



SECURI

15026344

SSION

Washington, D.C. 20549

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

OMB Number:  
OMB Number: 3235-0123  
Expires: March 31, 2016  
Estimated average burden  
hours per response..... 12.00

SEC FILE NUMBER  
8-47910

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 1/1/2014 AND ENDING 12/31/2014  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Hancock Financial, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

1563 Virginia Way  
(No. and Street)

La Jolla, CA 92037-3836

(City)

(State)

(Zip Code)

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

James P. Hancock

(858) 459-3635

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

BOROS & FARRINGTON

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

11770 Bernardo Plaza Court, Suite 210, San Diego, CA 92128

(Address)

(City)

(State)

(Zip Code)

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

MAY 20 2015

DIVISION OF TRADING & MARKETS

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).

5/20/15

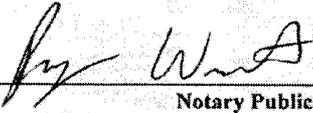
## OATH OR AFFIRMATION

I, James P. Hancock, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Hancock Financial, Inc., as of December 31, 2014, 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

  
Title

  
Notary Public

See attached notarial certificate.

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 Stockholder's Equity or Partners' or Sole Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation of 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.

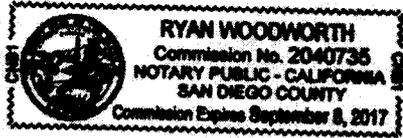
\*\* For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California  
County of San Diego

Subscribed and sworn to (or affirmed) before me on this 27<sup>th</sup>  
day of February, 2015, by James I. Hancock

proved to me on the basis of satisfactory evidence to be the  
person(s) who appeared before me.



(Seal)

Signature *James I. Hancock*

# HANCOCK FINANCIAL, INC.

## Table of Contents

	<i>Page</i>
Report of Independent Registered Public Accounting Firm .....	1
Audited Financial Statements:	
Statement of Financial Condition .....	2
Statement of Income .....	3
Statement of Changes in Stockholder's Equity .....	4
Statement of Liabilities Subordinated to Claims of General Creditors .....	4
Statement of Cash Flows .....	5
Notes to Financial Statements.....	6-7
Other Financial Information:	
Schedule I - Computation of Net Capital Pursuant to SEC Rule 15c3-1 .....	8
Schedule II - Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.....	9
Schedule III - Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3 .....	10

# Boros & Farrington

CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Corporation

11770 Bernardo Plaza Court • Suite 210  
San Diego, CA 92128-2424  
(858) 487-8518 • Fax (858) 487-6794  
borosfarrington@msa.com

## Report of Independent Registered Public Accounting Firm

Hancock Financial, Inc.

We have audited the accompanying statement of financial condition of Hancock Financial, Inc. (the "Company") as of December 31, 2014, and the related statements of income, changes in stockholder's equity, liabilities subordinated to claims of general creditors, and cash flows for the year then ended. 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 the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 the Company as of December 31, 2014, 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.

The information contained in Schedules I, II, and III ("supplemental information") has been subjected to audit procedures performed in conjunction with the Company's financial statements. The supplemental information is the responsibility of the Company's management. Our audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the supplemental information. In forming our opinion on the supplemental information, we evaluated whether the supplemental information, including its form and content is presented in conformity with 17 C.F.R § 240.17a-5. In our opinion, the information contained in Schedules I, II, and III is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Boros & Farrington APC*

Boros & Farrington APC  
San Diego, California  
February 23, 2015

# HANCOCK FINANCIAL, INC.

## Statement of Financial Condition

December 31, 2014

### ASSETS

Cash	\$ 7,881
Commissions receivable	3,837
Deposit with clearing organization	10,000
Prepaid expenses	1,578
Property and equipment, less accumulated depreciation of \$4,752	<u>255</u>
Total assets	<u>\$23,551</u>

### LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities	
Accounts payable and accrued liabilities	<u>\$ 2,399</u>
Stockholder's equity	
Common stock, 10,000 shares authorized	20,180
Retained earnings	<u>972</u>
Total stockholder's equity	<u>21,152</u>
	<u>\$23,551</u>

