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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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

MAR 28 2008 Washington, DC

SEC FILE NUMBER 67493

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 01/01/2007 AND ENDING 12/31/2007

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

UU Equities Inc.

OFFICIAL USE ONLY

FIRM I.D. NO.

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

4424 16th Avenue

(No. and Street)

Brooklyn

New York

11210

(City)

(State)

(Zip Code)

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

Sheldon S. Traube

(718) 645-1130

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Kempisty & Company, Certified Public Accountants, P.C.

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

15 Maiden Lane, Suite 1003

New York

New York

10038

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

APR 03 2008

THOMSON FINANCIAL

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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).

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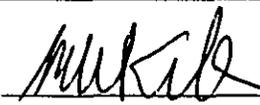
Handwritten initials

OATH OR AFFIRMATION

I, Sheldon S. Traube, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

UU Equities Inc., as

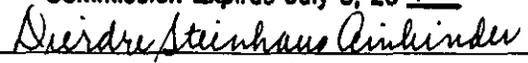
of December 31, 20 07, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

President

Title

DIERDRE STEINHAUS AINBINDER
Notary Public, State of New York
No. 01A14899711
Qualified in Nassau County
Commission Expires July 6, 20 11


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 cash flows.
- (e) Statement of changes in stockholders' equity or partners' or sole proprietor's capital.
- (f) Statement of changes in liabilities subordinated to claims of general creditors.
- (g) Computation of net capital for brokers and dealers pursuant to Rule 15c3-1.
- (h) Computation for determination of reserve requirements pursuant to Rule 15c3-3.
- (i) Information relating to the possession or control requirements for broker and dealers 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).

U U EQUITIES, INC.

DECEMBER 31, 2007

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BEST AVAILABLE COPY

KEMPISTY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

15 MAIDEN LANE - SUITE 1003 - NEW YORK, NY 10038 - TEL (212) 406-7272 - FAX (212) 513-1930

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
U U Equities, Inc.

We have audited the accompanying statement of financial condition of U U Equities, Inc. as of December 31, 2007 and the related statements of income, changes in stockholder's equity 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. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of U U Equities, Inc. at December 31, 2007 and the results of its operations and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 4 to the financial statements, the Company has applied for subchapter S tax status retroactively with the filing of its 2007 tax returns. In the event that the subchapter S election is denied, the Company would owe additional taxes and be out of compliance with its required net capital requirement. The approval of this election cannot be presently determined, but management is of the opinion that the election will be approved. Accordingly, no provisions for any liability that may result has been made in the financial

Our 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 our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Kempisty & Company CPAs PC

Kempisty & Company
Certified Public Accountants PC
New York, New York
March 20, 2008

U U EQUITIES, INC.

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2007

7

ASSETS

| | | |
|------------------|----|-----------------------|
| Cash | \$ | 366,795 |
| Prepaid expenses | | <u>3,317</u> |
| TOTAL ASSETS | \$ | <u><u>370,112</u></u> |

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

| | | |
|---------------------------------------|----|---------------|
| Accounts payable and accrued expenses | \$ | 3,600 |
| Corporate tax payable (Note 4) | | <u>85,000</u> |
| TOTAL LIABILITIES | | 88,600 |

Commitments and contingent liabilities (Notes 4 & 5)

-

Stockholder's equity

Common stock, par value \$0.001, 200 shares authorized,
200 shares issued and outstanding

5,000

Additional paid-in capital

159,634

Retained earnings

116,878

Total Stockholder's Equity

281,512

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY

\$ 370,112

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

U U EQUITIES, INC.

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2007

| | | |
|-------------------------------------|----|-----------------------|
| Revenues: | | |
| Commission income | \$ | 948,750 |
| Interest income | | 8,608 |
| Other | | <u>35,000</u> |
| Total Revenues | | <u>992,358</u> |
| Expenses: | | |
| Professional fees | | 70,976 |
| Employment and related costs | | 70,375 |
| Charitable donations | | 60,500 |
| Regulatory fees | | 7,697 |
| Rent | | 6,360 |
| Office supplies and expenses | | 4,623 |
| Travel and entertainment | | 2,940 |
| Communications | | 1,230 |
| Other expenses | | <u>904</u> |
| Total Expenses | | <u>225,605</u> |
| Net income before taxes | | 766,753 |
| Provision for income taxes (Note 6) | | <u>(85,000)</u> |
| Net income | \$ | <u><u>681,753</u></u> |

