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BEXIL CORP  
Form 10KSB/A  
March 02, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549

FORM 10-KSB/A-2

(Mark One)

X Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended December 31, 2004

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 001-12233

Bexil Corporation  
(Name of small business issuer in its charter)

Maryland  
(State of incorporation)

13-3907058  
(I.R.S. Employer Identification No.)

11 Hanover Square, New York, New York

10005

-----  
(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: 1-212-785-0400

Securities registered pursuant to Section 12(b) of the Act:

Title of each class  
-----

Name of each exchange on which registered  
-----

Common Stock

American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: n/a

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No X

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB or any amendment to this Form 10-KSB. [X]

The issuer's revenues for its most recent fiscal year: \$167,160.

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of May 9, 2005: 604,101 shares at \$14.33 per share as of May 9, 2005, or \$8,656,767.

The number of shares outstanding of the issuer's classes of common equity, as of May 20, 2005: Common Stock, par value \$.01 per share - 879,591 shares

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## EXPLANATORY NOTE

This amended Annual Report on Form 10-KSB is being filed in order to (a) amend Item 7 by adding thereto the consolidated financial statements of York Insurance Services Group, Inc. as of December 31, 2004 and 2003 and for the years then ended, (b) restate Item 8A hereof and (c) file as exhibits hereto updated certifications by the Chief Executive Officer and Chief Financial Officer required to be filed under the Sarbanes-Oxley Act of 2002 and an updated consent of Deloitte & Touche LLP. Only the amended Items and updated exhibits are being filed herewith.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM  
To the Board of Directors and Shareholders of  
Bexil Corporation  
New York, NY

We have audited the accompanying balance sheet of Bexil Corporation as of December 31, 2004, and the related statements of income, shareholder' equity, and cash flows for the year ended December 31, 2004. 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. The financial statements of the Company for the year ended December 31, 2003 were audited by other auditors whose report, dated January 22, 2004, expressed an unqualified opinion on those statements.

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 of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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, such financial statements present fairly, in all material respects, the financial position of the Company at December 31, 2004, 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.

As more fully described in Note 2 to the financial statements, in 2004 the Company completed the process of de-registering as a filer under the Investment Company Act of 1940 and now files in accordance with the Securities Exchange Act of 1934. As a result, the financial statements for the period subsequent to the de-registration are presented on a different basis of accounting than those for periods prior to the de-registration and, therefore, are not directly comparable.

/s/DELOITTE & TOUCHE LLP  
June 14, 2005  
Parsippany, N.J.

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BEXIL CORPORATION

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BALANCE SHEET AS OF DECEMBER 31, 2004

Current Assets:

Cash and cash equivalents  
Receivables, prepaid assets and other

Total Current Assets

Fifty percent interest in unconsolidated affiliate (Note 8)

Goodwill (Note 8)

Other investments (Note 3)

Deferred taxes

Total Assets

LIABILITIES AND SHAREHOLDERS' EQUITY

Current Liabilities:

Accounts payable and accrued liabilities

Total Current Liabilities

Commitments and Contingencies (Note 9)

Total Liabilities

Shareholders' Equity (Notes 3 and 4)

Common Stock, \$0.01 par value

10,000,000 shares authorized

879,591 shares issued and outstanding

Additional paid-in capital

Retained earnings

Total Shareholders' Equity

Total Liabilities and Shareholders' Equity

See accompanying notes to the financial statements.

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BEXIL CORPORATION  
STATEMENT OF INCOME FOR YEAR ENDED DECEMBER 31, 2004

Revenues:

Interest and dividends  
Other (Note 7)

\$ 51,052  
116,108  
-----

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	167,160
-----	
Expenses:	
General and administrative (Note 7)	813,613
Communication costs	30,348
Professional fees	182,796
	-----
	1,026,757
-----	
Loss before income taxes and equity in earnings of York Insurance Services Group, Inc.	(859,597)
Income tax benefit (Note 6)	(267,294)
Equity in earnings of York Insurance Services Group, Inc.	2,812,088
	-----
Net income	\$ 2,219,785
	=====
Per share net income:	
Basic	\$ 2.52
Diluted	\$ 2.52
Weighted average common shares outstanding:	
Basic	879,591
Diluted	879,591

See accompanying notes to the financial statements.

BEXIL CORPORATION  
STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED DECEMBER 31, 2003 (Predecessor Basis)

INCOME:	
Interest	\$166,349
Other	11,000
	-----
Total income	177,349
EXPENSES:	
Salaries	430,100
Professional	109,405
Directors	35,440
Printing	26,358
Transfer Agent	11,625
Registration	7,867
Custodian	380
Other	97,997
	-----
Total operating expenses	719,172
	-----

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Net operating loss before income taxes	(541,823)
Income tax benefit (note 7)	193,635
	-----
Net operating loss	(348,188)
	-----
REALIZED AND UNREALIZED GAIN	
(LOSS) ON HOLDINGS:	
Net realized gain on holdings	30,093
Unrealized appreciation on holdings during the period	5,202,040
Deferred tax expense (note 7)	(2,400,876)
	-----
Net realized and unrealized gain on holdings	2,831,257
	-----
Net increase in net assets resulting from operations	\$2,483,069
	=====

See accompanying notes to the financial statements.

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Statement of Changes in Net Assets for the year ended December 31, 2003  
(Predecessor Basis) and Statement of Changes in Shareholders Equity for the year  
ended December 31, 2004

OPERATIONS FOR 2003

Net loss

Net Unrealized gain from security transactions

Unrealized appreciation on Holdings during the period

Net Change in net assets resulting from operations

DISTRIBUTIONS TO SHAREHOLDERS FOR 2003

Tax return of capital to shareholders (\$0.60 per share)

CAPITAL SHARE TRANSACTIONS FOR 2003

Increase in net assets resulting from reinvestment of distributions (14,530 shares)

Total Change in Net Assets

NET ASSETS

Balance as of January 1, 2003

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Balance as of December 31, 2003

Net Assets to Allocate to Shareholders Equity as of January 1, 2004

ADDITIONAL PAID IN CAPITAL

Allocated Balance as of January 1, 2004 (Predecessor Basis)

Transitional Adjustment from Asset Value Under Predecessor Basis

Adjustment for Predecessor Retained Earnings

Balance as of December 31, 2004

COMMON STOCK

Allocated Balance as of January 1, 2004 (879,591 shares, \$0.01 par) (Predecessor Basis)

Par Value of Common Stock December 31, 2004 (879,591 shares, \$.01 par)

RETAINED EARNINGS

Allocated Balance as of January 1, 2004 (Predecessor Basis)

Reclassification for Predecessor Basis

Net Income

Balance as of December 31, 2004

TOTAL SHAREHOLDERS EQUITY AS OF DECEMBER 31, 2004

See accompanying notes to the financial statements.

