

10/3/1



07000683

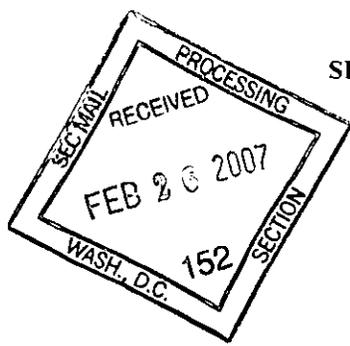
SECURITY

MISSION

Washington, D.C. 20549

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

SEC FILE NUMBER
8-34499



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 JANUARY 1, 2006 AND ENDING DECEMBER 31, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: NEWCOMB & COMPANY, INC.

OFFICIAL USE ONLY

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

FIRM ID. NO.
16851

2 MILL ROAD
(No. and Street)

HANCOCK
(CITY)

NH
(state)

03449-5403
(zip Code)

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

FREDERICK W. NEWCOMB, PRESIDENT

1-603-525-4654
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Karll, Harvey CPA, P.C.
(NAME - IF INDIVIDUAL STATE LAST, FIRST, MIDDLE NAME)

41 Middle Street
(Address)

Newburyport
(City)

MA
(State)

01950-2755
(ZIP Code)

CHECK ONE:

Certified Public Accountant
Public Accountant

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

PROCESSED

MAR 12 2007

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).

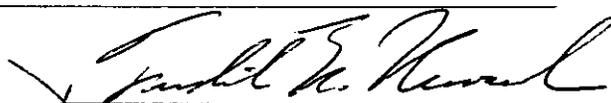
SEC 1410 (06-02)

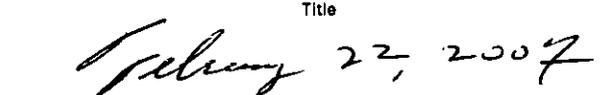
Potential persons who are to respond to the collection of information
contained in this form are not required to respond unless the form displays
a currently valid OMB control number.

cm

OATH OR AFFIRMATION

I, Frederick w. Newcomb swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Newcomb & Company, Inc., as of December 31, 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

Title


Notary Public

This report** contains (check all applicable boxes):

- X (a) Facing page.
- X (b) Statement of Financial Condition.
- X (c) Statement of Income (Loss).
- (d) Statement of Changes in Financial Condition.
- X (e) Statement of Changes in Stockholders' Equity, or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims, of Creditors.
- X (g) Computation of Net Capital
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- X (l) 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.
- X (K) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation
- X (l) An Oath or Affirmation
- (m) A copy of the SIPC Supplemental Report.
- X (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 240.17d-5 (e)(3).



Harvey E. Karll CPA, P.C.

41 Middle Street
Newburyport, Massachusetts 01950
(978) 465-9512 Fax (978) 462-9043

Report on Internal Control Required By SEC Rule 17a-5 for a Broker-Dealer claiming an exemption From SEC Rule 15c3-3

Newcomb & Company, Inc.
Hancock, NH

In planning and performing my audit of the financial statements of Newcomb & Company, Inc. (the Company), for the year ended December 31, 2006, I considered its internal control, including control activities for safeguarding securities, in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), I have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that I considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debts) and net capital 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 and recordation of differences required by Rule 17a-13
2. Complying with the requirements for prompt payment 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 internal 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 controls 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 internal control 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 preparation of financial statements in conformity 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 control or the practices and procedures referred to above, errors or fraud 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.

My consideration of internal control would not necessarily disclose all matters in the internal control 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud 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 internal control, including control activities for safeguarding securities, that I consider to be material weaknesses as defined above.

I understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2006 to meet the SEC's objectives. In addition, the Company was in compliance with the exemptive provisions of Rule 15c3-3 at December 31, 2006 and further, no facts came to my attention indicating that the Company was not in compliance with such conditions during the year ended December 31, 2006.

This report is intended solely for the information and use of the Board of Directors, Management, the SEC, (Designated self-regulatory organization), and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

Harvey E. Karll CPA, P.C.