*See notes to financial statements.*

# HANCOCK FINANCIAL, INC.

## Statement of Income

Year Ended December 31, 2014

Revenues	
Commissions	\$47,519
Gain on sale of assets	1,250
Other income	<u>2,183</u>
Total revenues	<u>50,952</u>
Expenses	
Compensation and employee benefits	14,704
Travel and entertainment	10,011
Information services	4,787
Outside services	6,090
Office expenses	4,529
Communications	2,039
Taxes, licenses, and registrations	627
Depreciation	128
Other expenses	<u>1,518</u>
Total expenses	<u>44,433</u>
Income before income taxes	6,519
Income tax expense	<u>2,755</u>
Net income	<u>\$ 3,764</u>

*See notes to financial statements.*

## HANCOCK FINANCIAL, INC.

### Statement of Changes in Stockholder's Equity Year Ended December 31, 2014

	<i>Common Stock</i>		<i>Retained</i>	<i>Total</i>
	<i>Shares</i>	<i>Amount</i>	<i>Earnings</i>	
Balance, beginning of year	10,000	\$20,180	\$(2,792)	\$17,388
Net income	<u>-</u>	<u>-</u>	<u>3,764</u>	<u>3,764</u>
Balance, end of year	<u>10,000</u>	<u>\$20,180</u>	<u>\$ 972</u>	<u>\$21,152</u>

### Statement of Liabilities Subordinated to Claims of General Creditors Year Ended December 31, 2014

Balance, beginning of year	\$ -
Increases	-
Decreases	<u>-</u>
Balance, end of year	<u>\$ -</u>

*See notes to financial statements.*

# HANCOCK FINANCIAL, INC.

## Statement of Cash Flows Year Ended December 31, 2014

Cash flows from operating activities	
Net income	\$ 3,764
Adjustments to reconcile net income to net cash from operating activities	
Gain on sale of assets	(1,250)
Depreciation expense	128
Changes in operating assets and liabilities	
Commissions receivable	233
Due from stockholder	388
Prepaid expenses	(336)
Accounts payable and accrued liabilities	<u>(1,274)</u>
Net cash from operating activities	<u>1,653</u>
Cash flows from investing activities	
Proceeds from sale of assets	<u>1,250</u>
Cash flows from financing activities	<u>-</u>
Net increase in cash	2,903
Cash, beginning of year	<u>4,978</u>
Cash, end of year	<u>\$ 7,881</u>
Supplemental disclosure of cash flow information:	
Interest paid	<u>\$ -</u>
Taxes paid	<u>\$ 2,755</u>

*See notes to financial statements.*

# HANCOCK FINANCIAL, INC.

## Notes to Financial Statements

### 1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

**The Company.** Hancock Financial, Inc. (the "Company"), a California corporation, is a registered broker-dealer licensed by the United States Securities and Exchange Commission ("SEC") and is a member of the Financial Industry Regulatory Authority. The Company provides broker-dealer services as an introducing broker-dealer clearing customer transactions through another broker-dealer on a fully disclosed basis.

**Accounting Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Revenue Recognition.** Security transactions and the related commission revenue are recorded on a settlement date basis.

**Property and Equipment.** Property and equipment are stated at cost less accumulated depreciation. Additions, renovations, and improvements are capitalized. Maintenance and repairs which do not extend asset lives are expensed as incurred. Depreciation is provided using accelerated methods over the estimated useful lives of the assets (5 years).

**Income Taxes.** Income taxes are accounted for using the liability method whereby deferred tax asset and liability account balances are calculated at the balance sheet date using the current tax laws and rates in effect.

**Concentration of Credit Risk.** The Company maintains depository accounts with financial institutions. No credit losses have been experienced on these accounts. Management believes that any potential credit losses would be minimal and, accordingly, no reserve for such losses has been established.

Commission receivables are due primarily a clearing broker/dealer. These entities are geographically dispersed across the United States. If the financial condition and operations of this financial institution deteriorates substantially, the Company's operating results could be adversely affected. No allowance for doubtful accounts was considered necessary at December 31, 2014.

**Financial Instruments.** The carrying values reflected in the statement of financial condition at December 31, 2014 reasonably approximate the fair values for financial instruments. In making such assessment, the Company has utilized discounted cash flow analyses, estimates, and quoted market prices as appropriate. No allowance for potential credit losses was considered necessary at December 31, 2014.

## HANCOCK FINANCIAL, INC.

### Notes to Financial Statements

#### 2. NET CAPITAL REQUIREMENTS

Under Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital (as defined) and a ratio of aggregate indebtedness to net capital (as defined) not exceeding 15 to 1.

