

MM

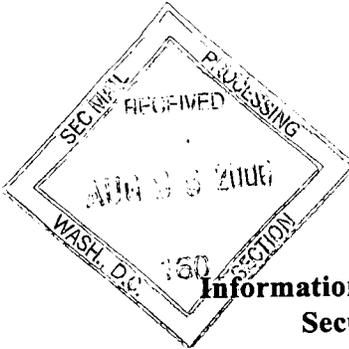


06009392

COMMISSION 549

CM

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



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

SEC FILE NUMBER
8- 47763

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 07/01/2005 AND ENDING 06/30/2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Global Brokerage Services, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

11350 McCormick Rd. EP III Suite 901

(No. and Street)

Hunt Valley

(City)

MD

(State)

21031

(Zip Code)

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

Thomas W. Johnson

410-785-4990

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

William Davis CPA, PA

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

30 Greenway NW Suite 10

(Address)

Glen Burnie

(City)

MD

(State)

21061

(Zip Code)

CHECK ONE:

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

PROCESSED

B OCT 13 2006

FOR OFFICIAL USE ONLY

THOMSON
FINANCIAL

*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)

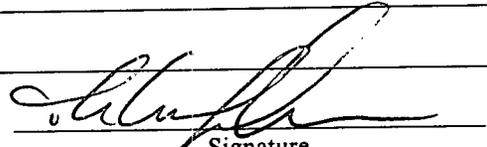
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

Handwritten signature/initials

CM

OATH OR AFFIRMATION

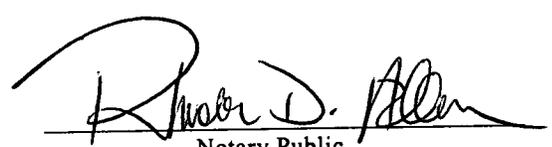
I, Thomas W. Johnson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Global Brokerage Services, Inc., as of June 30, 2006, are true and correct. I further swear (or affirm) that neither the company 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:



Signature

President

Title



Notary Public

RHONDA D. ALLEN
NOTARY PUBLIC STATE OF MARYLAND
County of Baltimore
My Commission Expires October 1, 2009

- 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).



GLOBAL BROKERAGE SERVICES, INC.

FINANCIAL STATEMENTS

For The Year Ended June 30, 2006

GLOBAL BROKERAGE SERVICES, INC.

Table of Contents

For The Year Ended June 30, 2006

	<u>Page</u>
AUDITOR'S REPORT.....	1
FINANCIAL STATEMENTS	
Balance Sheet.....	2
Statement of Income	3
Statement of Changes in Stockholders' Equity.....	4
Statement of Changes in Cash Flows.....	5
Notes to Financial Statements.....	6-8
SUPPLEMENTARY INFORMATION	
Schedule I-Computation of Net Capital Under Rule 15c3-1....	9-10
Schedule II-Computation for Determination of Reserve Requirements Under Rule 15-c3-3.....	11

WILLIAM H. DAVIS, P. A.
CERTIFIED PUBLIC ACCOUNTANT
30 Greenway N.W., Suite 10
Glen Burnie, Maryland 21061
(410) 766-8204 FAX: (410) 766-3087

MEMBER
MARYLAND ASSOCIATION OF
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

MEMBER
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS

To The Board of Directors and Stockholders of
Global Brokerage Services, Inc.
11350 McCormick Road
Hunt Valley, Maryland 21031

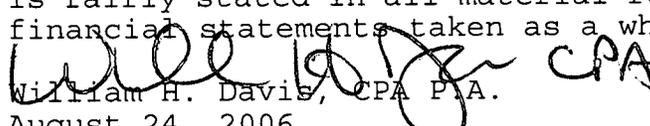
I have audited the accompanying balance sheet of Global Brokerage Services, Inc. as of June 30, 2006 and the related statements of income, statement of changes in stockholders' equity, and changes in cash flows for the year then ended. These financial statements are the responsibility of the Company's 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 Global Brokerage Services, Inc. as of June 30, 2006, 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.

My audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.