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### Cash Flows from Operating Activites

Net income

Adjustments to reconcile net income to net cash  
used in operating activities:

Equity in earnings of subsidiary  
Increase (decrease) in deferred income taxes  
Net realized gain on investments

(Increase)decrease in:

Receivables, prepaid assets and other

Decrease in:

Accounts payable and accrued liabilities

Total adjustments

Net cash used in operating activities

### Cash Flows from Investing Activites:

Maturity of investments  
Purchase of investments

Net cash provided by investing activities

### Cash Flows from Financing Activites:

Cash dividend distribution and reinvestment

Net cash used for financing activities

Net increase (decrease) in cash and cash equivalents

### Cash and Cash Equivalents

At beginning of period

At end of period

See accompanying notes to the financial statements.

Supplemental disclosure: The Company paid no Federal income tax during the years ended December 31, 2004.

As a result of the change in corporate form from a 1940 Act filer to a 1934 Act filer, there was a non-cash transitional adjustment. For more information refer to Note2.

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## NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business



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Bexil Corporation, a Maryland corporation ("we," "us" or the "Company"), is a holding company. We have 10 employees. Our primary holding is a 50% interest in privately held York Insurance Services Group, Inc. ("York"). Our 50% interest in York is accounted for using the equity method during 2004. and, therefore, York's financial statements are not consolidated with our own. In 2003 and prior, the investment in York was accounted for on a fair value basis. For further information on this change in accounting, refer to Note 2.

The Company was incorporated under the laws of the State of Maryland as "Bull & Bear U.S. Government Securities Fund, Inc." on August 30, 1996. The Company registered as a investment company with the Securities and Exchange Commission ("SEC") by filing a Form N-8A and Form N-2 on September 27, 1996. On October 4, 1996, the Company's predecessor, a mutual fund which had commenced operations on March 7, 1986 as a diversified series of shares of Bull & Bear Funds II, Inc., an open-end management investment company organized in 1974, transferred its net assets to the Company in exchange for shares of the Company. Thus, since 1986, the Company (including its predecessor) was regulated under the Investment Company Act of 1940 (the "1940 Act"), and the rules and regulations promulgated there under, and under the Company's fundamental investment policies contained in its registration statement filed pursuant to the 1940 Act. The Company changed its name to Bexil Corporation on August 26, 1999.

On January 6, 2004 the Company announced that an order declaring that it has ceased to be an investment company was issued by the SEC. The order was effective immediately. We are currently a publicly-held company listed on the American Stock Exchange subject to the reporting and other requirements of the Securities Exchange Act of 1934, as amended, and are no longer subject to regulation under the 1940 Act.

### York Insurance Services Group, Inc. - Business

York is one of the leading privately owned insurance services business process outsourcing ("BPO") companies in the United States. Since the 1930's, York, through predecessor companies, has served as both an independent adjustment company and third party administrator ("TPA") providing comprehensive claims, data, and risk related services to insurance companies, self-insureds, and intermediaries throughout the United States. More recently York has established business units in the program management, licensed private investigation, recovery, environmental consulting, retail logistics and large/complex loss adjusting markets.

### Basis of Presentation

As more fully described in Note 2 to the financial statements, in 2004 the Company completed the process of de-registering as a filer under the Investment Company Act of 1940 and now files in accordance with the Securities Exchange Act of 1934. As a result, the financial statements for the period subsequent to the de-registration present assets and liabilities on a historical cost basis, whereas prior to de-registration, assets and liabilities were presented on a fair value basis under the 1940 Act. This change in accounting prevents the financial statements for 2004 and 2003 from being directly comparable.

The financial statements include the accounts of the Company. In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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### Cash and Cash Equivalents

Investments in money market funds are considered to be cash equivalents. At December 31, 2004, the Company had invested approximately \$3,092,700 in a money market fund. The company considers short-term investments and other marketable securities maturing in 90 days to be considered cash equivalents.

### Investment in Unconsolidated Affiliate

Our 50% interest in our unconsolidated affiliate, York, is accounted for using the equity method during 2004 and therefore York's financial statements are not consolidated with our own. In 2003 and prior, the investment in York was accounted for on a fair value basis. Refer to Note 2.

### Marketable Securities

The Company classified its investment in U.S. Treasury Notes as held-to-maturity securities since the Company had the positive intent and ability to hold to maturity, and accordingly these securities were recorded at amortized cost. In 2003 and prior, the notes were accounted under the fair value method under the Investment Company Act of 1940. The U.S. Treasury notes matured during the first quarter of 2004. The Company's other material investment in marketable securities is in common stock of a non-public entity with no readily available market price, and accordingly this security was carried at the lower of cost or estimated net realizable value. During the year ended December 31, 2003 this investment was accounted for at fair value.

### Goodwill

The company initially recorded \$1,500,000 of goodwill relating to the investment of York. The company reviews goodwill for impairment annually. As part of this review the Company considers financial performance, legal factors, business climate, potential action by regulators, etc. The company believes there has been no impairment of goodwill as of December 31, 2004.

### Income Taxes

The Company's method of accounting for income taxes conforms to Statement of Financial Accounting Standards No. 109 "Accounting for Income Taxes." This method requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the financial reporting basis and the tax basis of assets and liabilities. The company assesses the need for a valuation allowance on recorded deferred tax assets.

### Reporting Segment

The Company's operations are organized around insurance services and classified into one reporting segment - insurance services. The chief operating decision maker reviews and considers the consolidated reports of York as the key decision making information.

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### Earnings Per Share

Basic earnings per share is computed using the weighted average number of shares outstanding. Diluted earnings per share is computed using the weighted average number of shares outstanding adjusted for the incremental shares attributed to potentially diluted securities including outstanding options to purchase common stock. The following table sets forth the computation of basic and diluted earnings per share:

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	2004 ----	2003 ----
Numerator for basic and diluted earnings per share:		
Net income	\$ 2,219,785 =====	\$ 2,483,069 =====
Denominator:		
Denominator for basic earning per share:		
Weighted-average shares	879,591	873,016
Effect of dilutive securities:		
Employee stock options *	-	-
Denominator for diluted earnings per share:		
adjusted weighted-average shares and assumed conversion	879,591 =====	873,016 =====

\*Does not include 143,000 employee stock options issued in 2004 because they were anti-dilutive. No options were issued in 2003.

