

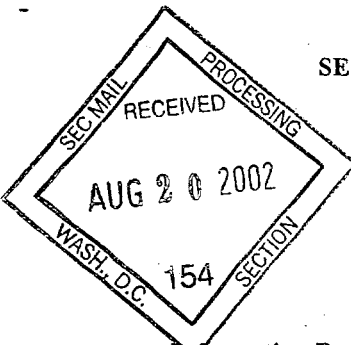
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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



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

SEC FILE NUMBER  
g. 41451

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 July 1, 2001 AND ENDING June 30, 2002  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Collier Browne & Co.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

400 TechneCenter Drive, Suite 315

(No. and Street)

Milford

OH

45150

(City)

(State)

(Zip Code)

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

Thomas R. Browne

(513) 248-3600

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Jackson, Rolfes, Spurgeon & Co.

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

630 Northland Blvd.

Cincinnati

OH

45240

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**AUG 28 2002**

**THOMSON  
FINANCIAL**

FOR OFFICIAL USE ONLY

\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (05-01)

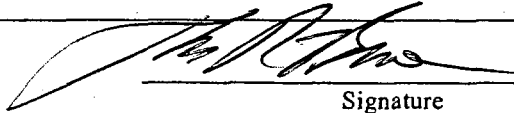
Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Thomas R. Browne, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Collier Browne & Co., as of June 30, 20 02, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

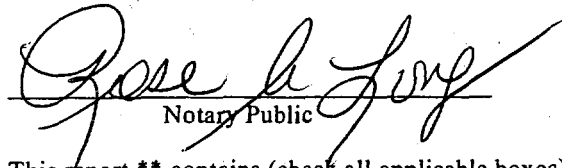
ROSE A. LONG  
NOTARY PUBLIC, STATE OF OHIO  
MY COMMISSION EXPIRES 07-27-06



Signature

President

Title

  
Notary Public

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

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

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



### Independent Auditor's Report

Stockholders  
Collier Browne & Co.:

We have audited the accompanying statement of financial condition of Collier Browne & Co. (an S-Corporation) as of June 30, 2002 and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Collier Browne & Co. (an S-Corporation) as of June 30, 2002, and the results of its operations and its cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule I 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 Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Jackson, Rolfe, Spurgeon & Co.*

Cincinnati, Ohio  
July 12, 2002

Collier Browne & Co.  
Statement of Financial Condition  
June 30, 2002

ASSETS

Cash	\$ 215,859
Receivables from brokers and dealers	
Receivables from non-customers (no allowance for doubtful accounts deemed necessary)	9,965
Securities owned marketable, at market value	100,066
Investment securities	3,300
Other assets	859
Total Assets	<u>\$ 330,049</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Securities sold, but not yet purchased, at market value	\$
Commitments and contingent liabilities	
Liabilities subordinated to claims of general creditors	
Stockholders' equity	
Common stock	100
Additional paid-in capital	171,900
Retained earnings	158,049
Total Stockholders' Equity	<u>330,049</u>
Total Liabilities and Stockholders' Equity	<u>\$ 330,049</u>

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

Collier Browne & Co.  
Statement of Income  
For the Year Ended June 30, 2002

Revenues	
Commissions	\$ 506,055
Net dealer inventory and investment gains	70,272
Other	<u>19,772</u>
	596,099
Expenses	
Employee compensation and benefits	379,424
Commissions and floor brokerage	121,610
Communications	50,650
Occupancy	13,556
Other operating expenses	<u>20,426</u>
	<u>585,666</u>
Income before income taxes	10,433
Income taxes	<u>          </u>
Net income	<u><u>\$ 10,433</u></u>

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

Collier Browne & Co.  
Statement of Changes in Stockholders' Equity  
For the Year Ended June 30, 2002

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>
Balance at June 30, 2001	\$ 100	\$ 171,900	\$ 147,616
Distributions			
Net income	_____	_____	<u>10,433</u>
Balance at June 30, 2002	<u>\$ 100</u>	<u>\$ 171,900</u>	<u>\$ 158,049</u>

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

Collier Browne & Co.  
Statement of Cash Flows  
For the Year Ended June 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$ 10,433
Changes in:	
Receivables from brokers and dealers	812
Receivables from non-customers	(9,965)
Securities owned marketable	36,967
Other assets	
Securities sold, but not yet purchased	<u>(812)</u>
Net cash provided by operating activities	<u>37,435</u>
NET INCREASE IN CASH	37,435
CASH AT BEGINNING OF YEAR	<u>178,424</u>
CASH AT END OF YEAR	<u>\$ 215,859</u>

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

*NOTE A: SIGNIFICANT ACCOUNTING POLICIES*

Nature of Business

The Company is a fully-disclosed introducing broker and dealer of securities and therefore is exempt from the reporting requirements under Rule 15c3-3.

