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

SEC FILE NUMBER
8- 65464

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 01/01/2012 AND ENDING 12/31/2012  
MM/DD/YY MM/DD/YY

### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: COLCHESTER PARTNERS, LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
175 FEDERAL STREET

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)  
BOSTON MA 02210  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
ERIC ANDREW (617) 896-0202  
(Area Code - Telephone Number)

### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*  
YOSHIDA & SOKOLSKI, P.C.

(Name - if individual, state last, first, middle name)  
20 BURLINGTON MALL ROAD, SUITE 322, BURLINGTON, MA 01803  
(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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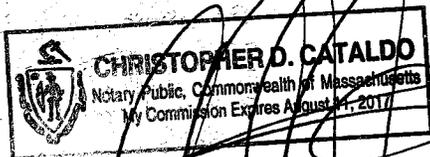
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OATH OR AFFIRMATION

I, ERIC ANDREW, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of COLCHESTER PARTNERS, LLC, as of DECEMBER 31, 2012, 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:

[Handwritten lines for exceptions]

[Handwritten signature]
Signature
VP / member / FINOP
Title



Notary Public

This report \*\*contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Changes in Financial Condition.
(e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
(j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
(k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
(l) An Oath or Affirmation.
(m) A copy of the SIPC Supplemental Report.
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

**COLCHESTER PARTNERS, LLC**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2012 AND 2011**



**Yoshida & Sokolski, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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**COLCHESTER PARTNERS, LLC**  
**STATEMENTS OF FINANCIAL CONDITION**  
**DECEMBER 31, 2012 AND 2011**

**COLCHESTER PARTNERS, LLC**

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# Yoshida & Sokolski, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

To the Members  
Colchester Partners, LLC  
Boston, Massachusetts

We have audited the accompanying statements of financial condition of Colchester Partners, LLC, (the "Company") as of December 31, 2012 and 2011, that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934, and the related notes to the financial statements.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colchester Partners, LLC as of December 31, 2012 and 2011, in accordance with accounting principles generally accepted in the United States of America.

*Joshua K. Scholze, PC.*

February 8, 2013

**COLCHESTER PARTNERS, LLC**

**STATEMENTS OF FINANCIAL CONDITION**

**DECEMBER 31, 2012 AND 2011**

	<u>2012</u>	<u>2011</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 763,138	\$ 679,352
Accounts receivable	125,615	268,869
<b>TOTAL CURRENT ASSETS</b>	<u>888,753</u>	<u>948,221</u>
Investments	72	72
Equipment and improvements, net accumulated depreciation of \$57,479 and \$130,176 for 2012 and 2011	19,759	25,846
Other assets	<u>36,305</u>	<u>36,305</u>
<b>TOTAL ASSETS</b>	<u>\$ 944,889</u>	<u>\$ 1,010,444</u>
<b><u>LIABILITIES AND MEMBERS' EQUITY</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued expenses	\$ 10,000	\$ 10,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>10,000</u>	<u>10,000</u>
<b>MEMBERS' EQUITY</b>	<u>934,889</u>	<u>1,000,444</u>
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<u>\$ 944,889</u>	<u>\$ 1,010,444</u>

**COLCHESTER PARTNERS, LLC**

**NOTES TO FINANCIAL STATEMENTS**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 1 NATURE OF BUSINESS**

Colchester Partners, LLC (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC") and is a member of Financial Industry Regulatory Authority ("FINRA"). The Company is an investment banking and strategic advisory firm organized to serve the needs of investment management organizations and their professionals throughout the United States of America.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of financial statements and related disclosures in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the period reported. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all liquid investment instruments with original maturities of ninety days or less to be cash equivalents.

**Concentrations of Credit Risk**

Financial instruments which potentially subject the Company to significant concentrations of credit risk consist primarily of cash and trade accounts receivables.

The Company places its cash with a financial institution with a high credit rating, which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash.

Concentration of credit risk related to trade accounts receivable is limited due to a client base of companies and individuals with high net worth. The Company performs credit evaluations of its clients' financial condition and does not require collateral, since management does not anticipate nonperformance of payment.

**COLCHESTER PARTNERS, LLC**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 2      *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)***

**Fair Value**

All current assets and current liabilities, because of their short-term nature, are stated at cost or face value, which approximates market value.

**Equipment and Improvements**

Equipment and improvements are stated at cost. Depreciation and amortization are computed principally using the straight-line method over the estimated economic or useful lives of the applicable assets. Leasehold improvements are amortized over the lesser of the remaining life of the lease or the useful life of the improvements. The cost of maintenance and repairs is charged to expense as incurred.

**NOTE 3      *INVESTMENTS***

The investment is in a minority interest of a Limited Liability Company valued at cost.

**NOTE 4      *ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS***

The Company's accounts receivable are client obligations due under normal trade terms carried at their face value, less provisions for bad debts. The Company evaluates the carrying amount of its accounts receivable on an ongoing basis and establishes a valuation allowance based on a number of factors, including specific client circumstances, historical rate of write-offs and the past due status of the accounts. At the end of each reporting period, the allowance is reviewed and analyzed for adequacy, and if relevant, is adjusted accordingly. The allowance is increased through a reduction of revenues and/or an increase in bad debt expense. At December 31, 2012 and 2011, management believes no allowance is necessary.

**COLCHESTER PARTNERS, LLC**

**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011**

**NOTE 5      COMMITMENTS AND CONTINGENCIES**

The Company's may from time to time become involved in various legal proceedings, litigation and threatened litigation arising in the ordinary course of business. As of the date of these financial statements, there are no legal proceedings or similar matters, which individually or in the aggregate have a material effect on net capital, the financial position, results of operations or cash flows of the company.

**NOTE 6      EQUIPMENT AND IMPROVEMENTS**

Major classes of equipment and improvements consist of the following:

	<i>December 31,</i>	
	<u>2012</u>	<u>2011</u>
Computer equipment	\$ 36,717	\$ 96,020
Office equipment	13,037	26,943
Furniture and fixtures	27,484	29,559
Leasehold improvements	-	3,500
	<u>77,238</u>	<u>156,022</u>
Less accumulated depreciation	(57,479)	(130,176)
	<u>\$ 19,759</u>	<u>\$ 25,846</u>

**NOTE 7      SUBSEQUENT EVENTS**

No events occurred subsequent to the balance sheet date that would require adjustment to, or disclosure in the financial statements.

The Company has evaluated subsequent events through February 8, 2013, the date the financial statements were available to be issued.