

SECURITIES AND EXCHANGE COMMISSION  
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**ANNUAL AUDITED REPORT**  
**FORM X-17A-5**  
**PART III**

MISSION  
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8-48454

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 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: AVERIL CAPITAL MARKETS GROUP, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

1901 AVENUE OF THE STARS, SUITE 350

(No. and Street)

LOS ANGELES

CALIFORNIA

90067

(City)

(State)

(Zip Code)

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

DIANA L. MARANON

310/553-5351

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

GOODRICH, BARON, GOODYEAR, LLP

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

6700 E. PACIFIC COAST HWY., SUITE 255, LONG BEACH, CA 90803

(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)

SEC 1410 (06-02)

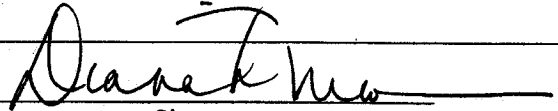
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AB  
4/12

OATH OR AFFIRMATION

I, DIANA L. MARANON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of AVERIL CAPITAL MARKETS GROUP, INC., as of DECEMBER 31, 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:

NONE



Signature DIANA L. MARANON

PRESIDENT

Title

SEE ATTACHED.

Notary Public

Subscribing Witness

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.
- (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).

State of California

County of LOS ANGELES

} ss.

On MARCH 3, 2012, before me, the undersigned, a Notary Public for the state,

personally appeared GREGORY A. GOODYEAR, proved to me to be the person

Name of Subscribing Witness

whose name is subscribed to the within instrument, as a witness thereto, on the oath/

affirmation of CAROLYN DE LA MERCED, who is a credible witness known to me,

Name of Credible Witness Who Identifies Subscribing Witness

and provided a satisfactory identifying document. GREGORY A. GOODYEAR,

Name of Subscribing Witness

being by me duly sworn, deposed and said that he/~~she~~ was present and saw/~~heard~~

(1) DIANA L. MARANON *Y*

Name of Absent Principal Signer

(and

(2) \_\_\_\_\_)

Name of Absent Principal Signer

the same person(s) described in and whose name(s) is/are subscribed to the within, or attached, instrument in ~~his/her/their~~ authorized capacity(ies) as (a) party(ies) thereto, execute or acknowledge executing the same, and that said affiant subscribed ~~his/her~~ name to the within instrument as a witness at the request of

(1) DIANA L. MARANON (.)

Name of Absent Principal Signer (Again)

(and

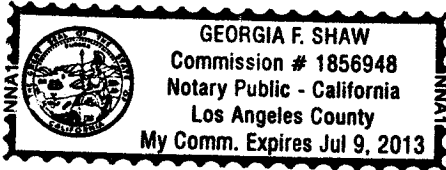
(2) \_\_\_\_\_)

Name of Absent Principal Signer (Again)

WITNESS my hand and official seal.

*Georgia F. Shaw*

GEORGIA F. SHAW of Notary Public



Place Notary Seal and/or Stamp 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.

Description of Attached Document SEC ANNUAL AUDITED

Title or Type of Document: REPORT, FORM X-17 A-5, PART III

Document Date: FEBRUARY 17, 2012 Number of Pages: 13

Signer(s) Other Than Named Above: DIANA L. MARANON

Capacity Claimed by Absent Principal Signer (1)

- Individual  Trustee
 Attorney in Fact  Partner —  Limited
 Guardian or Conservator  General
 Corporate Officer — Title(s): PRESIDENT

Other: \_\_\_\_\_

Absent Principal Signer Is Representing:

AVERIL CAPITAL MARKETS GROUP, INC.