Harvey E Karll CPA, P.C.
Newburyport, MA
February 6, 2007

Newcomb & Company, Inc.
Audited Financial Statements
For The Year Ended December 31, 2006

Contents

Index

*

Page

Independent Auditors Report.....	1
Statement of Financial Condition.....	2
Income Statement	3
Statement of Retained Earnings.....	4
Statement of Cash Flows.....	5
Notes to Financial Statements.....	6-8
SUPPLEMENTARY SCHEDULES:	
Schedule I: Computation of Net Capital Pursuant to SEC Rule 15c3-1.....	9
Schedule II: Reconciliation of Audited vs. Unaudited Net Capital.....	10
Exemptive Provision under Rule 15c3-3.....	11



Harvey E. Karll CPA, P.C.

41 Middle Street
Newburyport, Massachusetts 01950
(978) 465-9512 Fax (978) 462-9043

INDEPENDENT AUDITORS REPORT

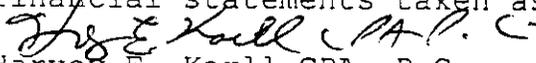
Newcomb & Company, Inc
343 Salem Street
North Andover, MA 01845

I have audited the accompanying statement of financial condition of Newcomb & Company, Inc., as of December 31, 2006, and the related statements of income, retained earnings, 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 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 the Newcomb & Company, Inc as of December 31, 2006 and the results of its operations and cash flows for the years 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 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 in relation to the basic financial statements taken as a whole.


Harvey E. Karll CPA, P.C.
February 6, 2007

Newcomb & Company, Inc.
Statement of Financial Condition
December 31, 2006

Assets

Cash	\$ 16,355
NASD CRD Daily Acct	161
Prepaid Fidelity Bond	467
Prepaid NASD Fees	3,835
Equipment, computers and vehicles, at cost, less accumulated depreciation and amortization of \$3,907	6,701
	\$ 27,519
	=====

Liabilities and Stockholders Equity

Liabilities:

State Income Tax Payable	\$ 456
Prepaid Rep Fees	7,370
Accrued Expenses	2,500
	10,326

Stockholders Equity:

Common stock, no par, authorized 10,000 shares issued and outstanding 2,500	27,600
Paid in Capital	686
Retained Earnings	(11,093)
Total stockholders' equity	17,193
	\$ 27,519 =====

(See Accountant's Report & Accompanying Notes)

Newcomb & Company, Inc.
Statement of Income
Twelve Months Ended December 31, 2006

	Year To Date
Income	
Interest Income	\$ 41
Consulting Income	47,500
Securities Revenue	45,500
Commission Income	34,430
	127,471
Total Income	127,471
Operating Expenses	
Advertising	198
Automobile Expense	9,829
100% Business Meals	880
Commissions	59,750
Depreciation	1,757
Fidelity Bond Insurance	476
Insurance	1,584
Repairs & Maintenance	250
Meals & Entertainment	2,555
Office Expenses	7,474
Professional Fees	27,803
Regulatory Expense	6,709
Rent	1,834
Taxes Others	270
Travel	7,642
	129,011
Total Operating Expenses	129,011
Net Income/(Loss)	
Before Taxes	(1,540)
Provision for Income Tax	
State Income Tax Expense	456
	456
Total Provision for	
Income Taxes	456
	456
Net Income/(Loss)	(\$ 1,996)
	1,996

See Accountant's Report and Accompanying Notes

Newcomb & Company, Inc.
Statement of Retained Earnings
December 31, 2006

Beginning Retained Earnings	(\$ 9,097)
Net Income (Loss)	(1,996)
Shareholder Distributions	<u>0</u>
Ending Retained Earnings	(\$11,093) =====

See Accountant's Report and Accompanying Notes

Newcomb & Company, Inc.
Statement of Cash Flows
Twelve Months Ended December 31, 2006

		Year To Date
Cash Provided from Operations		
Net Income (Loss)	(\$ 1,996)	
Adjustments		
Add:		
Depreciation	1,757	
Prepaid Rep Fees	7,370	
Accrued Expenses	2,500	
State Income Tax Payable	183	
Less:		
Prepaid NASD fees	(635)	
Prepaid Fidelity Bond	485	
NASD CRD Daily Acct	(101)	
Cash from Operations		9,563
Cash Flows - Invested		
Computers	(2,190)	
Investing Cash Flows		(2,190)
Cash Flows - Financing		
Financing Cash Flows		0
Cash Increase (Decrease)		7,373
Cash - Beginning of Year		
Cash - Checking-Citizen	1,708	
Cash-Money Market BOA	7,274	
Total Beginning of Year		8,982
Cash on Statement Date		\$ 16,355

See Accountant's Report and Accompanying Notes

Newcomb & Company, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Newcomb & Company, Inc. is incorporated in the Commonwealth of Massachusetts to engage in the general securities business, to deal in stocks, bonds and all other securities of every nature and description, and to engage in any lawful business allowed in the Commonwealth of Massachusetts.

