearing of \$2,920.

**3. OPERATING LEASES**

Office Lease

AmeriCal Securities, Inc. leased office space for \$1,000 per month for January to June, 2005. No rent was needed to be paid for the months July to December 2005. Rent expense was \$6,000 for the year ended December 31, 2005. Future rent payments will remain at \$1,000 per month on a month-to-month basis.

#### Equipment Lease

AmeriCal Securities, Inc. leases a copier at \$128 per month. Lease term for the copier is for 60 months and will expire December 13, 2006. Equipment lease expense was \$2,077 for the year ended December 31, 2005. Future minimum lease payment at December 31, 2005 is as follows:

Year ending December 31,	Amount
2006	\$ 1,408

#### 4. **SUBORDINATED LOANS**

The borrowings under subordinated agreements at December 31, 2005, are listed below:

Subordinated note, 0%, due 1/15/08	\$ 100,000
Subordinated note, 0%, due 12/30/08	<u>100,000</u>
Total:	\$ 200,000

The subordinated borrowings are covered by agreements approved by the National Association of Securities Dealers, Inc. and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule.

#### 5. **INCOME TAXES**

No provision (credit) for federal corporation tax has been recorded. AmeriCal Securities, Inc. incurred a net loss for the year ended December 31, 2005.

#### 6. **NET CAPITAL REQUIREMENTS**

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the corporation is required to maintain a minimum net capital, as defined under such provisions. Net capital and related net capital ratio may fluctuate on a daily basis. At December 31, 2005, the corporation had net capital and net capital requirements of \$87,374 and \$85,000 respectively.

#### 7. **GOING CONCERN CONSIDERATIONS**

The Corporation has experienced several years of net operating losses. The Corporation receives most of its income from stock trade commission. In the aftermath of recent national events and the downturn of the stock market, the Corporation is concerned about the continuing effect on its annual revenue. The Corporation, in an effort to mitigate the effect of economic conditions, is searching for alternative sources of revenue. The ability of the Corporation to continue as a going concern is dependent on the success of these actions. The financial statements do not include any adjustments that might be necessary should the Corporation be unable to continue as a going concern.

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER

as of 12/31/05

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition - Item 1000 .....	\$	(47,438)	3480
2. Deduct Ownership equity not allowable for Net Capital .....		( )	3490
3. Total ownership equity qualified for Net Capital .....		(47,438)	3500
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital .....		200,000	3520
B. Other (deductions) or allowable credits (List) .....			3525
5. Total capital and allowable subordinated liabilities .....	\$	152,562	3530
6. Deductions and/or charges:			
A. Total nonallowable assets from			
Statement of Financial Condition (Notes B and C) .....	\$	65,188	3540
1. Additional charges for customers' and non-customers' security accounts .....	\$		3550
2. Additional charges for customers' and non-customers' commodity accounts .....			3560
B. Aged fail-to-deliver .....			3570
1. Number of items .....	29	3450	
C. Aged short security differences-less reserve of .....	\$	3460	3580
number of items .....		3470	
D. Secured demand note deficiency .....			3590
E. Commodity futures contracts and spot commodities - proprietary capital charges .....			3600
F. Other deductions and/or charges .....			3610
G. Deductions for accounts carried under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) .....			3615
H. Total deductions and/or charges .....		(65,188)	3620
7. Other additions and/or allowable credits (List) .....			3630
8. Net capital before haircuts on securities positions .....	\$	87,374	3640
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. Bankers' acceptances, certificates of deposit and commercial paper .....	31	3680	
2. U.S. and Canadian government obligations .....		3690	
3. State and municipal government obligations .....		3700	
4. Corporate obligations .....		3710	
5. Stocks and warrants .....		3720	
6. Options .....		3730	
7. Arbitrage .....		3732	
8. Other securities .....	32	3734	
D. Undue Concentration .....			3650
E. Other (List) .....			3736
10. Net Capital .....	\$	87,374	3740
			3750