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

U U EQUITIES, INC.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2007

| | Common Stock | | Additional Paid-in Capital | Retained Earnings (Deficit) | Totals |
|-------------------------------|--------------|-----------------|----------------------------------|-----------------------------------|-------------------|
| | Shares | Amount | | | |
| Balances at January 1, 2007 | 200 | \$ 5,000 | \$ - | \$ (375) | \$ 4,625 |
| Capital contribution | - | - | 159,634 | - | 159,634 |
| Net income | - | - | - | 681,753 | 681,753 |
| Distribution | - | - | - | (564,500) | (564,500) |
| Balances at December 31, 2007 | <u>200</u> | <u>\$ 5,000</u> | <u>\$ 159,634</u> | <u>\$ 116,878</u> | <u>\$ 281,512</u> |

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

U U EQUITIES, INC.

**STATEMENT OF CASH FLOWS
FOR YEAR ENDED DECEMBER 31, 2007**

Increase (Decrease) in cash

CASH FLOWS FROM OPERATING ACTIVITIES:

| | |
|---|----------------|
| Net income | \$ 681,753 |
| Adjustments to reconcile net income to net cash provided by operating activities: | |
| Changes in operating assets and liabilities: | |
| (Increase) in prepaid expenses | (3,317) |
| (Increase) in deposit with clearing broker | |
| (Increase) in securities owned at market | |
| (Increase) in prepaid expenses | |
| (Increase) in advances receivable | |
| (Increase) in accounts receivable | |
| Increase in accounts payable and accrued expenses | 3,600 |
| Increase in corporate taxes payable | 85,000 |
| Total adjustments | <u>85,283</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>767,036</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|--|------------------|
| Dividend distribution | (564,500) |
| Capital contribution | 159,634 |
| CASH USED BY FINANCING ACTIVITIES | <u>(404,866)</u> |

NET INCREASE IN CASH 362,170

CASH

| | |
|-------------------|-------------------|
| Beginning of year | <u>4,625</u> |
| End of year | <u>\$ 366,795</u> |

SUPPLEMENTAL CASH FLOW INFORMATION

| | |
|----------------------------|-----------------------|
| Interest paid | \$ <u> -</u> |
| State and local taxes paid | \$ <u> -</u> |

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

U U EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 1- ORGANIZATION AND NATURE OF BUSINESS

U U Equities, Inc. (the "Company") was incorporated in the State of New York on June 26, 2006. The Company is registered as a broker-dealer with the Securities and Exchange Commission and became a member of the Financial Industry Regulatory Authority ("FINRA") in June, 2007.

The Company earns income by the private placement of securities.

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Depreciation

The cost of furniture and equipment is depreciated over the estimated useful lives of the related assets of 5 to 7 years on a straight line basis for book and on an accelerated basis for tax purposes.

Concentration of Credit Risk

The Company is engaged in various investment and brokerage activities in which counterparties primarily include broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Company's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at 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.

Income Taxes

The amount of current and deferred taxes payable or refundable is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax liabilities or assets between years.

U U EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 2- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Investment banking fees are recorded upon the closing of the transaction.

Comprehensive Income

The Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income ("SFAS No. 130"). SFAS No. 130 requires an entity to report comprehensive income and its components and increases financial reporting disclosures. This standard has no impact on the Company's financial position, cash flows or results of operations since no elements of the Company's comprehensive income exist other than the loss from operations.

Recent Accounting Pronouncements

The Company does not expect the adoption of recent accounting pronouncements to have any material impact on its financial condition or results of operations

NOTE 3- RELATED PARTY TRANSACTIONS

During 2006, the Company paid a \$564,500 dividend to its sole shareholder.

NOTE 4- PROVISION FOR STATE AND LOCAL TAXES

The Company elected "S Corporation" status with the Internal Revenue Service and New York State commencing for the year 2007. The stockholder includes the "S Corporation" income or loss in her personal tax returns, and accordingly, neither federal nor state income taxes or benefits are provided for in the financial statements during the period of "S Corporation" status.

Provision for local income taxes is calculated on reported financial statement pretax income based on current tax law. The income tax provision consists of the following:

| | <u>Current</u> | <u>Deferred</u> | <u>Total</u> |
|-------|------------------|-----------------|------------------|
| Local | \$ <u>85,000</u> | \$ <u>-</u> | \$ <u>85,000</u> |

The election for "S Corporation" status was made with the filing of the 2007 tax returns and may not be approved by the taxing authorities. In the event the "S election" is denied by Federal and/or New York State taxing authorities, additional Federal tax of \$236,000 and/or New York State tax of \$72,000 would be due. In the event the Federal "S" election approval is denied the Company would be in violation of the net capital rule.

