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

SEC FILE NUMBER
8-47910

Washington, DC  
103

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, 2007 AND ENDING December 31, 2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Hancock Financial, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1563 Virginia Way

(No. and Street)

La Jolla

CA

92037-3836

(City)

(State)

(Zip Code)

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

James P. Hancock

858-459-3635

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Culver, Harold Lee

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

3517 Camino Del Rio South, Suite 303

San Diego CA 92108

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**MAR 20 2008**

<b>FOR OFFICIAL USE ONLY</b>	<b>THOMSON FINANCIAL</b>
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\*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)

OATH OR AFFIRMATION

I, James P. Hancock, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hancock Financial, Inc., as of December 31, 2007, 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:

NO EXCEPTIONS

  
Signature

President

Title

  
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 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.
- (o) Independent auditors report on internal accounting control.

\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

# CALIFORNIA JURAT WITH AFFIANT STATEMENT

- See Attached Document (Notary to cross out lines 1-6 below)  
 See Statement Below (Lines 1-5 to be completed only by document signer[s], *not* Notary)

1  
2  
3  
4  
5  
6

Signature of Document Signer No. 1 \_\_\_\_\_ Signature of Document Signer No. 2 (if any) \_\_\_\_\_

State of California

County of San Diego

Subscribed and sworn to (or affirmed) before me on this

22 day of February, 2008, by  
Date Month Year

(1) James P. Hancock  
Name of Signer

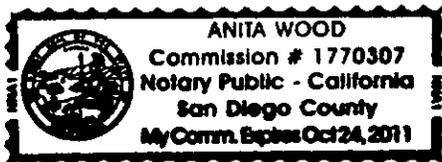
proved to me on the basis of satisfactory evidence to be the person who appeared before me (.) (,)

(and

(2) \_\_\_\_\_  
Name of Signer

proved to me on the basis of satisfactory evidence to be the person who appeared before me.)

Signature Anita Wood  
Signature of Notary Public



Place Notary Seal Above

## OPTIONAL

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

### Further Description of Any Attached Document

Title or Type of Document: \_\_\_\_\_

Document Date: \_\_\_\_\_ Number of Pages: \_\_\_\_\_

Signer(s) Other Than Named Above: \_\_\_\_\_

RIGHT THUMBPRINT  
OF SIGNER #1  
Top of thumb here

RIGHT THUMBPRINT  
OF SIGNER #2  
Top of thumb here

**H. L. MIKE CULVER**  
Certified Public Accountant  
3517 Camino del Rio South, Suite 303  
San Diego, CA 92108  
(619) 282-9033

Member of California Society  
of Certified Public Accountants

February 21, 2008

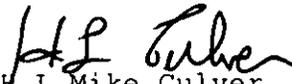
To the Board of Directors  
and Stockholders of  
Hancock Financial, Inc.

I have audited the accompanying balance sheet and the related statements of operations and of changes in stockholders' equity and statement of cash flows of Hancock Financial, Inc. at December 31, 2007 and 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 generally accepted auditing standards. These 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 also includes assessing the accounting principles 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 Hancock Financial, Inc., as of December 31, 2007 and the results of its operations and its changes in cash flows for the year then ended in conformity with generally accepted accounting principles.

My examination was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The information contained in Supplementary Schedules I, II and III 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 examination of the basic financial states and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

  
H.L. Mike Culver,  
Certified Public Accountant

HANCOCK FINANCIAL, INC.  
STATEMENT OF FINANCIAL CONDITION  
December 31, 2007

<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash	1,007	
Due From Correspondents	2,968	
Marketable Securities	8,170	
<u>TOTAL CURRENT ASSETS</u>		12,145
 <u>FIXED ASSETS</u>		
Auto & Equipment at Cost, Less		
Accumulated Depreciation of \$26,218		8,083
 <u>OTHER ASSETS</u>		
Organization Cost - Net of		
Amortization of \$3,000	-	
Deposit	10,029	
<u>TOTAL OTHER ASSETS</u>		10,029
 <u>TOTAL ASSETS</u>		 30,257
 <u>LIABILITIES &amp; STOCKHOLDERS' EQUITY</u>		
 <u>LIABILITIES</u>		
Commissions Payable	1,164	
Accrued Payroll Taxes	56	
Loan - Shareholder	3,834	
<u>TOTAL LIABILITIES</u>		5,054
 <u>STOCKHOLDERS' EQUITY</u>		
Capital Stock	20,180	
Retained Earnings	5,023	
<u>TOTAL STOCKHOLDERS' EQUITY</u>		25,203
 <u>TOTAL LIABILITIES &amp; STOCKHOLDERS EQUITY</u>		 30,257

The Accompanying Notes are an  
Integral Part of these Financial Statements

HANCOCK FINANCIAL, INC.  
STATEMENT OF INCOME  
FOR THE YEAR ENDED DECEMBER 31, 2007

REVENUES

Commissions	54,558
Other	36,304
Interest & Dividends	990
Loss on Trades	(470)
	<hr/>

TOTAL REVENUES 91,382

EXPENSES

Salaries	37,931
Assessments & Fees	330
Administrative	1,555
Auto	1,775
Bank Charges	176
Depreciation	1,775
Dues & Fees	375
Entertainment	4,269
Insurance	1,459
Legal & Professional	972
License & Permits	144
Medical	11,545
Office	907
Outside Service	1,000
Publications	335
Quote Service	5,728
Repairs & Maintenance	1,360
Tax - Payroll	3,306
Tax - Corporate	895
Telephone	3,067
Travel	110
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TOTAL EXPENSES 

