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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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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 AUGUST 1, 2008 AND ENDING JULY 31, 2009
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

BRERETON, HANLEY SECURITIES INC.

OFFICIAL USE ONLY

FIRM ID NO.

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

1500 E. HAMILTON AVE., SUITE 102

(No. and Street)

CAMPBELL

CALIFORNIA

95008

(City)

(State)

(Zip Code)

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

ELIZABETH COLLINS

(415) 492-8975

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

ROBERT R. REDWITZ & Co., An Accounting and Consulting Corporation

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

1 ALMADEN BLVD., SUITE 950

SAN JOSE

CALIFORNIA

95113

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY

*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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INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholder
of Brereton, Hanley Securities Inc.

We have audited the accompanying statement of financial condition of Brereton, Hanley Securities Inc., a subsidiary of Brereton, Hanley & Co., Inc. (a development stage company) as of July 31, 2009, and the related statements of operations, changes in shareholder's equity, and cash flows for the year then ended and for the period from April 28, 2006 (inception), to July 31, 2009 that you are filing pursuant to rule 17a-5 under the Securities and 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. 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 Brereton, Hanley Securities Inc. as of July 31, 2009 and the results of its operations and its cash flows for the year then ended and from April 28, 2006 (inception), to July 31, 2009, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purposes 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.

Robert R. Redwitz Co

ROBERT R. REDWITZ & CO.
An Accounting and Consulting Corporation

San Jose, California
September 24, 2009



Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)
(A Development Stage Company)
Statement of Financial Condition
July 31, 2009

ASSETS

Current assets

Cash \$ 8,182

Total current assets \$ 8,182

Total assets \$ 8,182

LIABILITIES AND SHAREHOLDER'S EQUITY

Current liabilities

Accounts payable \$ 1,000

Total current liabilities \$ 1,000

Shareholder's equity

Common stock, \$0.001 par value, 1,000 shares
authorized, issued and outstanding 1
Additional paid-in capital 47,199
Deficit accumulated during the development stage (40,018)

Total shareholder's equity 7,182

Total liabilities and shareholder's equity \$ 8,182

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)

(A Development Stage Company)

Statements of Operations

For the Year Ended July 31, 2009 and

the Period April 28, 2006 (Date of Inception), to July 31, 2009

	For the Year Ended July 31, 2009	April 28, 2006 (Inception) to July 31, 2009
Revenues	\$ -	\$ -
Expenses		
Professional fees	6,170	26,996
Regulatory fees and expenses	670	7,691
Other expenses	4,032	5,331
Total expenses	10,872	40,018
Operating loss	(10,872)	(40,018)
Other income	-	-
Loss before provision for income taxes	(10,872)	(40,018)
Provision for income taxes	-	-
Net loss	\$ (10,872)	\$ (40,018)

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)

(A Development Stage Company)

Statement of Changes in Shareholder's Equity

For the the Period April 28, 2006 (Date of Inception), to July 31, 2009

	Common Stock	Additional Paid-In Capital	Deficit Accumulated During the Development Stage	Total
April 28, 2006 issue 1,000 shares of common stock, \$0.001 par value per share	\$ 1	\$ -	\$ -	\$ 1
Shareholder additional paid-in capital contributions:				
April 28, 2006	-	19,999	-	19,999
June 21, 2007	-	1,200	-	1,200
September 12, 2007	-	2,500	-	2,500
November 14, 2007	-	1,000	-	1,000
December 6, 2007	-	2,000	-	2,000
February 4, 2008	-	500	-	500
March 10, 2008	-	3,000	-	3,000
June 11, 2008	-	15,000	-	15,000
June 11, 2009	-	2,000	-	2,000
Net loss from April 28, 2006 to July 31, 2006	-	-	(3,000)	(3,000)
Net loss from the year ended July 31, 2007	-	-	(9,858)	(9,858)
Net loss from the year ended July 31, 2008	-	-	(16,288)	(16,288)
Net loss for the year ended July 31, 2009	-	-	(10,872)	(10,872)
Shareholder's equity at July 31, 2009	<u>\$ 1</u>	<u>\$ 47,199</u>	<u>\$ (40,018)</u>	<u>\$ 7,182</u>

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)