William H. Davis, CPA P.A.
August 24, 2006

GLOBAL BROKERAGE SERVICES, INC.
Balance Sheet
June 30, 2006

ASSETS

Current Assets:	
Cash	\$ 28,321
Accounts Receivable (Note 2)	62,834
Prepaid Expenses (Note 6)	<u>10,000</u>
Total Current Assets	<u>101,155</u>
Other Assets:	
Deposits with Clearing Organization (Note 3)	<u>10,148</u>
Total Other Assets	<u>10,148</u>
Total Assets	<u>\$111,303</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:	
Accounts Payable	\$ 100
Commissions Payable (Note 4)	55,083
Income Taxes Payable (Note 1 and 5)	<u>756</u>
Total Liabilities	<u>55,939</u>
Stockholders' Equity:	
Common Stock, \$5 par value, 5,000 shares authorized and 2,000 shares issued	10,000
Retained Earnings	<u>45,364</u>
Total Stockholders' Equity	<u>55,364</u>
Total Liabilities and Stockholders' Equity	<u>\$111,303</u>

The accompanying notes are an integral part of these financial statements.

GLOBAL BROKERAGE SERVICES, INC.
Statement of Income
For the Year Ended June 30, 2006

	<u>Amount</u>	<u>%</u>
Revenues:		
Commissions and Fees	\$ 1,210,296	99.90
Interest Income	<u>1,153</u>	<u>0.10</u>
Total Revenues	<u>1,211,449</u>	<u>100.00</u>
 Expenses:		
Dues and Subscriptions	395	0.03
Commissions	985,648	81.36
Licenses and Fees	9,027	.75
Management Fees	212,000	17.50
Office Expenses	2,546	0.21
Professional Fees	2,815	0.23
Taxes: Other	300	0.02
Telephone	<u>3,704</u>	<u>0.31</u>
Total Expenses	<u>1,216,435</u>	<u>100.41</u>
Income (Loss) Before Income Taxes	(4,986)	(0.41)
Income Tax Benefit	<u>1,044</u>	<u>0.09</u>
Net Income (Loss)	\$(<u>3,942</u>)	(<u>.32</u>)

The accompanying notes are an integral part of these financial statements.

GLOBAL BROKERAGE SERVICES, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended June 30, 2006

	<u>Common Stock</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at Beginning of Year	\$ 10,000	\$ 49,306	\$ 59,306
Net Income (Loss)	<u>-</u>	(<u>3,942</u>)	(<u>3,942</u>)
Balance at End of Year	<u>\$ 10,000</u>	<u>\$ 45,364</u>	<u>\$ 55,364</u>

The accompanying notes are an integral part of these financial statements.

GLOBAL BROKERAGE SERVICES, INC.
Statement of Changes in Cash Flows
For the Year Ended June 30, 2006

CASH FLOW FROM OPERATING ACTIVITIES:	
Net Income (Loss)	\$(3,942)
Adjustments to reconcile net income to net cash provided by operating activities:	
(Increase) Decrease in:	
Accounts Receivable	(6,442)
Prepaid Expenses	5,000
Deposits with Clearing Organization	(23)
Increase (Decrease) in:	
Commissions Payable	9,510
Income Taxes Payable	<u>(1,509)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 2,594
 CASH FLOWS FROM INVESTING ACTIVITIES	 <u>-0-</u>
 NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	 <u>-0-</u>
 CASH FLOWS FROM FINANCING ACTIVITIES	 <u>-0-</u>
 NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	 <u>-0-</u>
 NET INCREASE IN CASH	 2,594
CASH AT BEGINNING OF YEAR	<u>25,727</u>
CASH AT END OF YEAR	\$ <u><u>28,321</u></u>

The accompanying notes are an integral part of these financial statements.

GLOBAL BROKERAGE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

Note 1-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Global Brokerage Services, Inc. (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management who is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles in the United States of America and have been consistently applied in the preparation of the financial statements.

Business Activity

The Company provides securities brokerage services. The Company does not hold funds or securities for, or owe money or securities to customers, and does not carry accounts of, or for, customers, except as a broker or dealer with respect to the purchase, sale and redemption of redeemable shares of registered investment companies or participation in insurance company's separate accounts.

Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements and consist of taxes currently due plus deferred taxes related primarily to differences between the basis of certain assets and liabilities for financial and tax reporting. The deferred taxes represent the future tax return consequences of those differences, which will either be taxable when the assets and liabilities are recovered or settled.

Note 2 - ACCOUNTS RECEIVABLE

Management is of the opinion that all of the company's accounts receivable are fully collectible. As of June 30, 2006, the accounts receivable consisted of commissions from the sale of the following:

Mutual Funds, Stocks and Bonds	\$ 49,566
Private Placements	<u>13,268</u>
Total Accounts Receivable	\$ <u>62,834</u>

GLOBAL BROKERAGE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2006

Note 3- DEPOSITS WITH CLEARING ORGANIZATION

The Company has an agreement with Advanced Clearing, Inc. to act as its clearing agent. The company maintains a deposit with the clearing firm in the amount of \$10,148 in an interest bearing account.

