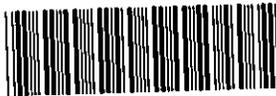


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SECURITIES AND EXCHANGE COMMISSION

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL	
OMB Number:	3235-0123
Expires:	September 30, 1998
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SEP 29 2006

DIVISION OF MARKET REGULATION

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

SEC FILE NUMBER
8 48399

**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:

SHUKLA FINANCIAL SERVICES, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

3 KELSEY AVENUE

WEST PATERSON	(No. and Street)	NJ	NOV 03 2005
(City)	(State)		THC 07424
			(Zip Code)

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

BIPINCHANDRA R. SHUKLA

973-279-2222

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

SILVERMAN, JERROLD G.

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

585 STEWART AVE., SUITE L-50, GARDEN CITY, NY 11530

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED	FOR OFFICIAL USE ONLY
NOV 03 2005	THC 07424

\*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).

**SHUKLA FINANCIAL SERVICES, INC.**

**STATEMENT OF FINANCIAL CONDITION**

**DECEMBER 31, 2005**

SHUKLA FINANCIAL SERVICES, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2005

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*Jerrold G. Silverman, C.P.A.*

CERTIFIED PUBLIC ACCOUNTANT

585 STEWART AVENUE, SUITE L-50  
GARDEN CITY, NEW YORK 11530

(516) 248-9300  
FAX (516) 248-9711

ACCOUNTANTS' AUDITED REPORT

Board of Directors  
Shukla Financial Services, Inc.

I have audited the accompanying statement of financial condition of Shukla Financial Services, Inc. as of December 31, 2005 and the related statements of income, changes in stockholder's equity, changes in liabilities subordinated to claims of general creditors, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I 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 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 Shukla Financial Services, Inc. at December 31, 2005, and the results of their operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

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, II, III and IV 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 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects to the basic financial statements taken as a whole.

*Jerrold G. Silverman*  
Jerrold G. Silverman, CPA

Garden City, New York  
January 25, 2006

SHUKLA FINANCIAL SERVICES, INC.  
STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2005

ASSETS

CURRENT ASSETS	
Operating Cash	\$ 3,577
Clearing Deposit	43,853
Prepaid Expenses & Taxes	4,409
Marketable Securities, At Market Value	<u>128,155</u>
TOTAL CURRENT ASSETS	179,994
FIXED ASSETS	
Equipment & Automobiles, At Cost, Less Accumulated Depreciation of \$9,516	<u>0</u>
TOTAL ASSETS	<u>\$179,994</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES	
Accounts Payable, Accrued Expenses, & Other Liabilities	\$ 1,600
LONG-TERM LIABILITIES	
Shareholder's Loans – Unsecured	<u>28,777</u>
TOTAL LIABILITIES	30,377
STOCKHOLDER'S EQUITY	
Common Stock, No Par Value, Authorized 5,000 Shares, Issued 5,000 Shares	\$ 55,000
Additional Paid In Capital	74,594
Retained Earnings	<u>20,023</u>
TOTAL STOCKHOLDER'S EQUITY	<u>149,617</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$179,994</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

SHUKLA FINANCIAL SERVICES, INC.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2005

REVENUES		
Commissions		\$ 39,397
Firm Investments – Capital Gain – Net – Realized & Unrealized		65,375
Other Income		<u>24,749</u>
TOTAL REVENUES – NET OF LOSSES		129,521
EXPENSES		
Floor Brokerage, Exchange, & Clearance Fees	\$16,008	
Communications & Data Processing	3,397	
Regulatory Dues, Fees & Expenses	1,609	
Other Expenses	<u>15,037</u>	
TOTAL EXPENSES		<u>36,051</u>
INCOME BEFORE INCOME & FRANCHISE TAXES		93,470
PROVISION FOR INCOME & FRANCHISE TAXES		<u>506</u>
NET INCOME		<u>\$ 92,964</u>
INCOME PER SHARE OF COMMON STOCK		<u>\$ 19</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

SHUKLA FINANCIAL SERVICES, INC.  
STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2005