The Company's ratio at December 31, 2014 was 0.12 to 1. The basic concept of the Rule is liquidity, its object being to require a broker-dealer in securities to have at all times sufficient liquid assets to cover its current indebtedness. At December 31, 2014, the Company had net capital of \$19,318 which was 14,318 in excess of the amount required by the SEC.

#### 3. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND INFORMATION RELATING TO THE POSSESSION AND CONTROL REQUIREMENTS UNDER RULE 15c3-3

The Company relies on Section K(2)(ii) of the Securities Exchange Rule 15c3-3 to exempt them from the provisions of these rules.

#### 4. OFF BALANCE SHEET RISK

As discussed in Note 1, the Company does not hold customer segregated cash or securities balances. Transactions are processed by a clearing firm on a fully disclosed basis. In conjunction with this arrangement, the Company is contingently liable for any unsecured debit balances in the customer accounts introduced by the Company. These customer activities may expose the Company to off-balance-sheet credit risk in the event the introduced customer is unable to fulfill its contracted obligations. The Company seeks to control such credit risk by monitoring its exposure to the risk of loss daily, on an account-by-account basis. At December 31, 2014, the Company was not responsible for any unsecured debits and did not have any open positions in its trading accounts.

#### 5. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the statement of financial condition date through February 23, 2015 the date at which the financial statements were issued, and determined there are no other items to disclose.

\*\*\*\*\*

# HANCOCK FINANCIAL, INC.

## Schedule I Computation of Net Capital Pursuant to SEC Rule 15c3-1

December 31, 2014

	<i>Audited Financial Statements</i>	<i>FOCUS X-17A-5 Part IIA</i>	<i>Differences</i>
Total stockholder's equity	\$21,152	\$20,030	\$ 1,122
Less non-allowable assets			
Prepaid expenses	1,578	-	(1,578)
Property and equipment	<u>256</u>	<u>867</u>	<u>611</u>
Net capital before haircuts on security positions	19,318	19,163	155
Less haircuts on security positions	<u>-</u>	<u>-</u>	<u>-</u>
Net capital	19,318	19,163	155
Minimum net capital required	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Excess net capital	<u>\$14,318</u>	<u>\$14,163</u>	<u>\$ 155</u>
Total aggregate indebtedness	<u>\$ 2,399</u>	<u>\$ 1,672</u>	<u>\$ 727</u>
Ratio of aggregate indebtedness to net capital	<u>0.12</u>	<u>0.09</u>	

*Note: The differences between the net capital reported above and the net capital reported on form FOCUS X-17A-5 Part IIA as of December 31, 2014 result primarily from audit adjustments to prepaid expenses, property and equipment, accumulated depreciation, and accounts payable.*

**HANCOCK FINANCIAL, INC.**

**Schedule II  
Computation for Determination of Reserve Requirements  
Pursuant to Rule 15c3-3**

**December 31, 2014**

The Company is exempt from Rule 15c3-3 under the exemptive provisions of section (k)(2)(ii) and, accordingly, has no reserve requirements. Consequently, a reserve requirement was not calculated in Part II of Form X-17A-5 of this Company's FOCUS report as of December 31, 2014; and a reconciliation to that calculation is not included herein.

**HANCOCK FINANCIAL, INC.**

**Schedule III  
Information Relating to the Possession or Control Requirements  
Pursuant to Rule 15c3-3**

**December 31, 2014**

The Company is exempt from Rule 15c3-3 under the exemptive provisions of section (k)(2)(ii) and, accordingly, has no possession or control requirements.

# Boros & Farrington

CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Corporation

11770 Bernardo Plaza Court • Suite 210  
San Diego, CA 92128-2424  
(858) 487-8518 • Fax (858) 487-6794  
borosfarrington@msn.com

## Report of Independent Registered Public Accounting Firm

Hancock Financial, Inc.:

We have reviewed management's statements included in the accompanying letter dated February 24, 2015, in which (1) Hancock Financial, Inc. (the "Company") identified the following provisions of 17 C.F.R. § 15c3-3(k) under which the Company claimed an exemption from 17 C.F.R. § 240.15c3-3(k)(2)(ii) and (2) the Company stated that the Company met the identified exemption provisions throughout the most recent fiscal year without exception. The Company's management is responsible for compliance with the exemption provisions and its statements.

Our review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and, accordingly, included inquiries and other required procedures to obtain evidence about the Company's compliance with the exemption provisions. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the conditions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.

*Boros & Farrington APC*

Boros & Farrington APC  
San Diego, California  
February 24, 2015