The company currently has several representatives on comission. Administrative support, office space and services maybe provided without expense by an affiliated company. Due to this arrangement the results of the Company's operations may or may not be indicative of those which would exist or result from agreements and transactions among unrelated parties.

Depreciation

The company capitalizes the cost of computers, office equipment and automobiles and depreciates them using the straight line method over their useful life of 5 years.

Income Taxes

The Company, with the consent of its stockholder, has elected under the Internal Revenue Code to be taxed as an S Corporation. The stockholders of an S Corporation are taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for federal income taxes has been included in the financial statements. Certain specific deductions and credits flow through the Company to its stockholders.

This election is valid for Massachusetts; however, Massachusetts law requires a minimum tax of \$456 on State taxable income. Therefore, a provision and a related liability have been included in the financial statements for Masssachusetts income taxes.

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 amount of assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

See Accountant's Report and Accompanying Notes

Newcomb & Company, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2006

Basis of Accounting

The Company uses the accrual method of accounting for financial and tax accounting purposes.

Concentration of Credit Risk

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. At December 31, 2006 the company had nothing in excess of FDIC insured limits. The company has not experienced any losses in such accounts.

2. NET CAPITAL

As a broker/dealer, the company is subject to the Securities and Exchange Commission's regulations and operating guidelines, which require the Company to maintain a specified amount of net capital, as defined, and a ratio of aggregate indebtedness to net capital, as derived, not exceeding 15 to 1. The Company's net capital computed under 15c3-1 was \$6,029 at December 31, 2006, which exceed required net capital of \$5,000 by \$1,029. The ratio of aggregate indebtedness to net capital at December 31, 2006 was 1.71 to 1.0.

3. CASH FLOWS

Cash Paid for Interest and Income Taxes is as follows:

Interest	\$ 0
Income Taxes	\$456

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include all cash balances and highly liquid investments with an initial maturity of three months or less.

5. COMMON STOCK

Common Stock consist of:
Common Stock, no par value,
10,000 shares authorized and
2,500 shares issued and outstanding \$27,600

See Accountant's Report and Accompanying Notes

Newcomb & Company, Inc.
Notes to Financial Statements
For the Year Ended December 31, 2006

6. ADVERTISING

The company's policy is to expense the cost of advertising as it is incurred.

7. FAIR VALUE OF FINANCIAL STATEMENTS

The company's financial statements are cash and cash equivalents. The recorded values of cash and cash equivalents approximate their fair values based on their short-term nature.

8. CONCENTRATIONS IN SALES TO FEW CUSTOMERS

In 2006 three customers accounted for 100% of sales.

9. CONTINGENCIES AND LEGAL MATTERS

During 2006 the company was a defendant in a regulatory matter. The company and outside defense counsel believe there is no merit to the suit and intend to defend it vigorously based on the facts known to date, the company believes the likelihood of an unfavorable outcome is remote. Outside legal counsel's opinion is that no matters raised will have a material negative effect on the company's financial condition.

See Accountant's Report & Accompanying Notes

Newcomb & Company, Inc.
Computation of Net Capital
December 31, 2006

Total Stockholder's Equity	\$ 17,193
Less: Non Allowable Assets	<u>11,164</u>
Net Capital	6,029
Less: Capital Requirement	<u>5,000</u>
Excess Capital	\$ 1,029 =====
Aggregate Indebtedness	\$ 10,326 =====
Ratio of Aggregate Indebtedness To Net Capital	1.71 to 1.0

See Accountant's Report and Accompanying Notes

Newcomb & Company, Inc.
Reconciliation of Audited vs Unaudited Net Capital
December 31, 2006

Unaudited Net Capital	\$ 15,660
Year End Audit Accruals	<u>(9,631)</u>
Audited Net Capital	\$ 6,029 =====

See Accountant's Report and Accompanying Notes

-10-

END