

SECURIT



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

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

Washington, DC  
110

REPORT FOR THE PERIOD BEGINNING 10/01/10 AND ENDING 09/30/11  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: WESTCO INVESTMENT CORP

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

77 HEMPSTEAD AVE

(No. and Street)

LYNBROOK  
(City)

NY  
(State)

11563  
(Zip Code)

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

BARBARA D. FULCHER

516-593-5070

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

GALLO + COMPANY, CPA'S LLP

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

420 JERICHO TAPE JERICHO  
(Address) (City)

NY  
(State)

11753  
(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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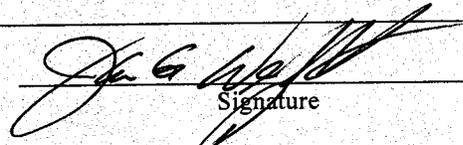
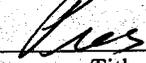
OATH OR AFFIRMATION

I, JAMES G. WESTMACOTT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of WESTCO INVESTMENT CORP, as of SEPTEMBER 30, 2011, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

ANGELA MCLEOD  
Notary Public, State of New York  
No. 01MC6073220  
Qualified in Queens County  
Commission Expires April 15, 2014

  
Notary Public

  
Signature  
  
Title

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~~ CASH FLOWS
- (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.

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



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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
and Shareholders of  
Westco Investment Corp.

We have audited the accompanying balance sheet of Westco Investment Corp., as of September 30, 2011, and the related statement of income, changes in shareholder'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 Westco Investment Corp., as of September 30, 2011, and the related statement of income and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 11-13 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 and 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. The information contained on pages 14-15 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is additional information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we express no opinion on it.

*Gallo & Company CPA'S LLP*  
Gallo & Company CPA's LLP  
Jericho, New York

November 8, 2011

# Westco Investment Corp.

Balance Sheet  
September 30, 2011

## ASSETS

Current Assets	
Cash	\$ 3,836
Commissions receivable	16,341
Marketable securities	<u>34,171</u>
Total Current Assets	54,348
Fixed Assets	
Furniture, fixtures, and equipment, less Accumulated depreciation of \$29,680	<u>1,271</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 55,619</u></b>

## LIABILITIES AND SHAREHOLDER'S EQUITY

Current Liabilities	
Commissions payable	\$ 4,586
Accrued expenses	<u>8,520</u>
Total Current Liabilities	<u>13,106</u>
Shareholder's Equity	
Common stock (200 shares authorized, no par value, 100 shares issued and outstanding)	51,000
Paid in capital	43,800
Retained deficit	<u>(52,287)</u>
Total Shareholder's Equity	<u>42,513</u>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b><u>\$ 55,619</u></b>

See Notes to Financial Statements.

# Westco Investment Corp.

## Statement of Income

For the Year Ended September 30, 2011

<b>REVENUE</b>		
Commissions		\$ 163,936
Interest and dividends		7,456
Representative fees		3,050
Gain on securities		2,650
Realized loss on securities		<u>(3,204)</u>
<b>TOTAL REVENUE</b>		<u>173,888</u>
<b>EXPENSES</b>		
Commissions		47,475
Salaries		63,669
Insurance		3,172
Rent		13,646
General and administrative		1,779
Depreciation		852
Professional fees		12,000
Dues and subscriptions		9,226
Computer services		2,327
Telephone		93
Payroll taxes		5,439
Pension expense		1,999
Equipment rental		864
Utilities		2,133
Bank charges		<u>50</u>
<b>TOTAL EXPENSES</b>		<u>164,724</u>
<b>NET INCOME</b>		<u>\$ 9,164</u>

See Notes to Financial Statements.

**Westco Investment Corp.**  
Statement of Changes in Shareholder's Equity  
For the Year Ended September 30, 2011

	Common Stock	Additional Paid in Capital	Retained Earnings (Deficit)	Total
Shareholder's Equity October 1, 2010	\$ 51,000	\$ 43,800	\$ (61,451)	\$ 33,349
Return of Capital	-0-	-0-	-0-	-0-
Net Income-September 30, 2011	-0-	-0-	9,164	9,164
Shareholder's Equity September 30, 2011	<u>\$ 51,000</u>	<u>\$ 43,800</u>	<u>\$ (52,287)</u>	<u>\$ 42,513</u>

See Notes to Financial Statements.