Capacity Claimed by Absent Principal Signer (2)

- Individual  Trustee
 Attorney in Fact  Partner —  Limited
 Guardian or Conservator  General
 Corporate Officer — Title(s): \_\_\_\_\_

Other: \_\_\_\_\_

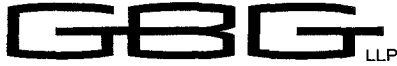
Absent Principal Signer Is Representing: \_\_\_\_\_

RIGHT THUMBPRINT OF SUBSCRIBING WITNESS

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## CONTENTS

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements:	
Statement of Financial Condition	2
Statement of Income (Loss)	3
Statement of Changes in Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
Additional Information:	
Computation of Net Capital Pursuant to Rule 15c3-1	9
Computation for Determination of Reserve Requirements Under Rule 15c3-3	10
Information Relating to Possession or Control Requirements Under Rule 15c3-3	11
Report on Internal Accounting Control	12-13



GOODRICH • BARON • GOODYEAR LLP  
*Certified Public Accountants*

## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Averil Capital Markets Group, Inc.  
Los Angeles, California

We have audited the accompanying statement of financial condition of Averil Capital Markets Group, Inc. as of December 31, 2011, and the related statements of income (loss), changes in stockholder's equity, and cash flows for the year then ended that are filed 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 Averil Capital Markets Group, Inc. as of December 31, 2011, and the results of its operations 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 9 thru 11 is presented for the purpose 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.

A handwritten signature in cursive script that reads "Goodrich Baron Goodyear, LLP".

Long Beach, California  
February 17, 2012

**AVERIL CAPITAL MARKETS GROUP, INC.**  
**STATEMENT OF FINANCIAL CONDITION**

DECEMBER 31, 2011

ASSETS

Cash and cash equivalents:		
Cash in bank - general		\$ 50,079
Money market fund		<u>3,128</u>
Total cash and cash equivalents		53,207
Accounts receivable		2,149
Property and equipment:		
Furniture and fixtures	\$ 228,426	
Office equipment	163,065	
Leasehold improvements	<u>46,101</u>	
	437,592	
Accumulated depreciation	<u>(396,876)</u>	
Net property and equipment		40,716
Deposits		10,732
Deferred income tax asset		196,000
Receivable from related entities		<u>2,867</u>
Total assets		\$ <u>305,671</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities		\$ -
Commitments		-
Stockholder's equity:		
Common stock, no par value per share; authorized, issued and outstanding – 1,000 shares	\$ 10,000	
Additional paid-in capital	734,000	
Retained earnings (accumulated deficit)	<u>(438,329)</u>	
Total stockholder's equity		<u>305,671</u>
Total liabilities and stockholder's equity		\$ <u>305,671</u>

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

**AVERIL CAPITAL MARKETS GROUP, INC.**  
**STATEMENT OF INCOME (LOSS)**

YEAR ENDED DECEMBER 31, 2011

Revenues:		
Consulting fees, including reimbursed expenses		\$ <u>592,363</u>
Total revenues		592,363
Expenses:		
Auto expense	\$ 28,121	
Bank service charges	1,235	
Business promotion	9,989	
Courier	1,141	
Database	29,293	
Depreciation	25,000	
Dues and subscriptions	6,090	
Equipment rental	15,835	
Insurance	13,399	
Office supplies	3,732	
Professional fees	39,517	
Salaries, wages, staff costs and benefits	236,276	
Parking	7,597	
Publications	19,406	
Rent	127,512	
Repairs and maintenance	9,845	
Telephone	8,441	
Meals and entertainment	12,677	
Travel	24,968	
Other	<u>7,015</u>	
Total expenses		<u>627,089</u>
Income (loss) before income taxes		(34,726)
Income tax expense		<u>(800)</u>
Net income (loss)		\$ <u><u>(35,526)</u></u>

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

**AVERIL CAPITAL MARKETS GROUP, INC.**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**

YEAR ENDED DECEMBER 31, 2011

	<u>Common Stock</u>	<u>Additional Paid-In Capital</u>	<u>Retained Earnings (Accumulated Deficit)</u>	<u>Total</u>
Balance at December 31, 2010	\$ 10,000	734,000	(402,803)	341,197
Net income (loss) for the year Ended December 31, 2011	<u>-</u>	<u>-</u>	<u>(35,526)</u>	<u>(35,526)</u>
Balance at December 31, 2011	\$ <u>10,000</u>	<u>734,000</u>	<u>(438,329)</u>	<u>305,671</u>