CAPITAL STOCK

Capital Stock – Authorized & Issued 5,000 Shares With No Par Value	\$ 55,000
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Additional Paid In Capital	<u>74,594</u>
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TOTAL CAPITAL	129,594
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ACCUMULATED DEFICIT/RETAINED EARNINGS

Accumulated Deficit – January 1, 2005	\$(72,941)
---------------------------------------	------------

Net Income	<u>92,964</u>
------------	---------------

Retained Earnings – December 31, 2005	<u>20,023</u>
---------------------------------------	---------------

TOTAL STOCKHOLDER'S EQUITY	<u>\$149,617</u>
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The Accompanying Notes Are An Integral Part Of These Financial Statements.

SHUKLA FINANCIAL SERVICES, INC.  
STATEMENT OF CHANGES IN SUBORDINATED BORROWINGS  
FOR THE YEAR ENDED DECEMBER 31, 2005

Subordinated Borrowings At January 1, 2005	\$ 20,902
Decreases:	
Reclassified As Unsecured Loan	<u>(20,902)</u>
Subordinated Borrowings At December 31, 2005	<u>\$ 0</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

SHUKLA FINANCIAL SERVICES, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2005

CASH FLOWS FROM OPERATING ACTIVITIES		
Net Income		\$ 92,964
Changes In Assets & Liabilities:		
Prepaid Expenses & Taxes	\$ (230)	
Accounts Payable, Accrued Expenses & Other Liabilities	(1,500)	
Net Payable From Broker-Dealers & Clearing Organizations	<u>(24,861)</u>	
TOTAL ADJUSTMENTS		<u>(26,591)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		66,373
CASH FLOWS FROM INVESTING ACTIVITIES		
Decrease In Clearing Deposits	10,718	
Decrease In Not Readily Marketable Securities	20,100	
Purchase Of Marketable Securities	<u>(107,975)</u>	
NET CASH USED FOR INVESTING ACTIVITIES		(77,157)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net Proceeds From Shareholder Loans		<u>7,875</u>
DECREASE IN CASH & CASH EQUIVALENTS		(2,909)
CASH & CASH EQUIVALENTS – January 1, 2005		<u>6,486</u>
CASH & CASH EQUIVALENTS – December 31, 2005		<u>\$ 3,577</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash Paid During The Period For:		
Income & Franchise Taxes		<u>\$ 506</u>
Interest Expense		<u>\$ 0</u>

The Accompanying Notes Are An Integral Part Of These Financial Statements.

SHUKLA FINANCIAL SERVICES, INC.  
NOTES TO FINANCIAL STATEMENTS.  
DECEMBER 31, 2005

1. ORGANIZATION AND NATURE OF BUSINESS:

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and a member of the National Association of Securities Dealers (NASD). The Company is a New Jersey Corporation.

2. SIGNIFICANT ACCOUNTING POLICIES:

a) The Company is engaged in a single line business as a securities broker-dealer.

b) Securities Transactions:

Profit and loss arising from all securities which are entered into for the account and risk of the Company are recorded on a trade date basis. Customers' securities transactions are reported through a clearing firm on a fully disclosed basis and reported with related commissions and expenses reported on the trade date basis.

c) Marketable Securities are valued at market value.

d) Commissions:

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

e) Depreciation:

Equipment is stated at acquisition cost. Depreciation is computed by the straight-line and various accelerated methods over the estimated useful life of the property. Maintenance and repairs are charged to expenses when incurred and renewals and betterments are capitalized.

The cost and related accumulated depreciation of assets sold, or otherwise disposed of, are eliminated from the accounts and any resulting gain or loss is reflected in income.

SHUKLA FINANCIAL SERVICES, INC.  
SUPPLEMENTARY INFORMATION  
PURSUANT TO RULE 17a-5 OF THE  
SECURITIES EXCHANGE ACT OF 1934  
AS OF DECEMBER 31, 2005

The accompanying schedules are prepared in accordance with the requirements and general format of FOCUS Form X-17a-5.

Pursuant to SEC Rule 17a-5(a)(4), there are no material differences in the firms computation of net capital compared with the computations contained in this report.