U U EQUITIES, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2007

NOTE 5- COMMITMENTS AND CONTINGENCIES

The Company leased office space for 2007 for \$1,000 per month under a lease expiring December 31, 2007. Prior to the Company's approval as a FINRA member the sole member paid and incurred the rent expense. The Company entered into a new lease for 2008. During 2007, the Company incurred rent expense of \$6,360.

NOTE 6- NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC 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 15 to 1 (the ratio is 8 to 1 for the first year of FINRA membership) and equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2007, the Company had net capital of \$278,195, which was \$267,120 in excess of its required net capital of \$11,075. The Company's net capital ratio was 0.3185 to 1.

NOTE 7- EXEMPTION FROM RULE 15c3-3

The Company is exempt from the Securities and Exchange Commission Rule 15c3-3 and, therefore, is not required to maintain a "Special Reserve Bank Account for the Exclusive Benefit of Customers".

SUPPLEMENTARY INFORMATION PURSUANT TO RULE 17a-5
OF THE SECURITIES EXCHANGE ACT OF 1934

U U EQUITIES, INC.

SCHEDULE I
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE
 SECURITIES AND EXCHANGE COMMISSION
 DECEMBER 31, 2007

| | | |
|--|--------------------------------|-------------------|
| NET CAPITAL: | | |
| Stockholders' equity | | \$ 281,512 |
| Less non-allowable assets and deductions: | | |
| Prepaid expenses | \$ <u>3,317</u> | 3,317 |
| Less: Haircuts | | <u>-</u> |
| NET CAPITAL | | \$ <u>278,195</u> |
| TOTAL AGGREGATE INDEBTEDNESS | | \$ <u>88,600</u> |
| MINIMUM NET CAPITAL REQUIRED (12.5% of aggregate indebtedness) | | \$ <u>11,075</u> |
| MINIMUM NET CAPITAL DOLLAR REQUIREMENT | | \$ <u>5,000</u> |
| MINIMUM NET CAPITAL REQUIRED | | \$ <u>11,075</u> |
| EXCESS NET CAPITAL (\$278,195 - \$11,075) | | \$ <u>267,120</u> |
| PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL | \$ <u>88,600</u> \$ 278,195 | <u>31.85%</u> |

U U EQUITIES, INC.

SCHEDULE II
RECONCILIATION OF COMPUTATION OF NET CAPITAL UNDER
RULE 17a-5(d) (4) OF THE SECURITIES AND EXCHANGE COMMISSION
DECEMBER 31, 2007

| | | | |
|---|-----------------|----|-----------------|
| NET CAPITAL, as reported in Company's Part II-A Focus Report (Unaudited) | | \$ | 363,195 |
| Decreases: | | | |
| Adjustment for unaccrued corporate income tax expense | <u>(85,000)</u> | | <u>(85,000)</u> |
| NET CAPITAL, per audit | | \$ | <u>278,195</u> |

U U EQUITIES, INC.

**INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT ON
INTERNAL ACCOUNTING CONTROL**

DECEMBER 31, 2007

KEMPISTY & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS, P.C.

15 MAIDEN LANE - SUITE 1003 - NEW YORK, NY 10038 - TEL (212) 406-7272 - FAX (212) 513-1930

To the Board of Directors
U U Equities, Inc.

In planning and performing our audit of the financial statements of U U Equities, Inc. (the "Company"), as of and for the year ended December 31, 2007 in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including consideration of control activities for safeguarding securities. This study included tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) 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; we 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 the 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 internal control and the practices and procedures referred to above, error 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.

U U Equities, Inc.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

We 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. However, we noted the following matter involving the control environment and its operations that we consider to be a material weakness as defined above. This condition was considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Company for the year ended December 31, 2007, and this report does not affect our report thereon dated March 20, 2008.

Adjustments to the Financial Statements and Net Capital Computation

During the audit, we proposed an adjustment for corporate income taxes to and disclosures in the Company's financial statements and net capital computation, which were approved by management. An effective system of internal control would have included this adjustment and disclosures.

Management Response

Management has indicated that the control deficiency that created the error has been corrected.

The Company's written response to the material weakness identified in our audit has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, Financial Industry Regulatory Authority ("FINRA") 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.

Kempisty & Company CPA, PC

Kempisty & Company
Certified Public Accountants PC
New York, New York
March 20, 2008

END