The Company applies APB Opinion 25 and related interpretations in accounting for its stock option plan. Accordingly, no compensation cost has been recognized for its stock option plan. Pro forma compensation cost for the Company's plan is required by Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" ("SFAS 123") and has been determined based on the fair value at the grant dates for awards under the plan consistent with the method of SFAS 123. For purposes of pro forma disclosure, the estimated fair value of the options is amortized to expense over the options' vesting period. The fair value of each option grant is estimated as of the date of grants using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 2004; average volatility of 48%; risk-free interest rate of 2.7%; expected life of 3 years; and, no dividends.

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The Company's pro forma information follows:

	December 31,	
	2004 ----	2003 ----
Net income as reported	\$ 2,219,785	\$ 2,483,069
Plus: Compensation expense recorded against income	-	-

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Deduct: Total stock-based employee expense determined under fair value method for all awards, net of related tax effects	(580,665)	-
	-----	-----
Pro forma net income	\$ 1,639,120	\$ 2,483,069
	=====	=====

### Earning per share

Basic	As reported	\$ 2.52	\$ 2.84
Basic	Pro forma	\$ 1.86	\$ 2.84
Diluted	As reported	\$ 2.52	\$ 2.84
Diluted	Pro forma	\$ 1.86	\$ 2.84

### Management's Use of Estimates

The preparation of financial statements 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are primarily used in the determination of goodwill, investment impairment and expenses allocation. Actual results may differ from those estimates.

### Emerging Accounting Standards

On December 16, 2004, the FASB issued Statement No. 123 (Revised 2004), Share-Based Payment. This statement requires all entities to recognize compensation expense in an amount equal to the fair value of share-based payments (e.g., stock options and restricted stock) granted to employees. This standard is effective for public companies in interim or annual periods beginning after December 15, 2005. We are currently in the process of assessing the impact that the adoption of this standard will have on our financial statements.

#### 2. CHANGE IN ACCOUNTING PRINCIPLE

Effective with a Securities and Exchange Commission order on January 6, 2004, that the Company ceased to be an investment company under Section 8(f) of the Investment Company Act of 1940. As a registered investment company, the Company recorded its net assets at fair value (or market value). Upon de-registration, the Company reports its assets and liabilities on a historical cost basis. Although de-registration occurred on January 6, 2004, for convenience the Company affected the change as of January 1, 2004 because management deemed there to be no material change in either the fair value or historical cost of its net assets in the three business day period from January 1 to January 6, 2004.

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As a consequence of the de-registration, the Company changed its method of accounting for its 50 percent interest in York from the fair value method to the equity method. In addition, the Company changed its basis of accounting for its other investment from fair value to cost. Note, for all other assets and liabilities, fair value approximated cost at the time of de-registration. As such, no additional transition adjustments were required.

The cumulative transitional adjustment made to Additional paid in capital is as follows:

Opening Retained Earnings January 1, 2004	\$5,702,06
Effect for the change in accounting as follows:	
York Investment	
-Equity accounted at January 1, 2004	6,402,93
-Goodwill accounted at January 1, 2004	1,500,00
-Fair Valued at December 31, 2003	(15,695,28)
	-----
Net accounting change	(7,792,34)
Deferred tax charge related to fair value accounting	5,712,87
Deferred tax charge related to equity method of York	(441,26)
Other Investments	23,60
	-----
Total	\$3,204,93
	=====

### 3. OTHER INVESTMENTS

As of December 31, 2004, other investments consisted of the following:

	Cost	Market Value
Common stock of non-public entity*	325,000	*
Other	1,605	1,726
	-----	
Total	\$ 326,605	
	=====	

\* No readily determinable market value. A valuation committee meets on a quarterly basis to determine if there is any asset impairment, by reviewing the most readily available information about the entity and private stock transactions, if any. Based upon this analysis, management has concluded that there is no impairment at December 31, 2004.

### 4. STOCK OPTIONS

On March 25, 2004, the Company's shareholders' approved the adoption of a Long-Term Incentive Plan, which provides for the granting of a maximum of

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175,918 options to purchase common stock to directors, officers and key employees of the Company or its subsidiaries. The option price per share may not be less than the fair value of such shares on the date the option is granted, and the maximum term of an option may not exceed 5 years. The vesting period is three years of service.

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The fair value of each option grant is estimated as of the date of grants using the Black-Scholes option-pricing model with the following weighted average assumptions used for grants in 2004; average volatility of 48%; risk-free interest rate of 2.7%; expected life of 3 years; and, no dividends.

A summary of the status of the Company's stock option plans as of and for the year ended December 31, 2004 are presented below:

Stock Options	Number Of Shares	W A E
Outstanding at Decemeber 31, 2003	-	
Granted	147,500	\$
Expired	(4,500)	\$
December 31, 2004	143,000	\$

There were 92,952 options exercisable at December 31, 2004 with a weighted-average exercise price of \$20.63. The weighted average fair value of options granted using the Black-Scholes option-pricing model was \$2.36 for the year ended December 31, 2004.

The following table summarized information about stock options outstanding at December 31, 2004:

Range of Exercise Prices	Options Outstanding Number Outstanding	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price	Options Number of Stock Option
\$16.30-\$17.85	23,000	4.75	\$16.50	21,000
\$21.59-\$23.75	120,000	4.25	\$22.42	71,952
	-----			-----
	143,000	4.33	\$21.47	92,952
	=====			=====

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5. 401(K) PLAN

The Company has a 401(k) retirement plan for substantially all of its qualified employees. Contributions to this plan are based upon a percentage of salaries of eligible employees and are accrued and funded on a current basis. Total pension expense for the years ended 2004 and 2003 was approximately \$13,337 and \$0 respectively.

6. INCOME TAXES

The provision (benefit) for income taxes for the year ended December 31, 2004 and 2003 is as follows:

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	2004	2003
	----	----
Current		
Federal	\$ -	\$ -
State and local	36,175	30,615
	-----	-----
	36,175	30,615
Deferred	(303,469)	2,176,626
	-----	-----
	\$ (267,294)	\$ 2,207,241
	=====	=====

Deferred taxes are comprised of the following as of December 31, 2004:

Net operating and capital loss carryforwards.....	\$867,719
Equity in earnings of unconsolidated affiliate.....	(649,726)
	-----
	\$217,993

The net operating loss carryforwards as of December 31, 2004 was \$2,090,200 of which \$658,200 expires in 2022, \$572,400 expires in 2023 and \$859,600 expires in 2024.