SCHEDULE I

SHUKLA FINANCIAL SERVICES, INC.  
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
 SECURITIES AND EXCHANGE COMMISSION  
 AS OF DECEMBER 31, 2005

NET CAPITAL		
Total Stockholder's Equity		<u>\$149,617</u>
Total Stockholder's Equity Qualified For Net Capital		<u>149,617</u>
Add:		
Subordinated Stockholder's Loan		<u>0</u>
TOTAL CAPITAL		<u>\$149,617</u>
Deductions and/or Changes:		
Non-allowable Assets:		
Prepaid Expenses And Taxes	\$ 4,409	
Not Readily Marketable Securities - Warrants	<u>5,025</u>	
TOTAL ADJUSTMENTS		<u>9,434</u>
Net Capital Before Haircut On Securities Positions		140,183
Haircuts On Securities		
Other Securities	\$ 18,470	
Undue Concentration	<u>15,831</u>	<u>34,301</u>
NET CAPITAL		<u>\$105,882</u>
Aggregate Indebtedness		
Other Accounts Payable & Accrued Expenses	\$ 9,475	
Stockholder's Loan		<u>28,777</u>
TOTAL AGGREGATE INDEBTEDNESS		<u>\$ 38,252</u>
Computation Of Basic Net Capital Requirement:		
Company		<u>\$ 5,000</u>
Excess Net Capital		<u>\$100,882</u>
Excess Net Capital at 1,000 Percent		<u>\$102,057</u>
Ratio: Aggregate Indebtedness To Net Capital		29%

There were no material differences found between the report of the auditor and of the company in reporting Part IIA of computing net capital.

SCHEDULE III

SHUKLA FINANCIAL SERVICES, INC.  
INFORMATION RELATING TO POSSESSIN OR CONTROL REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISION  
AS OF DECEMBER 31, 2005

Shukla Financial Services, Inc. is classified as an introducing broker-dealer and therefore is exempt from the requirements of Rule 15c3-3.

SCHEDULE IV

SHUKLA FINANCIAL SERVICES, INC.  
SCHEDULE OF SEGREGATION REQUIREMENTS AND FUNDS  
IN SEGREGATION FOR CUSTOMERS' REGULATED  
COMMODITY FUTURES AND OPTIONS ACCOUNTS  
AS OF DECEMBER 31, 2005

Shukla Financial Services, Inc. is classified as an introducing broker-dealer and therefore is exempt from the requirements of Rule 15c3-3.

*Jerrold G. Silverman, C.P.A.*

CERTIFIED PUBLIC ACCOUNTANT

585 STEWART AVENUE, SUITE L-50  
GARDEN CITY, NEW YORK 11530

(516) 248-9300  
FAX (516) 248-8711

Board of Directors  
Shukla Financial Services, Inc.

In planning and performing my audit of the financial statements and supplemental schedule of Shukla Financial Services, Inc. (the Company), for the year ended December 31, 2005, I considered its internal control structure, including procedures for safeguarding securities, in order to determine my auditing procedures for the purposes of expressing my opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), I have made a study of the practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital provisions under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, I did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications and comparisons.
2. Recordation of differences required by Rule 17a-13.
3. Complying with the requirements for prompt payments for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

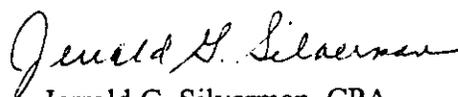
The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related cost of internal control structure policies and 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 SEC's above-mentioned objectives. Two of the objectives of an internal control structure 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 the inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, I noted no matters involving the internal control structure, including procedures for safeguarding securities that I consider to be a material weakness as defined above.

I understand that practices and procedures that accomplish the objective referred to in the second paragraph of this report are considered by the SEC to be adequate for its purpose in accordance with the Securities Exchange Act of 1934 and related regulations, and the 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2005, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, Management, the SEC, NASD and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation or registered brokers and dealers, and should not be used for any other purpose.

  
Jerrold G. Silverman, CPA

Garden City, New York  
January 25, 2006