# Westco Investment Corp.

Statement of Cash Flows  
For the Year Ended September 30, 2011

## CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 9,164
Adjustments to Reconcile Net Loss to Net Cash Used in Operating Activities	
Depreciation	852
Gain on securities	(388)
Increase in commissions receivable	(3,116)
Decrease in commissions payable	(10,127)
Decrease in accrued expenses	<u>(718)</u>
<b>NET CASH USED IN OPERATIONS</b>	<b>(4,333)</b>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<b><u>8,169</u></b>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<b><u>\$ 3,836</u></b>

## SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION

Cash paid for Federal and State corporate taxes	<u>\$ -0-</u>
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See Notes to Financial Statements.

# Westco Investment Corp.

Notes to Financial Statements

September 30, 2011

## **Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Nature of Operations

Westco Investment Corp. (the "Company") began operations in 1986. The Company is a full service broker dealer and a member of the National Association of Securities Dealers (NASD) and the Securities Investors Protection Corporation (SIPC). The Company is located in the State of New York and is licensed to do business in New York.

### Cash and Cash Equivalents

For the statement of cash flows, the Company includes cash on deposit and cash on hand with original maturities less than three months to be cash equivalents.

### Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair value in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

### Furniture, Fixtures, and Equipment

Furniture, fixtures, and equipment are carried at cost and depreciated on an accelerated method with a useful life of five to seven years.

### Certain Significant Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and reported revenue and expenses. Actual results could vary from the estimates that were assumed in preparing the financial statements.

## **Note 2 - INCOME TAXES**

The Company has a net operating loss carry forward of \$48,891 expiring at various dates through September 30, 2031.

## **Note 3 - CREDIT RISK**

The Company has a substantial portion of its cash located in banks, which are insured for only \$250,000 through FDIC insurance. Concentration of a credit risk is inherent, when failure of the bank could result in the Company being able to recoup only a portion of its cash. Although at September 30, 2011, deposits did not exceed the \$250,000 FDIC limit, the possibility exists that cash deposits can go above the federally insured limit.

# Westco Investment Corp.

Notes to Financial Statements

September 30, 2011

## Note 4 - FAIR VALUE MEASUREMENT

The Financial Accounting Standards Board's Accounting Standards Codification ("FASB ASC") defines fair value as the price that would be received upon sale of an asset or paid upon transfer of liability in orderly transaction between market participants at the measurement date and in the principal or most advantageous market for the asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

The FASB ASC specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with the codification under GAAP, the following summarizes the fair value hierarchy:

Level 1 Inputs - Unadjusted quoted market prices for identical assets and liabilities in an active market that the Company has the ability to access.

Level 2 Inputs - Inputs, other than the quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs - Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

The FASB ASC requires the use of observable market data, when available, in making fair value measurements. When inputs used to measure fair value fall within different levels of the hierarchy, the level within which the fair value measurement is categorized is based on the lowest level input that is significant to the fair value measurement.

	Level 1	Level 2	Level 3	Total
Mutal Funds	\$ 34,170	\$ -0-	\$ -0-	\$ 34,170
Other	1	-0-	-0-	1
	\$ 34,171	\$ -0-	\$ -0-	\$ 34,171

# Westco Investment Corp.

Notes to Financial Statements

September 30, 2011

## Note 5 - FIXED ASSETS

Fixed assets at September 30, 2011 consists of the following:

Furniture fixtures, and equipment	\$ 30,951
Less accumulated depreciation	<u>(29,680)</u>
Book value	<u>\$ 1,271</u>

Depreciation expense is \$852 for the year ended September 30, 2011.

## Note 6 - TRANSACTIONS WITH RELATED PARTIES

The Company leases its office space from a related party. There is no lease commitment and rent is paid on a monthly basis.

## Note 7- NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital 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 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At September 30, 2011, the Company had net capital of \$33,534 which was \$28,534 in excess of its required net capital of \$5,000.

## Note 8- SUBSEQUENT EVENTS

Management has evaluated the need for disclosures and/or agreements resulting from subsequent events through November 8, 2011. Based on this evaluation, no adjustments were required to the Financial Statements as of September 30, 2011.

# Westco Investment Corp.

Supplemental Information to the Accountants' Audited Report  
Computation of Net Capital Pursuant to Uniform  
Net Capital Rule 15c3-1  
September 30, 2011

## CREDITS

Shareholder's equity \$ 42,513

## TOTAL CREDITS

42,513

## DEBITS

Furniture, fixtures, equipment 1,271

(net accumulated depreciation of \$29,680)

Non-allowable receivables 4,633

## TOTAL DEBITS

5,904

## NET CAPITAL BEFORE HAIRCUTS ON SECURITY POSITIONS

36,609

Less: Haircuts on securities

3,075

## NET CAPITAL

33,534

Minimum net capital requirements of the greater  
of \$ 5,000 or 6-2/3% of aggregate indebtedness (Note 7)

5,000

Excess in Net Capital

\$ 28,534

Excess Net Capital at 1000% (Net capital - 10% AI)

\$ 32,223

Total Aggregate Indebtedness

\$ 13,107

Percentage of Aggregate Indebtedness to Net Capital

39%

See Notes to Financial Statements.