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



**AVERIL CAPITAL MARKETS GROUP, INC.**  
**STATEMENT OF CASH FLOWS**

YEAR ENDED DECEMBER 31, 2011

Cash flows from operating activities:		
Net income (loss)		\$ (35,526)
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	\$ 25,000	
Decrease in accounts payable and accrued expenses	<u>(16,398)</u>	
Total adjustments		<u>8,602</u>
Net cash flows used for operating activities		(26,924)
Cash flows from investing activities:		
Purchase of equipment	(19,894)	
Decrease in due from related parties	<u>7,921</u>	
Net cash flows used for investing activities		(11,973)
Cash flows from financing activities		<u>-</u>
Net decrease in cash and cash equivalents		(38,897)
Cash and cash equivalents at beginning of year		<u>92,104</u>
Cash and cash equivalents at end of year		\$ <u>53,207</u>

SUPPLEMENTAL CASH INFORMATION

Cash payments for:		
Income taxes		\$ <u>800</u>
Interest expense		\$ <u>-</u>

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

**AVERIL CAPITAL MARKETS GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2011

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Business**

The Company is a registered broker-dealer incorporated under the laws of the State of California maintaining its only office in Los Angeles, California, and is subject to a minimum net capital requirement of \$5,000 under SEC Rule 15c3-1. The Company operates pursuant to the (k)(2)(i) exemptive provision of SEC Rule 15c3-3 and does not hold customer funds or securities. The Company's revenue consists of consulting fees and transaction fees earned in connection with its advisory activities.

Averil Capital Markets Group, Inc. is a boutique corporate advisory practice offering specialized financial advisory services throughout the United States to a broad roster of clients ranging from small, emerging growth to middle market companies. In particular, the Company specializes in mergers and acquisitions and capital-raising transactions. Under the primary direction of Ms. Maranon, the Company offers advisory services across various transactional situations including acquisitions, divestitures, private placements and recapitalizations. The Company also provides specialized consulting services in connection with transactional events requiring substantial specialized advice such as launching an initial public offering, formulating a capitalization strategy for a new company, or developing an international mergers and acquisitions program.

**Method of Accounting**

The Company maintains its books and records on the accrual basis of accounting.

**Use of Estimates**

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

**Property and Equipment**

Property and equipment are stated at cost. Depreciation of property and equipment is provided over their estimated useful lives which range from five to fifteen years using the straight-line method.

**Cash Equivalents**

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

**AVERIL CAPITAL MARKETS GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

DECEMBER 31, 2011

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

SIPC

The SIPC assessments have been determined fairly in accordance with applicable instructions and were remitted timely.

Income Taxes

Income tax expense includes federal and state taxes currently payable and deferred income taxes. Deferred taxes result from timing differences between reporting for financial statements purposes and tax purposes primarily consisting of accelerated depreciation for tax and straight-line for books and the use of accrual method for book and cash basis for tax return purposes as well as the tax benefit of net operating loss carryforwards.

(2) COMMITMENTS

The Company has entered into a lease agreement for its office facilities which expires in January 2016. Minimum future rental payments under this non-cancellable lease are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2012	\$ 136,292
2013	140,348
2014	144,592
2015	148,930
2016	<u>12,441</u>
Total	\$ <u>582,603</u>

(3) PROVISION FOR INCOME TAXES

The provision for income taxes consists of the following components:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$ -	\$ -	\$ -
California	<u>800</u>	<u>-</u>	<u>800</u>
Total	\$ <u>800</u>	\$ <u>-</u>	\$ <u>800</u>

**AVERIL CAPITAL MARKETS GROUP, INC.**  
**NOTES TO FINANCIAL STATEMENTS, CONTINUED**

DECEMBER 31, 2011

**(3) PROVISION FOR INCOME TAXES, Continued**

Deferred taxes are accounted for under current accounting standards which use an asset and liability approach in recognizing timing differences. This approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of such differences. Deferred taxes result primarily from the use of accelerated depreciation for tax purposes and straight-line for financial reporting purposes and the use of the accrual method for financial reporting whereas the cash method is used for tax purposes as well as the tax benefits of net operating loss carry forwards.

