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SECUR

MISSION

Rec'd 2/25/02

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

SEC FILE NUMBER
8-49885

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

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Dow Jones B.D. Services, Inc.

RECD S.E.C.
FEB 25 2002
Box No. 616

OFFICIAL USE ONLY
FIRM ID. NO.

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

New York NY 10281
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Jennifer Kim, Director of Accounting, Dow Jones & Company, Inc. (609) 520-5620
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
PricewaterhouseCoopers LLP
(Name — if individual, state last, first, middle name)

1301 Avenue of the Americas, New York NY 10019-6013
(Address) (City) (State) (Zip Code)

CHECK ONE:

- Certified Public Accountant
- Public Accountant
- Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 20 2002

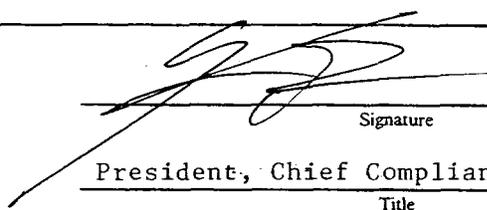
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THOMSON FINANCIAL

*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).

AR-9
3/19/2002

OATH OR AFFIRMATION

I, Kevin E. Pilarski, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Dow Jones B.D. Services, Inc., as of February 21, ~~XX~~ 2001, 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:



Signature
President, Chief Compliance Officer

Title



DEBORAH A. TORRES
Notary Public, State of New York
No. 02TOS082066
Qualified in New York County
Commission Expires 8/9/2005

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 Proprietor's 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).

To the Board of Directors and Stockholder of Dow Jones BD Services, Inc:

In planning and performing our audit of the financial statements and supplemental schedule of Dow Jones BD Services, Inc. (the "Company") for the year ended December 31, 2001, we considered its internal controls, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal controls.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. Determining compliance with the exemptive provisions of Rule 15c3-3.

Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System; and
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3;

The management of the Company is responsible for establishing and maintaining internal controls and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001 to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

PriceWaterhouseCoopers LLP

February 20, 2002

DOW JONES BD SERVICES, INC.

Financial Statements and Supplementary Schedule as of December 31, 2001
and for the Year Ended December 31, 2001

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Report of Independent Accountants

To the Board of Directors and Stockholder of
Dow Jones BD Services, Inc.:

In our opinion, the accompanying statement of financial condition and the related statements of income, changes in stockholder's equity and cash flows present fairly, in all material respects, the financial position of Dow Jones BD Services, Inc. at December 31, 2001, and the results of its operations and its cash flows for the year ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America. 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 of these statements in accordance with auditing standards generally accepted in the United State of America which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedule on page 7 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PricewaterhouseCoopers LLP

February 20, 2002

Dow Jones BD Services, Inc.

STATEMENT OF FINANCIAL CONDITION

As of December 31, 2001

ASSETS

Cash \$ 30,000

Total Assets \$ 30,000

LIABILITIES

\$ 0

STOCKHOLDER'S EQUITY

Common Stock, par value \$1 per share:

Authorized 1,000 shares, issued 100 shares 100

Additional paid-in capital 16,999

Retained earnings 474,630

491,729

Less, due from parent 461,729

Total Stockholder's Equity 30,000

Total Liabilities and Stockholder's Equity \$ 30,000

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

Dow Jones BD Services, Inc.

STATEMENT OF INCOME

For the Year ended December 31, 2001

REVENUES

Fees	\$259,257
Total revenues	<u>259,257</u>

EXPENSES

General and administrative	25,000
Total expenses	<u>25,000</u>
Income before provision for income taxes	234,257
Provision for income taxes	88,081
NET INCOME	<u>\$146,176</u>

The accompanying notes are an integral part of the financial statements

Dow Jones BD Services, Inc.

STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY

For the year ended December 31, 2001

	Common Stock	Additional Paid-in Capital	Retained Earnings	Due From Parent	Total Stockholder's Equity
Balance, December 31, 2000	\$100	\$16,999	\$328,454	\$(338,053)	\$ 7,500
Net income			146,176		146,176
Additional due from parent				(123,676)	(123,676)
Balance, December 31, 2001	\$100	\$16,999	\$474,630	\$(461,729)	\$ 30,000

The accompanying notes are an integral part of the financial statements

Dow Jones BD Services, Inc.

STATEMENT OF CASH FLOWS

For the year ended December 31, 2001

OPERATING ACTIVITIES

Net income	\$146,176
	<hr/>
Net cash provided by operating activities	<u>146,176</u>

FINANCING ACTIVITIES

Contributions from parent company	22,500
Changes in due from parent	(146,176)
	<hr/>
Net cash used in financing activities	<u>(123,676)</u>
	<hr/>
Increase in cash	22,500
Cash at beginning of year	7,500
	<hr/>
Cash at end of year	<u>\$ 30,000</u>

The accompanying notes are an integral part of the financial statements

DOW JONES BD SERVICES, INC.

Notes to Financial Statements

1. Organization:

Dow Jones BD Services, Inc. (the "Company") is a wholly owned subsidiary of Dow Jones & Company, Inc. (the "Parent") a Delaware corporation.

On December 19, 1997, the Company was registered as a broker/dealer in securities under the Securities and Exchange Act of 1934. The company is also an associate member of the National Association of Securities Dealers.

2. Summary of Significant Accounting Policies:

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

Revenues represent royalty fees earned under license agreements with Dow Jones Indexes and are recognized on an accrual basis.

The Company's cash is on deposit with one financial institution.

3. Regulatory Requirements:

The Company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule 15c3-1 which requires that net capital, as defined, shall be at least the greater of \$5,000 or 6-2/3% of aggregate indebtedness, as defined. At December 31, 2001, the Company had net capital of \$30,000 as calculated under the aforementioned rules, which exceeded minimum capital requirements of \$5,000 by \$25,000.

The Company is exempt from Rule 15c3-3 because it does not hold customer funds or securities.

4. Related Party Transactions:

Due from Parent consists of royalty fees collected by the parent, less income tax expense, attributed to the Company. Administrative and accounting support is provided to the Company by the Parent, for which the Parent allocates certain minimal expenses to the Company.

5. Income Taxes:

The Company is included in the Parent's Federal consolidated income tax return. The provision for income taxes has been allocated by the parent based on the Company's tax computation as a stand-alone entity. The provision for income taxes was as follows:

Current:	<u>2001</u>
Federal	\$78,711
State	<u>9,370</u>
	\$88,081

The principal reason for the difference between the effective rate and the statutory Federal income tax rate is state income taxes.

Dow Jones BD Services, Inc.

Computation of Net Capital Pursuant to Rule 15c3-1 of
the Securities and Exchange Act

As of December 31, 2001

Computation of net capital

Total ownership equity (from Statement of Financial Condition)	<u>\$30,000</u>
Total ownership equity allowable for net capital	<u>\$30,000</u>
Total capital and allowable subloans	\$30,000
Other deductions and/or charges	0
Net capital before haircuts	<u>30,000</u>
Haircuts	0
Net Capital	<u><u>\$30,000</u></u>

Computation of basic net capital requirement:
Minimum net capital required (6-2/3% of
aggregate indebtedness or \$5,000, whichever
is greater)

\$ 5,000

Excess net capital

\$25,000

Statement pursuant to Paragraph (d) (4) of Rule 17a-5

There are no differences between this computation of net capital and the corresponding computation prepared by the Company and included in the Company's unaudited Part IIA FOCUS report filing as of the same date.