# Westco Investment Corp.

Supplemental Information to the Accountants' Audited Report  
Reconciliation of Computation of Net Capital Rule 15c3-1  
Pursuant to Rule 17a-5(d)(4)  
September 30, 2011

There are no material differences between the Company's computation of net capital under Rule 15c3-1 and that shown on the schedule below, except for accruals and adjustments listed which resulted during the course of the audit. Such items resulted in the following differences:

Net Capital Per Unaudited Focus Report	\$ 33,534
Adjustments to Net Capital	
Accrued expenses	-0-
Other payables	<u>-0-</u>
Net Capital Per Audited Focus Report	<u>\$ 33,534</u>

	Unaudited Focus <u>9/30/11</u>	Audited Focus <u>9/30/11</u>
Net Capital	\$ 33,534	\$ 33,534
Minimum Net Capital at 6-2/3% of AI	5,000	5,000
Excess Net Capital	28,534	28,534
Excess Capital at 1000%	32,223	32,223
Total Aggregate Indebtedness (AI)	13,107	13,107
Percentage of AI to Net Capital	39%	39%

See Notes to Financial Statement.

# Westco Investment Corp.

Supplemental Information to the Accountants' Audited Report  
For the Fiscal Year Ended September 30, 2011

## 15c3-3 Exemption

The Company has claimed exemption from Rule 15c3-3 based on the fact that all customer transactions are cleared through Securities Service Network, Inc. on a fully disclosed basis. In the opinion of the management of Westco Investment Corp., the conditions of the Company's exemption from Rule 15c3-3 were complied with throughout the year ended September 30, 2011.

See Notes to Financial Statement.



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Jericho, NY 11753  
Tel 516-681-4700  
Fax 516-681-4050

**Westco Investment Corp.**  
**Additional Information**  
**Report on Internal Control Structure Required by SEC Rule 17a-5**  
**For a Broker-Dealer Claiming an Exemption from SEC Rule 15c3-3**  
**September 30, 2011**

To the Board of Directors  
and Shareholders of  
Westco Investment Corp.

In planning and performing our audit of the financial statements and supplemental schedules of Westco Investment Corp. (the "Company") for the year ended September 30, 2011, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (the "Commission"), we have made a study of the practices and procedures followed by the Company including 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 exempt provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 internal control structure policies and 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. Two of the objectives of an internal control structure 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 transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. 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 structure or the practices and procedures referred to above, errors or irregularities 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.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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, we noted no matters involving the internal control structure, including procedures for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objective 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 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 were adequate at September 30, 2011, to meet the Commission's objectives.

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

*Gallo + Company CPA's LLP*

Gallo & Company CPA's LLP  
Jericho, New York

November 8, 2011



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Fax 516-681-4050

## Independent Accountant's Report on Applying Agreed-Upon Procedures Related to an Entity's SIPC Assessment Reconciliation

To the Board of Directors and Shareholders of Westco Investment Corp.

In accordance with Rule 17a-5(e)(4) under the Securities Exchange Act of 1934, we have performed the procedures enumerated below with respect to the Schedule of Assessment and Payments General Assessment Reconciliation (Form SIPC-7) to the Securities Investor Protection Corporation (SIPC) for the year-ended September 30, 2011, which were agreed to by Westco Investment Corp. (the "Company") and the Securities and Exchange Commission, Financial Industry Regulatory Authority, Inc., and SIPC, solely to assist you and the other specified parties in evaluating Westco Investment Corp.'s compliance with the applicable instructions of the General Assessment Reconciliation (Form SIPC-7). Westco Investment Corp.'s management is responsible for Westco Investment Corp.'s compliance with those requirements. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose. The procedures we performed and our findings are as follows:

1. Compared the listed assessment payments in Form SIPC-7 with respective cash disbursement records entries in the Company's general ledger noting no differences;
2. Compared the amounts reported on the audited Form X-17A-5 for the year-ended September 30, 2011, as applicable, with the amounts reported in Form SIPC-7 for the year-ended September 30, 2011 noting no differences; and
3. Compared any adjustments reported in Form SIPC-7 with supporting schedules and workpapers noting no differences
4. Proved the arithmetical accuracy of the calculations reflected in Form SIPC-7.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on compliance. Accordingly, we do not express such an opinion. If we had performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the specified parties listed above and is not intended to be and should not be used by anyone other than these specified parties.

*Gallo & Company CPA'S LLP*  
Gallo & Company CPA's LLP  
Jericho, New York

November 8, 2011