(Development Stage Company)

Statements of Cash Flows

For the Year Ended July 31, 2009 and

the Period April 28, 2006 (Date of Inception), to July 31, 2009

	For the Year Ended July 31, 2009	April 28, 2006 (Inception) to July 31, 2009
Cash flows from operating activities:		
Net loss	\$ (10,872)	\$ (40,018)
Adjustments to reconcile net income to net cash provided by operating activities		
Prepaid expenses	194	-
Increase (decrease) in operating liabilities		
Accounts payable	(5,000)	1,000
	<u>(15,678)</u>	<u>1,000</u>
Net cash used by operating activities	<u>(15,678)</u>	<u>(39,018)</u>
Cash flows from financing activities:		
Issuance of common stock	-	1
Shareholder contribution of additional paid-in capital	2,000	47,199
	<u>2,000</u>	<u>47,200</u>
Net cash provided by financing activities	<u>2,000</u>	<u>47,200</u>
Net change in cash	(13,678)	8,182
Beginning cash	21,860	-
Ending cash	<u>\$ 8,182</u>	<u>\$ 8,182</u>
Supplemental information:		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid for income taxes	<u>\$ -</u>	<u>\$ -</u>

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)
(A Development Stage Company)
Notes to Financial Statements
July 31, 2009

Note 1 – Summary of significant accounting policies

This summary of significant accounting policies of Brereton Hanley Securities, Inc., (the Company) is presented to assist in understanding the Company's financial statements. The financial statements and notes are representations of the Company's management, who is responsible for their integrity and objectivity.

Business activity

The Company was formed as a California corporation on April 28, 2006 and is registered with the Financial Industry Regulatory Authority as a Broker-Dealer effective July 6, 2007 to provide private placement of securities and merger and acquisition advisory services. The Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

Fees for advisory services are recorded when earned.

Cash and cash equivalents

For purposes of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months that are not held for sale in the ordinary course of business.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Fair value measurements

Effective August 1, 2008, the Company adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157), which provides a framework for measuring fair value under Generally Accepted Accounting Principles (GAAP). SFAS 157 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal, or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. SFAS 157 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

SFAS 157 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. These three general valuation techniques that may be used to measure fair value, are as follows: Market approach (Level 1) – which uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. Prices may be indicated by pricing guides, sale transactions, market trades, or other sources; Cost approach (Level 2) – which is based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and the Income approach (Level 3) – which uses valuation techniques to

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)
(A Development Stage Company)
Notes to Financial Statements
July 31, 2009

Note 1 – Summary of significant accounting policies (continued)

convert future amounts to a single present amount based on current market expectations about the future amounts (including present value techniques, and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

Note 2 – Development stage operations

The Company was formed April 28, 2006. One thousand shares of common stock were sold for \$1 and as of the date of the financial statements, advisory services had not yet began. As of the date of the financial statements, operations had been devoted primarily to raising capital, registration with the Financial Industry Regulatory Authority as a Broker-Dealer and administrative functions. The Company has one shareholder.

Note 3 – Net capital requirements

The Company, as a registered broker-dealer, is required under the provision of Securities Exchange Act of 1934 (the Act) Rule 15c3-1 to maintain the greater of a minimum net capital of at least \$5,000 or one-fifteenth of the aggregate indebtedness as defined under the Act. At July 31, 2009, the Company's net capital was \$7,182 and the Company's aggregate indebtedness was \$1,000, or 14% of capital.

Note 4 – Income taxes

The Company is part of a group that files consolidated income tax returns and there have been no income taxes paid.

Note 5 – Subsequent events

Management evaluates events occurring subsequent to the date of the financial statements in determining the accounting for and disclosure of transactions and events that affect the financial statements. Subsequent events have been evaluated through, September 24, 2009, which is the date the financial statements were available to be issued.

Note 6 – New accounting pronouncements

In December 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) Fin 48-3, "Effective Date of FASB Interpretation No. 48 for Certain Nonpublic Enterprises." FSP FIN 48-3 permits an entity within its scope to defer the effective date of FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes*, to its annual financial statements for fiscal years beginning after December 15, 2008. The Company has elected to defer the application of

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)
(A Development Stage Company)
Notes to Financial Statements
July 31, 2009

Note 6 – New accounting pronouncements (continued)

Interpretation 48 for the year ended July 31, 2009 and continues to evaluate uncertain tax positions, if any, using the provisions of FASB Statement 5 *Accounting for Contingencies*.