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
PART II

BROKER OR DEALER

as of 12/31/05

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6 2/3% of line 19)	\$	875	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)	\$	85,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$	85,000	3760
14. Excess net capital (line 10 less 13)	\$	2,374	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	86,061	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$	13,127	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	3830
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii))	\$		3838
19. Total aggregate indebtedness	\$	13,127	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	15	3850
21. Percentage of aggregate indebtedness to net capital after anticipated capital withdrawals (line 19 ÷ by line 10 less item 4880 page 25)	%		3853

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debt items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$		3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		3880
24. Net capital requirement (greater of line 22 or 23)	\$		3760
25. Excess net capital (line 10 less 24)	\$		3910
26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line 17 page 8)	%		3851
27. Percentage of Net Capital, after anticipated capital withdrawals, to Aggregate Debits (line 10 less item 4880 page 11 ÷ by line 17 page 8)	%		3854
28. Net capital in excess of the greater of:			
A. 5% of combines aggregate debit items or \$120,000	\$		3920

OTHER RATIOS

Part C

29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	%		3860
30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital	%		3852

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 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand notes 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.

SCHEDULE II

AMERICAL SECURITIES, INC.  
COMPUTATION FOR DETERMINATION OF RESERVE  
REQUIREMENTS PURSUANT TO RULE 15c3-3  
DECEMBER 31, 2005

The company did not handle any customer cash or securities during the period.

AMERICAL SECURITIES, INC.  
INFORMATION RELATING TO THE POSSESSION  
OF CONTROL REQUIREMENTS UNDER RULE 15c3-3  
DECEMBER 31, 2005

The company did not handle any customer cash or securities during the period and does not have any customer accounts.

AMERICAL SECURITIES, INC.  
 RECONCILIATION PURSUANT TO RULE 15c3-1 AND 15c3-3  
 DECEMBER 31, 2005

1. RECONCILIATION OF COMPUTATION OF NET CAPITAL TO RESPONDENT'S COMPUTATION

The reconciliation between the computation per Schedule I and the respondent's computation is as follows:

	<u>Net Capital</u>	<u>Indebtedness</u>	<u>Ratio</u>
Computation per respondent	\$ 79,254	\$ 4,972	0.06
Computation per Schedule I	<u>87,374</u>	<u>13,127</u>	<u>0.15</u>
Difference	\$ <u>(8,120)</u>	\$ <u>(8,155)</u>	<u>(0.09)</u>

2. RECONCILIATION OF COMPUTATION OF RESERVE REQUIREMENTS TO RESPONDENT'S COMPUTATIONS

The reconciliation between the computation per Schedule II and the respondent's computations is as follows:

Calculation per respondent	\$ 0
Calculation per Schedule II	\$ 0

**Louie & Pak, LLP**  
**Certified Public Accountants**

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838 Grant Avenue, Suite 402-7, San Francisco, CA 94108 (415) 397-6411 Fax (415) 397-6617

CERTIFIED PUBLIC ACCOUNTANT'S SUPPLEMENTARY  
REPORT ON INTERNAL ACCOUNTING CONTROL

The Board of Directors  
AmeriCal Securities, Inc.  
San Francisco, CA

We have audited the financial statements of AmeriCal Securities, Inc. for the year ended December 31, 2005 and have issued our report thereon dated February 27, 2006. As a part of our audit, we made a study and evaluation of the Company's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our 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.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. We 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 Governors 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 judgments by management are required to assess the expected benefits and related costs of control procedures and practices and procedures referred to above and assess whether those practices and procedures can be expected to achieve the Commission's objectives referred to in the preceding paragraph.

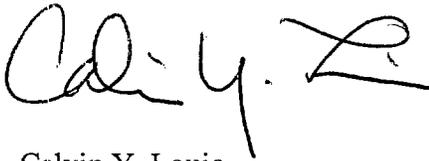
The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with 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.

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.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of AmeriCal Securities, Inc. taken as a whole. However, our study and evaluation disclosed no conditions that we believed to be a material weakness.

We 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, we believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the Commission's objectives. Also, nothing came to our attention that would indicate that the conditions for claiming exemption from Rule 15c-3 had not been complied with during the year.

This report is intended solely for the use of management, the National Association of Security Dealers, Inc. and the Securities and Exchange Commission and should not be used for any other purpose.



Calvin Y. Louie  
Louie & Pak, LLP  
Certified Public Accountants  
February 27, 2006