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79,014

NET INCOME FOR YEAR 

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12,368

The Accompanying Notes are an  
Integral Part of these Financial Statements

HANCOCK FINANCIAL, INC.  
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2007

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS
Balances, December 31, 2006	20,180	20,000	(7,345)
Additional Contributions		(20,000)	
Net Income for Year			<u>12,368</u>
Balances, December 31, 2007	<u>20,180</u>	<u>-</u>	<u>5,023</u>

The Accompanying Notes are an  
Integral Part of these Financial Statements

HANCOCK FINANCIAL, INC.  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income for the Year 12,368

ADD (DEDUCT) ADJUSTMENTS TO RECONCILE NET  
INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES

Amortization & Depreciation 1,775  
Correspondent Receivables 1,587  
Marketable Securities 4,049  
Deposits 8  
Accounts Payable 329  
Paid in Capital (20,000)

CASH PROVIDED BY OPERATIONS 116

NET INCREASE IN CASH 116

CASH BALANCE, BEGINNING OF YEAR 891

CASH BALANCE, END OF YEAR 1,007

The Accompanying Notes are an  
Integral Part of these Financial Statements

HANCOCK FINANCIAL, INC.  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2007

1. Description of the Company and Significant Accounting Policies.

Revenue Recognition

Commission Income is recorded on a Trade Date Basis.

2. Net Capital Requirements

The company is subject to the Securities and Exchange Commission uniform net capital Rule 15c3-1(a)(2) which requires that the minimum net capital be the greater of \$5,000 or 6 2/3 percent of the aggregate indebtedness to net capital, as defined. At December 31, 2007, the company had net capital of \$14,641 and its ratio of aggregate indebtedness to net capital was .00 to one.

3. Security Accounts

The company does not carry security accounts for customers or perform custodial functions. As such, the company is exempt from SEC Rule 15c3-3 Reserve Requirement per SEC Rule 15c3-3 (k) (2) (ii). Further, the company is exempt from Possession or Control Requirements under SEC Rule 15c3-3 per SEC Rule 15c3-3 (k) (2) (ii).

HANCOCK FINANCIAL, INC.  
COMPUTATION OF NET CAPITAL UNDER  
SEC RULE 15c 3-1  
December 31, 2007

SUPPLEMENTARY  
SCHEDULE I

Total Stockholders Equity 25,203

Less: Non-Allowable Assets

Organization Costs

-

Other

28

Fixed Assets

8,083

8,111

Net Capital Before Haircuts on Securities  
Position

17,092

Less: Haircuts on Securities

2,451

Net Capital under Sec Rule 15c 3-1

14,641

The Accompanying Notes are an  
Integral Part of these Financial Statements

HANCOCK FINANCIAL, INC.  
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT  
UNDER SEC RULE 15c-1  
December 31, 2007

SUPPLEMENTARY  
SCHEDULE II

Net Capital under Sec Rule 15c3-1	14,641
Minimum Net Capital Required	<u>5,000</u>
Excess Net Capital	<u>9,641</u>
Total Aggregated Indebtedness	<u>-</u>
Percentage of Aggregate Indebtedness to Net Capital	<u>0.0%</u>

The Accompanying Notes are an  
Integral Part of these Financial Statements

HANCOCK FINANCIAL, INC.  
RECONCILIATION OF COMPUTATION OF NET CAPITAL  
UNDER SEC RULE 15c-1 TO AMOUNTS PREVIOUSLY REPORTED  
December 31, 2007

SUPPLEMENTARY  
SCHEDULE III

Net Capital as Amended	<u>14,641</u>
Net Capital as Reported on Supplementary Schedule II	<u>14,641</u>

The Accompanying Notes are an  
Integral Part of these Financial Statements

February 21, 2008

SUPPLEMENTARY REPORT OF INDEPENDENT  
ACCOUNTANTS UNDER SEC RULE a-5 (g) (1)

To the Board of Directors  
and Shareholders of  
Hancock Financial, Inc.

I have examined the financial statements of Hancock Financial, Inc. (the Company) for the year ended December 31, 2007, and have issued my report thereon dated February 21, 2008. As part of my examination, I made a study and evaluation of the Company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of my 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.

Also, as required by Rule a-5 (g) (1) of the Securities and Exchange Commission, I have made a study of the practices and procedures followed by the Company, that I considered relevant to the objectives stated in Rule a-5 (g), in making the periodic computations of aggregate indebtedness and net capital compliance with the exemptive provisions of Rule 15c3-3. I did not review the practices and procedures followed by the Company (i) in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule a-13; (ii) in complying with the requirements for prompt payment for securities of Section 4 (c) of the Regulation T of the Board of Governors of the Federal Reserve System; and (iii) in obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities per SEC Rule 15c3-3(k)(iii).

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 of the practices and

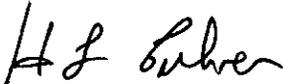
procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above-mentioned objectives. The objectives of a system and the practices and procedures are to provide management with reasonable, but not absolute, assurance 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 property to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5 (g) lists additional objectives of the 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.

My study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, I do not express an opinion on the system of internal accounting control of Hancock Financial Inc. taken as a whole. However, my study and evaluation disclosed no condition that I believed to be a material weakness.

I understand that practices and procedures that accomplish those 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 and Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate 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, 2007, to meet the Commission's objectives.

This report is intended solely for the use of management and the Securities and Exchange Commission and should not be used for any other purpose.

  
H.L. Mike Culver,  
Certified Public Accountant

**END**