Except for as noted below, there was no difference in 2004 and 2003 between the effective tax rate and the statutory tax rate.

The provision for income taxes differs from the federal statutory income tax rate as a result of the dividends received exclusion (80%) on the equity in earnings of the unconsolidated affiliate.

7. RELATED PARTIES

Certain officers of the Company also serve as officers and/or directors of Winmill & Co. Incorporated, Tuxis Corporation, and their affiliates (the "Affiliates"). The Company shares office space and various administrative and other support functions with the Affiliates and pays an allocated cost based on an estimated assessment of use and other factors. The Company is expected to reimburse the Affiliates for these costs and for the year ending December 31, 2004 and 2003, the Company charged operations approximately \$124,000 and \$96,000

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respectively. In addition, the Company received \$100,000 from York as consulting fees in 2004.

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### 8. INTEREST IN UNCONSOLIDATED AFFILIATE

York's summarized condensed consolidated financial information is as follows as of and for the year ended December 31:

	York Insurance Services Group, Inc.	
	2004	2003
	-----	-----
Revenues	\$ 71,409,418	\$ 52,759,165
Expenses	\$ 60,599,590	\$ 43,329,222
Net income	\$ 6,041,101	\$ 5,600,129
Working capital	\$ 14,141,537	\$ 8,801,701
Total assets	\$ 35,454,522	\$ 20,880,621
Long term debt	\$ 1,209,949	\$ 2,046,509
Shareholder's equity	\$ 18,846,973	\$ 12,805,872

York is a 50% owned unconsolidated affiliate accounted for by the equity method. The Company's cost of its 50% interest in York exceeds the underlying equity in net assets as follows during 2004.

Fifty percent interest in unconsolidated affiliate	\$10,923,487
Equity in net assets of York	9,423,487
	-----
Goodwill	\$ 1,500,000

Although in accordance with Financial Accounting Standards No. 142 ("SFAS 142"), the equity method goodwill of \$1,500,000 is not amortized. The goodwill balance is reviewed for impairment annually for changes in events or circumstances that would impair the valuation. The aggregate equity method interest in York of \$9,423,487 at December 31, 2004 is reviewed for impairment at least annually in accordance with FAS 142.

### 9. CONTINGENCIES

From time to time, Bexil is threatened or named as defendant in litigation arising in the normal course of business. As of December 31, 2004, Bexil was not involved in any litigation that, in the opinion of management, would have a material adverse impact on its financial statements.

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INDEPENDENT AUDITORS' REPORT



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To the Board of Directors and Stockholders of  
York Insurance Services Group, Inc. and Subsidiaries  
Parsippany, New Jersey

We have audited the accompanying consolidated balance sheets of York Insurance Services Group, Inc. and subsidiaries (the "Company") as of December 31, 2004 and 2003, and the related consolidated statements of income, stockholders' equity, and cash flows for the years 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 audits.

We conducted our audits 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 also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of the companies as of December 31, 2004 and 2003, and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of operating expenses for York Insurance Services Group, Inc. and Subsidiaries, for the years ended December 31 2004 and 2003, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The supplemental schedule is the responsibility of the Company's management. Such supplemental schedule has been subjected to the auditing procedures applied in our audits of the basic financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

We have not audited any financial statements of the Company for any period subsequent to December 31, 2004. Significant events subsequent to this date are discussed in Note 13.

/s/ DELOITTE & TOUCHE LLP  
February 11, 2005  
(January 20, 2006 as to Note 13.)

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YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
DECEMBER 31, 2004 AND 2003

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## ASSETS

### CURRENT ASSETS:

Cash and cash equivalents	\$
Accounts receivable, less allowance for doubtful accounts of \$553,000 and 450,000	1
Unbilled revenue	
Taxes recoverable	
Deferred income taxes	
Prepaid expenses and other current assets	

Total current assets	2
----------------------	---

### PROPERTY AND PLANT

Furniture, fixtures and equipment-Net

### OTHER ASSETS:

Other intangible assets-Net  
Goodwill  
Other

Total other assets

## TOTAL

\$ 3  
===

## LIABILITIES AND STOCKHOLDERS' EQUITY

### CURRENT LIABILITIES:

Accounts payable	\$
Accrued payroll expenses	
Accrued expenses	
Accrued sub-contractors' fees	
Taxes payable	
Current portion of deferred income	
Current portion of note payable	
Current portion of capital lease obligation	
Other current liabilities	

Total current liabilities

### NONCURRENT LIABILITIES:

Deferred income  
Notes payable  
Capital lease obligation  
Deferred income taxes  
Other

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Total noncurrent liabilities

MINORITY INTEREST

STOCKHOLDERS' EQUITY:

Common stock-no par value, 1,000 shares authorized,  
 1,000 shares issued and outstanding  
 Additional paid-in capital  
 Retained earnings

Total stockholders' equity

TOTAL

\$  
 ==

See notes to consolidated financial statements.

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YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF INCOME  
 YEARS ENDED DECEMBER 31, 2004 AND 2003

	2004
REVENUE	\$ 71,409
OPERATING EXPENSES	60,849 -----
INCOME FROM OPERATIONS	10,559 -----
OTHER INCOME AND DEDUCTIONS:	
Investment income	38
Interest expense	(155) -----
	(117) -----
INCOME BEFORE INCOME TAXES AND MINORITY INTEREST	10,442 -----

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PROVISION FOR INCOME TAXES	(4,208)
MINORITY INTEREST IN USTM INCOME	(192)
NET INCOME	\$ 6,041

See notes to consolidated to financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY  
YEARS ENDED DECEMBER 31, 2004 AND 2003

COMMON STOCK:	\$	2
ADDITIONAL PAID-IN CAPITAL		
Balance- Beginning of year		3,0
Balance-End of year		3,0
RETAINED EARNINGS:		
Balance- Beginning of year		9,8
Net income		6,0
Balance-End of year		15,8
TOTAL STOCKHOLDERS' EQUITY-End of year	\$	18,8

See notes to consolidated financial statements.

YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

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YEARS ENDED DECEMBER 31, 2004 AND 2003

	2
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	\$ 6,041
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	1,429
Bad debt expense	154
Loss on disposition of fixed assets	1
Changes in:	
Accounts receivable	(4,129)
Unbilled revenues	(7,002)
Minority interest	192
Deferred income taxes	(915)
Prepaid expenses and other current assets	(370)
Other noncurrent assets	(22)
Accounts payable	1,735
Accrued payroll expenses	1,115
Accrued expenses	446
Accrued sub-contractors' fees	3,151
Taxes payable	1,149
Deferred income	1,801
Other payables	80
	--
Net cash provided by operating activities	4,861
	-----
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of property, plant and equipment	(1,355)
Net proceeds from sale of fixed assets	1
	-
Net cash used in investing activities	(1,354)
	-----
CASH FLOWS FROM FINANCING ACTIVITIES:	
Repayment of notes payable	(811)
Repayment of capital lease obligation	(193)
Partnership distributions	(100)
	-----
Net cash used in financing activities	(1,105)
	-----
NET INCREASE IN CASH	2,401
CASH AND CASH EQUIVALENTS—Beginning of year	2,705
	-----
CASH AND CASH EQUIVALENTS—End of year	\$ 5,106
	=====
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid—income taxes	\$ 4,011
	=====

Cash paid-interest

\$ 155  
=====

See notes to consolidated financial statements.

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YORK INSURANCE SERVICES GROUP, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2004 AND 2003

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1. NATURE OF OPERATIONS AND ORGANIZATION

York Insurance Services Group, Inc. (the "Company") provides comprehensive claims services for insurance carriers and self-insureds. Claim services provided include property and casualty, workers' compensation, transportation, environmental and surveillance investigations. Services are provided throughout the United States.

The Company has a 50 percent ownership in a general partnership, Underground Storage Tank Management ("USTM"). The partnership was formed to contract with various State agencies to audit the costs incurred for the clean up of contaminated underground storage tanks and perform site inspections. All revenue is derived from work performed for the State of Florida Department of Environmental Protection. The Company maintains managerial, financial and operational control of USTM.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation-- The financial statements include York Insurance Services Group, Inc., its wholly owned subsidiaries, York Claims Service, Inc., York Claims Service, Inc. - Florida, York Special Investigations, Inc., York Claims Service of Nevada, Inc. and its 50 percent investment in USTM. York Claims Service, Inc. and York Claims Service, Inc. - Florida, Inc. provide comprehensive claims services and third-party administration for insurance carriers, self-insureds, municipalities, brokers and other intermediaries. York Special Investigations, Inc. offers surveillance investigation in addition to other special investigation services.

Investment in USTM Partnership--The Company's 50 percent investment in USTM is fully consolidated and a minority interest is recorded to account for the minority interest holder's proportionate share of net equity and net income in USTM.

Management's Use of Estimates--The preparation of financial statements 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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates are primarily used in the determination of unbilled revenue, deferred income and allowance for doubtful accounts. Actual results may differ from those estimates.

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Cash Equivalents--The Company considers money market funds and highly liquid debt instruments purchased with original maturity dates of three months or less to be cash equivalents.

Unbilled Revenue-- Unbilled revenue represents work performed on client files that have not been invoiced at the end of the year, as per contract terms or customary on-account billing procedures. The unbilled revenues are valued based on actual time or estimated completion of services.

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Deferred Income Taxes--The deferred income tax assets recorded on the consolidated balance sheets represent the income tax effects of temporary differences between the tax basis of assets and their amounts for financial reporting purposes. Deferred income taxes arise from the recognition of these temporary differences.

Property and Depreciation--The Company depreciates the cost of property and equipment over the estimated useful lives of the related assets using the straight-line method. The estimated useful lives for the principal classifications are as follows:

Furniture, fixtures and equipment	7 years
Computer hardware and software	3-5 years
Automobiles	5 years
Leasehold improvements	3-10 years

Capitalized Software and Development--The Company capitalizes costs associated with internally developed software or systems. These costs included external direct costs for services and payroll and payroll related costs for employees directly associated with developing internal-use software and systems. Such costs are amortized on a straight-line basis over five years.

Goodwill and Other Intangible Assets--In June 2001, the FASB issued two new pronouncements: SFAS No. 141, Business Combinations, and SFAS No. 142, Goodwill and Other Intangible Assets. SFAS 141 was effective as follows: a) use of the pooling-of-interest method is prohibited for business combinations initiated after June 30, 2001; and b) the provisions of SFAS 141 also apply to all business combinations accounted for by the purchase method that are completed after June 30, 2001 (that is, the date of the acquisition was July, 2001 or later). SFAS 142 is effective for fiscal years beginning after December 15, 2001, to all goodwill and other intangible assets recognized in an entity's statement of financial position at that date, regardless of when those assets were initially recognized.

In connection with the application of SFAS 141 and SFAS 142, the Company initially recorded \$4,050,294 as goodwill at the time of acquisition. The Company reviews goodwill and other intangible assets for impairment annually, or more frequently as events or circumstances arise. After considering legal factors, business climate, potential action by regulators, key personnel and financial position, the Company believes there has been no impairment of goodwill and other intangible assets as of December 31, 2004 and 2003.

Allowance for Doubtful Accounts--The Company creates a reserve for receivables that may become uncollectible. The amount of the reserve is

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based upon management's assessment of several factors including the review of aging experience.

Revenue Recognition--Revenue is recognized as a claim file is being processed, based on the estimated rate at which services are provided or the actual value of time. The estimated rate at which services are provided is based on the average life of the claim and recognized as the claim enters different phases of the claims handling process. The full amount of revenue is recognized when the claim is closed or when the services have been completed.

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Deferred Income-- Deferred income represents the unearned portion of fixed fee arrangements or fixed percentages or net earned premiums, derived from insurance policies issued by clients. Deferred income is recognized into income based upon proportional performance.

### 3. PROPERTY & PLANT

The carrying value of depreciable assets as of December 31, 2004 is as follows:

Classification	Cost	Accumulated Depreciation
Furniture, fixtures and equipment	\$ 2,535,287	\$ 734,907
Computer hardware and software	1,655,333	856,337
Automobiles	7,391	7,391
Leasehold improvements	670,658	217,972
Systems development	1,774,109	753,774
	-----	-----
Total	\$ 6,642,778	\$ 2,570,381
	=====	=====

During 2004 depreciation expense was \$1,179,752.

The carrying value of depreciable assets as of December 31, 2003 is as follows:

Classification	Cost	Accumulated Depreciation
Furniture, fixtures and equipment	\$ 1,895,177	\$ 418,839
Computer hardware and software	1,339,297	596,757
Automobiles	7,391	6,097
Leasehold improvements	516,001	131,661



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Systems development	1,323,744 -----	423,454 -----
Total	\$ 5,081,610 =====	\$ 1,576,808 =====

During 2003, depreciation expense was \$969,776.