In February 2008, the FASB issued FSP FAS 157-2, *Effective Date of FASB Statement No. 157*, which permits the delayed application of SFAS No. 157 for nonfinancial assets and nonfinancial liabilities except those items that are recognized or disclosed at fair value in the financial statements on a recurring (at least annual) basis. The Company has elected to defer the application of *FASB Statement No. 157* to its annual financial statements for the fiscal years beginning after November 15, 2008 for nonfinancial assets and liabilities.

SUPPLEMENTARY INFORMATION

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)

(A Development Stage Company)

Schedule I - Computation of Net Capital and Aggregate Indebtedness

July 31, 2009

Total ownership equity from statement of financial condition	\$	7,182
Total non-allowable assets		<u>-</u>
Net capital before haircuts on securities positions		7,182
Haircuts on money market account		<u>-</u>
Net capital	\$	<u><u>7,182</u></u>
Minimum net capital required (based on aggregate indebtedness)	\$	<u><u>66</u></u>
Minimum net capital requirement	\$	<u><u>5,000</u></u>
Net capital requirement	\$	<u><u>5,000</u></u>
Excess net capital	\$	<u><u>2,182</u></u>
Excess net capital at 1000%	\$	<u><u>7,082</u></u>
Total aggregate indebtedness	\$	<u><u>1,000</u></u>
Ratio of aggregate indebtedness to net capital		<u><u>0.14 to 1</u></u>

Note: There are no material differences between the above computation of net capital and the corresponding computation as submitted by the Company with the unaudited Form X-17A-5 as of July 31, 2009.

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)

(A Development Stage Company)

Schedule II - Exemptive Provision Under Rule 15c3-k(2)(i)

July 31, 2009

Brereton, Hanley Securities Inc. has an exemption from the Computation for the Determination of Reserve Requirements Pursuant to Rule 15c3-3 and an exemption from information Relating to the Possession or Control Requirements under Rule 15c3-3 due to SEC Rule 15c3-3k(2)(i) because the Company does not hold customer funds or safe keep customer securities.

Brereton, Hanley Securities Inc.
(A Development Stage Company)
Certified Public Accountants' Supplementary Report
On Internal Control

**CERTIFIED PUBLIC ACCOUNTANTS' SUPPLEMENTARY REPORT
ON INTERNAL CONTROL**

To the Shareholder
Brereton, Hanley Securities Inc.
Campbell, California

In planning and performing our audit of the financial statements and supplementary information of Brereton, Hanley Securities Inc. (the Company), as of and for the period ended July 31, 2009, in accordance with auditing standards generally accepted in the United States of America, we considered its 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 accordance with U.S. 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. This report recognizes that it is not practicable in an organization the size of Brereton, Hanley Securities Inc., to achieve all the divisions of duties and cross-checks generally included in a system of internal control and that alternatively greater reliance must be placed on surveillance by management.



To the Shareholder
Brereton, Hanley Securities Inc.
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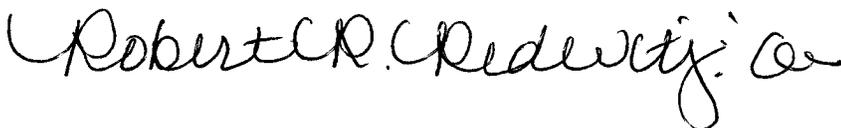
A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control 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.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. We did not identify any deficiencies in internal control and control activities for safeguarding securities that we consider to be material weaknesses, as defined above.

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. Based on this understanding and on our study, we believe that the Company's practices and procedures as described in the second paragraph of this report were adequate at July 31, 2009, to meet the SEC's objectives.

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



Robert R. Redwitz & Co.

An Accounting and Consulting Corporation

San Jose, California
September 24, 2009

Brereton, Hanley Securities Inc.
(A Subsidiary of Brereton, Hanley & Co., Inc.)
(A Development Stage Company)

FINANCIAL STATEMENTS

JULY 31, 2009

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