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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

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SECTION

SEC FILE NUMBER:
8-37498

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 01/01/06 AND ENDING 12/31/06
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Franklin Capital, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

5263 Cresthaven H. Building

(No. and Street)

West Palm Beach Florida

33415

(City)

(Zip Code)

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

Ronald G. Handloser

(407) 967-9557

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Beale, James K. CPA

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

1010 N. Campbell

Royal Oak

MI

48067

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 25 2007

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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).

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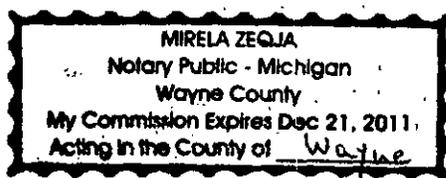
OATH OR AFFIRMATION

I, Ronald G. Handloser, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Franklin Capital, 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:

Ronald G. Handloser
Signature

President
Title

Mirela Zeqja
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 Proprietor's 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).

James K. Beale, CPA

1010 N. CAMPBELL
ROYAL OAK, MICHIGAN 48067

Telephone 248-547-1430

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
FRANKLIN CAPITAL, INC

In my opinion, the accompanying Balance Sheet as of December 31, 2006 and the related Statements of Income, Retained Earnings, and Cash Flows present fairly, in all material respects, the financial position of Franklin Capital, Inc. at December 31, 2006 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles. 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 of these financial statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the opinion expressed above.

February 5, 2007

James K Beale

ASSETS

CURRENT ASSETS:

Cash in bank (Note A)	\$5,445
Cash in Money Market fund (Note A)	34,695
Federal income tax receivable	<u>152</u>
TOTAL CURRENT ASSETS	<u>\$40,292</u>

TOTAL ASSETS**\$40,292****LIABILITIES AND STOCKHOLDER'S EQUITY**

CURRENT LIABILITIES:

Loan payable - Stockholder (Note B)	<u>\$11</u>
TOTAL LIABILITIES	11

STOCKHOLDER'S EQUITY:

Capital stock issued and outstanding	\$10,000
Retained earnings	<u>30,281</u>

TOTAL STOCKHOLDER'S EQUITY**40,281****TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY****\$40,292**

INCOME:

Commissions
Interest\$2,923
1,400

TOTAL INCOME

\$4,323

EXPENSES:

Accounting and Auditing fees

600

Assessments

1,040

Office expense and postage

840

Phone

600

Report filing fee

225

Licenses and taxes

925

Bank Charges

26

Vehicle expense

2,075

Rent

1,262

TOTAL EXPENSES

7,593

Net loss before tax

(3,270)

Provision for tax (credit)

(152)

NET LOSS

\$ (3,118)

RETAINED EARNINGS:

Balance, December 31, 2005	\$33,399
Add: Net loss for the year ended December 31, 2006	<u>(3,118)</u>
Balance, December 31, 2006	<u><u>\$30,281</u></u>

CASH FLOWS FROM OPERATING ACTIVITIES

Net Loss	\$ <u>(3,118)</u>
Changes in operating assets and liabilities:	
Federal income tax	<u>(191)</u>
 NET CASH FLOWS TO OPERATING ACTIVITIES	 (3,309)
 Net decrease in cash	 (3,309)
Cash at beginning of year, January 1, 2006	<u>43,449</u>
Cash at end of year, December 31, 2006	<u><u>\$40,140</u></u>

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. **CASH EQUIVALENTS** include cash and liquid investments with an original maturity of 90 days or less.

NOTE B - LOAN PAYABLE - STOCKHOLDER

The stockholder, Ronald Handloser, has advanced funds to the corporation for general working capital. The obligation is secured and payable on demand.

END