4. OTHER INTANGIBLE ASSETS

Other intangible assets consist principally of trademarks and trade names and customer relationships. Customer relationships are amortized on a straight-line basis over an estimated useful life of 10 years. Trademarks and trade names and goodwill which are not amortized are assessed for impairment on an annual basis or more frequently as events or circumstances arise. Amortization of intangible assets charged to operations amounted to \$250,000 for the years ended December 31, 2004 and 2003.

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Other intangible assets consist of the following at December 31, 2004:

Classification	Cost	Accumulated Amortization
Amortized intangible assets:		
Customer relationships	\$ 2,500,000 =====	\$ 750,000 =====
Unamortized intangible assets:		
Trademarks and trade names	\$ 500,000 =====	\$ - ==

Other intangible assets consist of the following at December 31, 2003:

Classification	Cost	Accumulated Amortization
Amortized intangible assets:		
Customer relationships	\$ 2,500,000 =====	\$ 500,000 =====
Unamortized intangible assets:		
Trademarks and trade names	\$ 500,000 =====	\$ - ==

The estimated amortization expense for the years ending December 31, 2005, 2006, 2007, 2008 and 2009 is \$250,000 each year.

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### 5. LEASE COMMITMENTS

The Company leases office space in each of the cities in which its offices are located and certain office equipment under operating leases. Rental expense for all operating leases totaled \$2,702,028 in 2004 and \$1,775,331 in 2003.

Future minimum lease payments for operating leases that have initial or remaining noncancelable terms in excess of one year as of December 31, 2004 are as follows:

	2005	2006	2007	2008	2009	Thereaft
Office space	\$ 1,992,398	\$ 1,742,792	\$ 1,388,674	\$1,290,961	\$1,049,961	\$ 2,985,58
Equipment	346,322	187,740	79,491	16,644	-	-
	-----	-----	-----	-----	----	--
Total	\$ 2,338,720	\$ 1,930,532	\$ 1,468,165	\$1,307,605	\$1,049,961	\$ 2,985,58
	=====	=====	=====	=====	=====	=====

### 6. CAPITAL LEASE OBLIGATIONS

The Company leases certain office equipment and furniture under capital leases with terms up to 48 months. The leases expire between January 2005 and December 2008. The total

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amount of equipment and furniture financed by capital leases was \$394,245 in 2004 and \$364,871 in 2003. The total amount paid by the Company was \$193,847 in 2004 and \$127,223 in 2003.

The carrying value of equipment held under capital leases, which is included in property, plant, and equipment in the financial statements, as of December 31, 2004 is as follows:

Classification	Cost	Accumulated Depreciation
Equipment under capital lease	\$ 912,624	\$ 203,045
	=====	=====

During 2004, depreciation expense was \$100,400.

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The carrying value of equipment held under capital leases, which is included in property, plant, and equipment in the financial statements, as of December 31, 2003 is as follows:

Classification	Cost	Accumulated Depreciation
Equipment under capital lease	\$ 654,247 =====	\$ 102,645 =====

During 2003, depreciation expense was \$75,862.

7. NOTES PAYABLE

During 2002, the Company acquired loans of \$5,000,000 and \$4,000,000 from AIG and a commercial bank, respectively. The AIG loan was payable in sixty equal monthly installments commencing on February 18, 2002 with interest rate of prime plus 1.5 percent. The prime rate on January 1, 2003 was 4.25%.

On June 17, 2003, the Company paid the AIG note down to \$1,000,000, at which time the terms of the loan were renegotiated. The renegotiated loan is payable in 36 equal installments of \$31,106, with interest at 7.50 %.

The remaining annual principal payments applicable to the AIG note as of December 31, 2004 are as follows:

2005	2006	Total
\$345,387 =====	\$182,621 =====	\$ 528,008 =====

The remaining annual principal payments applicable to the AIG note as of December 31, 2003 are as follows:

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2004	2005	2006	Total
\$320,505 =====	\$345,387 =====	\$ 182,621 =====	\$ 848,513 =====

The commercial loan is a revolving line of credit for a period of four years and is deemed automatically renewed for a successive term of one year thereafter. The interest rate on the revolving line of credit is the prime rate, 5.25% at December 31, 2004. Both the AIG and commercial bank loans require the Company to maintain a working capital of not less than \$5,000,000 at all times and tangible net worth of \$4,250,000, \$4,750,000, \$5,250,000 and \$5,750,000 on December 31, 2002, 2003, 2004 and 2005, respectively. The Company was in compliance with requirements on both loans for December 31, 2004 and 2003.

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8. INCOME TAXES

The provision for federal, state and local income taxes for the years ended December 31, 2004 and 2003 is comprised of the following:

	2004	2003
Current - Federal, state and local	\$ 5,123,382	\$ 2,579,810
Deferred income tax benefit	(915,143)	648,421
	-----	-----
	\$ 4,208,239	\$ 3,228,231
	=====	=====

The provision for income taxes differs from the amount of income tax expense determined by applying the 35% U.S. statutory Federal income tax rate to pre-tax income as follows:

	2004		2003
Income Before Income Taxes and Minority Interest	\$ 10,442,275		\$ 9,000,000
Minority Interest in USTM Income	(192,935)		(172,000)
	-----		-----
Pre-tax Net Income	\$ 10,249,340		\$ 8,828,000
	=====		=====
Income Tax - Statutory Rate	\$ 3,587,269	35%	\$ 3,089,000
Meals & Entertainment	76,578	1%	50,000
State income taxes	(288,184)	-3%	(217,000)
Other	9,194	0%	(315,000)
	-----	-	-----
Federal Total Income Tax Expense	3,384,857	33%	2,606,000
State Total Income Tax Expense	823,382	8%	621,000
	-----	-	-----
Total Income Tax Expense	\$ 4,208,239	41%	\$ 3,228,000
	=====	==	=====

Net deferred income tax assets and (liabilities) consist of the following as of December 31, 2004 and 2003:

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	2004	2003
Depreciation and amortization	\$ (239,012)	\$ (454,781)
Deferred income	1,408,830	771,756
Allowance for doubtful accounts	193,550	157,500
Enterprise appreciation rights	35,350	9,100
	-----	-----
	\$ 1,398,718	\$ 483,575
	=====	=====

9. EMPLOYEE BENEFITS

The Company has a voluntary employee savings plan (401(k) plan) in which eligible employees can contribute on a pretax basis a certain portion of their income. Matching contributions are made by the Company up to 6% of annual salary depending on the employees' years of service. The total cost of the plan to the Company was \$632,401 in 2004 and \$474,050 in 2003. The Company also has the following additional employee benefit plans: group life, health, dental, long-term disability and supplemental life insurance. The aggregate total of such additional employee benefit plan expense to the Company was \$2,232,532 in 2004 and \$2,109,851 in 2003.