The Company has available approximately \$600,000 of unused operating loss carry-forwards that may be applied against future taxable income and that expire through 2031.

The amount of deferred tax asset at year-end is as follows:

Total deferred asset	\$ 196,000
Less valuation allowance	<u>          -</u>
Net deferred asset	\$ <u>196,000</u>

**(4) OTHER SUBSEQUENT EVENTS**

Management has evaluated subsequent events and transactions occurring after year-end through the date that the financial statements were available for issuance which was February 17, 2012. No transactions or events were found that were material enough to require recognition in the financial statements:

**(5) NET CAPITAL**

The Company is subject to a \$5,000 minimum capital requirement under SEC Rule 15c3-1, which requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. Net capital and the related net capital ratio fluctuate on a daily basis; however, as of December 31, 2011, the net capital was \$53,207 which exceeded the required net capital by \$48,207. The aggregate indebtedness to net capital ratio was not applicable as there was no aggregate indebtedness at December 31, 2011.

**AVERIL CAPITAL MARKETS GROUP, INC.**  
COMPUTATION OF NET CAPITAL PURSUANT TO RULE 15c3-1

DECEMBER 31, 2011

Total equity from statement of financial condition		\$ 305,671
Less non-allowable assets:		
Receivables	\$ 2,149	
Deposits	10,732	
Property and equipment, net	40,716	
Receivable from affiliate	2,867	
Deferred income taxes	<u>196,000</u>	<u>(252,464)</u>
Net capital		\$ <u>53,207</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required (6-2/3% of aggregate indebtedness)	\$ <u>-</u>
Minimum dollar net capital required	\$ <u>5,000</u>
Net capital requirement (greater of above two figures)	\$ <u>5,000</u>
Net capital in excess of requirement	\$ <u>48,207</u>

COMPUTATION OF RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

Total liabilities (aggregate indebtedness)	\$ <u>-</u>
Ratio of aggregate indebtedness to net capital	<u>N/A</u>
Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)	<u>N/A</u>

The computation of net capital as reported in the unaudited Part IIA filing agrees with the audited net capital above.

**AVERIL CAPITAL MARKETS GROUP, INC.**  
**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS**  
**UNDER RULE 15c3-3**

YEAR ENDED DECEMBER 31, 2011

Not Applicable – The Company is exempt pursuant to the (k)(2)(i) exemptive provision of SEC Rule 15c3-3 and does not hold customer funds or securities.

**AVERIL CAPITAL MARKETS GROUP, INC.**  
**INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS**  
**UNDER RULE 15c3-3**

**DECEMBER 31, 2011**

Not applicable – The Company is exempt pursuant to the (K)(2)(i) exemptive provision of SEC Rule 15c3-3 and does not hold customer funds or securities.



GOODRICH • BARON • GOODYEAR LLP  
*Certified Public Accountants*

## REPORT ON INTERNAL ACCOUNTING CONTROL

The Board of Directors  
Averil Capital Markets Group, Inc.  
Los Angeles, California

In planning and performing our audit of the financial statements of Averil Capital Markets Group, Inc. (the Company) as of and for the year ended December 31, 2011, 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 computation of aggregate indebtedness 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 previously 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, errors 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.

A *deficiency in control* 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 and correct misstatements on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Company's financial statements will not be prevented or detected and corrected on a timely basis.

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 previously.

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 December 31, 2011, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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.



Long Beach, California  
February 17, 2012