NOTE 4 - COMMISSIONS PAYABLE

The Company has entered into selling agreement with its representatives to solicit and sell approved investment products. The individuals are independent contractors and shall be responsible for their own expenses, taxes, and benefits. The Company compensates its representatives by paying a portion of the commissions received from the investment products sold. As of June 30, 2006, the amount of commissions due its representatives is \$55,083.

Note 5 - INCOME TAXES PAYABLE

Income taxes payable consists of the following:

Current Taxes	\$	654
Deferred Taxes		<u>102</u>
Total Income Taxes Payable	\$	<u><u>756</u></u>

Note 6-RELATED PARTY TRANSACTIONS

As of July 1, 1995 the Company has entered into a management service agreement with Universal Asset Management, Inc. for a number of management services on a month to month basis which may be terminated immediately by either party. Universal Asset Management charges for management services were \$212,000 for the year. Universal Asset Management, Inc. and the Company have common shareholders. As of June 30, 2006 the Company has prepaid the management services for July in the amount of \$10,000.

The shareholders of the Company are licensed registered representatives. During the year the Company paid commissions to the shareholders in the amount of \$19,639.

GLOBAL BROKERAGE SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS
For The Year Ended June 30, 2006

Note 7-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 minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 12 to 1. At June 30, 2006, the Company had net capital of \$26,498 which was \$21,498 in excess of its required net capital of \$5,000. The Company's net capital ratio was 2.11 to 1.

SUPPLEMENTARY INFORMATION

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

As of June 30, 2006

Schedule 1

GLOBAL BROKERAGE SERVICES, INC.
 Computation of Net Capital Under Rule 15c3-1 of the
 Securities and Exchange Commission

As of June 30, 2006

NET CAPITAL

Total stockholders' equity		\$ 55,364	
Deduct stockholders' equity not allowable for net capital			<u>-0-</u>
Total stockholders' equity qualified for net capital			55,364
Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital			-0-
B. Other (deductions) or allowable credits- deferred income taxes payable			<u>-0-</u>
Total capital and allowable subordinated liabilities			55,364
Deductions and/or charges			
A. Non-allowable assets			
Nonallowable Receivables	\$ 8,468		
Prepaid Expenses	10,000		
Deposit with Clearing Organization	10,148		
Other deductions and/or charges	<u>-0-</u>		<u>28,616</u>
Net capital before haircuts on securities positions			26,748
Haircuts on securities (computed, where applicable, pursuant to rule 15c3-1(f))			
A. Contractual securities commitments		-0-	
B. Deficit in securities collateralizing secured demand notes		-0-	
C. Trading and investment securities		-0-	
D. Other		<u>250</u>	<u>250</u>
Net Capital			\$ <u>26,498</u>

Schedule 1 (Continued)

GLOBAL BROKERAGE SERVICES, INC.
Computation of Net Capital Under Rule 15c3-1 of the
Securities and Exchange Commission

As of June 30, 2006

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition

Short-term bank loans (secured by customers' securities)	\$ -0-
Payable to brokers and dealers	55,083
Payable to clearing broker	-0-
Other accounts payable and accrued expenses	<u>856</u>
Total aggregate indebtedness	<u>55,939</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital as required under SEC Rule 15c3-1(a) (2) (vi)	\$ <u>5,000</u>
Excess net capital at 1200%	\$ <u>262,133</u>
Ratio: Aggregate indebtedness to net capital	<u>2.11 to 1</u>

RECONCILIATION WITH COMPANY'S COMPUTATION

There are no material differences from the Company's computation included in Part II of Form X-17 A-5 as of June 30, 2006. Therefore, no reconciliation is included.

Schedule II

GLOBAL BROKERAGE SERVICES, INC.
Computation of Net Capital Under Rule 15c3-1 of the
Securities and Exchange Commission

As of June 30, 2006

In regards to the Reserve Requirements under Rule 15c-3 of the Securities and Exchange Commission, the firm is claiming an exemption under section (k) (2) (ii). Global Brokerage Services, Inc. is an Introducing Broker/Dealer which clears all transactions with and for customers on a fully disclosed basis with a clearing broker of dealer, and who promptly transmits all customer funds and securities to the clearing broker or dealer which carries all of the accounts of such customers and maintains and preserves such books and records pertaining thereto pursuant to the requirements of Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker or dealer.