10. CONCENTRATION OF BUSINESS

Approximately 30% of the Company's revenues in 2004 and 2003 were provided by one customer and its subsidiaries.

11. FIDUCIARY ACCOUNT

The Company holds money in escrow on behalf of certain clients. These escrow funds are used to pay losses and claim-related expenses on behalf of those clients. The payment of losses and claim-expenses does not affect the operating results of the Company. Neither the cash balances nor the related liabilities are included in the accompanying financial statements. The balance of the fiduciary accounts was \$1,819,628 at December 31, 2004 and \$1,667,824 at December 31, 2003.

12. COMMITMENTS AND CONTINGENCIES

The Company is subject to legal proceedings and claims that arise as result of events that occur in the ordinary course of business. Although there can be no assurance as to the ultimate outcome of these matters, it is the opinion of the Company's management that the final disposition of such matters will not have a material adverse effect on the Company's financial position or results of operations.

13. SUBSEQUENT EVENTS

On June 10, 2005, the Company declared corporate distributions of \$5,000,000, payable to the shareholders of record on the close of business on June 15, 2005. The Company also committed to pay corporate distributions of \$341,382 payable to the shareholders of record on the close of business on June 30, 2005.

On November 29, 2005, the Company declared corporate distributions totaling \$20,000,000, payable to the shareholders of record on the close of business on November 29, 2005.

On December 14, 2005, the Company entered into a \$15,000,000 term loan and a \$5,000,000 revolving loan facility. On the same date, the Company closed the \$4,000,000 revolving loan facility that was entered into on January 18, 2002.

On December 23, 2005 the Company announced the signing of a definitive agreement under which Odyssey Investment Partners LLC in partnership with the Company's Chairman & CEO, other members of the Company's senior management and Ward Partners, LLC will purchase the Company. The primary selling shareholder is Bexil Corporation.

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YORK INSURANCE SERVICES GROUP INC. AND SUBSIDIARIES

SUPPLEMENTAL SCHEDULE OF OPERATING EXPENSES

-----  
YEARS ENDED DECEMBER 31, 2004 AND 2003

The following table represents the statements of operating expenses of York Insurance Services Group, Inc. for the years ended December 31, 2004 and 2003:

	2004	2003
Salaries	\$ 42,834,174	\$ 27,888,574
Employee benefits	3,225,881	2,798,208
Travel	1,425,828	835,174
Automobiles	1,330,018	1,113,140
Rent and related expenses	2,460,964	2,032,647
Equipment	672,853	683,112
Printing and stationary	723,692	610,973
Communications	1,917,145	1,704,209
Data processing	815,420	760,268
Depreciation and other amortization	1,429,752	1,219,776
Service fees	577,973	571,883
Loss adjustment expense	2,523,550	2,382,554
Other	912,340	989,133
	-----	-----
Total operating expenses	\$ 60,849,590	\$ 43,589,651
	=====	=====

Item 8A. Controls and Procedures

Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the Company's reports filed under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to the Company's management, including its President and Chief Executive Officer and Principal Financial Officer, or persons performing similar functions, as appropriate, to allow timely decisions regarding required disclosure. Management necessarily applied its judgment in assessing the costs and benefits of such controls and procedures which, by their nature, can provide only reasonable assurance regarding management's control objectives. The Company has carried out an evaluation, under the supervision and with the participation of the Company's management, including the Company's President and Chief Executive Officer along with the Company's Principal Financial Officer, of the effectiveness of the design and operation of the Company's disclosure controls and procedures pursuant to Exchange Act Rule 13a-15(b). Based on that evaluation, management, including the Company's President and Chief Executive Officer along with the Company's Principal Financial Officer, concluded that the Company's disclosure controls and procedures were not effective as of December 31, 2004, because of certain control deficiencies outlined below.

On June 15, 2005, the Company inadvertently filed the Company's Annual Report on Form 10-KSB for the fiscal year ended December 31, 2004 (the "2004 Report") before all pending edits and reviews were completed. Because the edits and review procedures had not been completed, the Company's Chief Financial Officer determined that the Company's financial statements for the fiscal years ended December 31, 2004 and 2003 as filed should not be relied upon. On June 20, 2005, an amended 2004 Report was filed to correct certain errors which resulted from the inadvertent filing of the 2004 Report on June 15, 2005. The circumstances surrounding the inadvertent filing and a description of the edits which had not been completed are described in the Company's Current Report on Form 8-K dated June 16, 2005, and filed with the SEC on the same date.

In connection with the preparation of the 2004 Annual Report on Form 10KSB/A, management determined that deficiencies within its disclosure controls and procedures including internal control over financial reporting existed that related to the following: (1) the Company's internal controls over SEC filings were not adequate and required further strengthening, (2) the controls over the application of APB 18 regarding the classification of income from equity affiliates did not operate effectively and (3) the controls over the application of APB No. 20 did not operate effectively.

..

Changes in Internal Control Over Financial Reporting

There has been no change during the Company's fiscal quarter ended December 31, 2004 in the Company's internal control over financial reporting that was identified in connection with the foregoing evaluation which has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

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### Item 13. Exhibits

(a) The following exhibits are incorporated as part of this 10-KSB annual report:

- 3.1-1 Articles of Incorporation (the "Charter") of Bexil filed on 11/25/1996 as Exhibit A to Bexil's Registration Statement on Form N-2 (Registration No. 811-07833) ("Form N-2"), are hereby incorporated by reference.
- 3.1-2 Articles of Amendment to the Charter filed on 11/25/1996 as Exhibit A to Bexil's Post-Effective Amendment to Form N-2, are hereby incorporated by reference.
- 3.1-3 Articles of Amendment to the Charter filed on 03/29/2004 as Exhibit 4-a-3 to Bexil's S-8, are hereby incorporated by reference.
- 3.1-4 Articles of Amendment to the Charter filed on 06/20/2005 as Exhibit 3.1-4 to Bexil's Annual Report on Form 10-KSB/A are hereby incorporated by reference.
- 3.2 By-Laws filed on 03/29/2004 as Exhibit 4-b to Bexil's S-8, are hereby incorporated by reference.
- 4.1-1 Specimen common stock certificate filed on 06/20/2005 as Exhibit 4.1-1 to Bexil's Annual Report on Form 10-KSB/A are hereby incorporated by reference.
- 4.1-2 Bexil's 2004 Incentive Compensation Plan effective as of March 24, 2004, included as Appendix A to Bexil's Proxy Statement for its 2004 Special Meeting of Stockholders, is hereby incorporated by reference.
- 4.1-3 Forms of Stock Option Agreements under Bexil's 2004 Incentive Compensation Plan filed on 3/29/2004 as Exhibit 4-c-2 to Bexil's S-8, are hereby incorporated by reference.
- 10.1-1 Stockholders Agreement among York Insurance Services Group, Inc., Thomas C. MacArthur, and Bexil filed as Exhibit C to Bexil's Form N-8F on 12/05/2003, is hereby incorporated by reference.
- 10.1-2 By-Laws of York Insurance Services Group, Inc. filed as Exhibit D to Bexil's Form N-8F on 12/05/2003, are hereby incorporated by reference.
- 16 Letter on change in certifying accountant filed on 06/20/2005 as Exhibit 16 to Bexil's Annual Report on Form 10-KSB/A are hereby incorporated by reference
- 21 Subsidiaries of the small business issuer filed on 06/20/2005 as Exhibit 21 to Bexil's Annual Report on Form 10-KSB/A are hereby incorporated by reference.
- 23. Consents of Independent Registered Public Accounting Firm.



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Deloitte & Touche LLP. Filed herewith.

- 24-1 Power of attorney -- Durable Power of Attorney of Charles A. Carroll filed on 06/20/2005 as Exhibit 24-1 to Bexil's Annual Report on Form 10- KSB/A are hereby incorporated by reference.
- 24-2 Power of attorney -- Durable Power of Attorney of Edward G. Webb, Jr. filed on 06/20/2005 as Exhibit 24-2 to Bexil's Annual Report on Form 10- KSB/A are hereby incorporated by reference.
- 24-3 Power of attorney -- Durable Power of Attorney of Bassett S. Winmill filed on 06/20/2005 as Exhibit 24-3 to Bexil's Annual Report on Form 10-KSB/A are hereby incorporated by reference.
- 24-4 Power of attorney -- Durable Power of Attorney of Douglas Wu filed on 06/20/2005 as Exhibit 24-4 to Bexil's Annual Report on Form 10-KSB/A are hereby incorporated by reference.
- 31.1 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
- 31.2 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. Filed herewith.
- 32.1 Certification of Chief Executive Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.
- 32.2 Certification of Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. Filed herewith.

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SIGNATURES

Pursuant to the requirements of Section 13 of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BEXIL CORPORATION

March 1, 2006

By: /s/ Thomas O'Malley

-----  
Thomas O'Malley  
Chief Financial Officer, Treasurer,  
Chief Accounting Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Company and in the capacities and on the dates indicated.

March 1, 2006

By: /s/ Thomas B. Winmill

-----  
Bassett S. Winmill, Chairman of the Board, Director  
Thomas B. Winmill on behalf of Bassett S. Winmill by  
Power of Attorney signed 12/11/01

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March 1, 2006 By: /s/ Thomas B. Winmill  
-----  
Thomas B. Winmill, Esq., President  
Chief Executive Officer, General Counsel, Director

March 1, 2006 By: /s/ Thomas B. Winmill  
-----  
Edward G. Webb, Jr., Director  
Thomas B. Winmill on behalf of Edward G. Webb, Jr. by  
Power of Attorney signed 12/11/01

March 1, 2006 By: /s/ Thomas B. Winmill  
-----  
Charles A. Carroll, Director  
Thomas B. Winmill on behalf of Charles A. Carroll by  
Power of Attorney signed 12/11/01

March 1, 2006 By: /s/ Thomas B. Winmill  
-----  
Douglas Wu, Director,  
Thomas B. Winmill on behalf of Douglas Wu by Power of  
Attorney signed 12/11/01

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Exhibit 23. Consents of Independent Registered Public Accounting Firm

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-113996) of our report dated June 14, 2005 (which report expresses an unqualified opinion and includes an explanatory paragraph relating to the emphasis of matter described in Note 2) relating to the financial statements of Bexil Corporation, appearing in the Annual Report on Form 10-KSB/A-2 of Bexil Corporation for the year ended December 31, 2004.

/s/DELOITTE & TOUCHE LLP  
Parsippany, NJ  
March 1, 2006

Exhibit 31.1

CERTIFICATION OF CHIEF EXECUTIVE OFFICER

I, Thomas B. Winmill, certify that:

1. I have reviewed this Form 10-KSB/A-2 of Bexil Corporation;

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2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: March 1, 2006  
/s/ Thomas B. Winmill  
Thomas B. Winmill  
Chief Executive Officer

Exhibit 31.2

CERTIFICATION OF CHIEF FINANCIAL OFFICER

I, Thomas O'Malley, certify that:

1 I have reviewed this Form 10-KSB/A-2 of Bexil Corporation;

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2 Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3 Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;

4 The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:

a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

a. Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

b. Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and

5 The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):

a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and

Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: March 1, 2006

/s/ Thomas O'Malley

Thomas O'Malley

Chief Financial Officer, Treasurer, Chief Accounting Officer

Exhibit 32.1

Certification of Chief Executive Officer

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Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Bexil Corporation (the "Company") certifies that the Annual Report on Form 10-KSB/A-2 of the Company for the fiscal year ended December 31, 2004 fully complies with the requirements of Section 13(a) or 15 (d), as applicable, of the Securities Exchange Act of 1934 and information contained in that Form 10-KSB/A-2 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 1, 2006  
/s/ Thomas B. Winmill  
Thomas B. Winmill  
Chief Executive Officer and President

Exhibit 32.2

Certification of Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Bexil Corporation (the "Company") certifies that the Annual Report on Form 10-KSB/A-2 of the Company for the fiscal year ended December 31, 2004 fully complies with the requirements of Section 13(a) or 15 (d), as applicable, of the Securities Exchange Act of 1934 and information contained in that Form 10-KSB/A-2 fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: March 1, 2006  
/s/ Thomas O'Malley  
Thomas O'Malley  
Chief Financial Officer, Treasurer, Chief Accounting Officer