Basis of Accounting

Customers' securities and commodities transactions are recorded on a settlement date basis with related commission income and expenses recorded on a trade date basis. Securities transactions of the Company are recorded on a trade date basis.

Marketable securities are valued at market value. The resulting difference between cost and market is included in income.

Use of Estimates

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 revenues and expenses during the reported period. Actual results could differ from those estimates.

*NOTE B: FINANCIAL INSTRUMENTS*

The Company is engaged with various trading and brokerage activities in which counterparties primarily include broker-dealers. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

*NOTE C: LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS*

The Company had no liabilities subordinated to the claims of general creditors during the year. Therefore no statement of changes in liabilities subordinated to the claims of general creditors is presented in these financial statements.



*NOTE D: CAPITAL STOCK*

Capital stock at June 30, 2002 was as follows:

Common stock, par value \$.01, 750 shares authorized, 200 shares issued and outstanding, initial stated capital \$100.

Transfer of stock is restricted under a buy-sell agreement which obligates the Company to purchase the shares of either 50% stockholder for an amount which approximates book value in the event either wishes to redeem his shares.

*NOTE E: NET CAPITAL REQUIREMENTS*

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At June 30, 2002 the Company had net capital of \$310,880, which was in excess of the required net capital of \$100,000. The Company had no aggregate indebtedness at June 30, 2002.

*NOTE F: PENSION PLAN*

The Company has a defined contribution plan covering all its employees. Contributions are made at the discretion of the Company. Contributions of \$41,055 have been charged to income during the year ended June 30, 2002.

*NOTE G: INCOME TAXES*

The Company, with the consent of its shareholders, has elected to have its income or loss reported directly by the shareholders under provisions of Subchapter S of the Internal Revenue Code.

*NOTE H: RELATED PARTY TRANSACTIONS*

The Company received commission revenue of \$28,185 from officer-shareholders during the year ended June 30, 2002.

*NOTE I: SECURITIES OWNED AND SOLD BUT NOT YET RECEIVED*

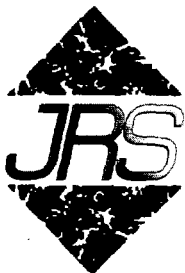
As of June 30, 2002, the Company had no marketable securities owned and sold but not yet purchased.

SUPPLEMENTARY INFORMATION

Collier Browne & Co.  
 Schedule I  
 Computation of Net Capital Under Rule 15c3-1 of the Securities and  
 Exchange Commission  
 June 30, 2002

<b>NET CAPITAL</b>	
Total Stockholders' equity	\$ 330,049
Deductions and/ or charges	
Non-allowable assets:	
Other assets	(4,159)
Net capital before haircuts on securities	<u>325,890</u>
Haircuts on securities (computed, where applicable, pursuant to rule 15c3-1 (f))	
Trading and investment securities	
Other securities	(15,010)
Undue concentrations	
	<u>(15,010)</u>
Net Capital	<u>\$ 310,880</u>
 <b>AGGREGATE INDEBTEDNESS</b>	 None
 <b>COMPUTATION OF BASIC NET CAPITAL REQUIREMENT</b>	
Minimum net capital required	\$ <u>100,000</u>
 Excess net capital	 \$ <u>210,880</u>
 Excess at 1500%	 \$ <u>310,880</u>
 Excess at 1000%	 \$ <u>310,880</u>
 Ratio: Aggregate indebtedness to net capital	 <u>N/A</u>
 <b>RECONCILIATION WITH COMPANY'S COMPUTATION</b> (included in part IIA of form X17A-5 as of June 30, 2002)	
 Net capital as reported in Company's Part IIA FOCUS report	 \$ <u>310,880</u>

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



Stockholders  
Collier Browne & Co.

In planning and performing our audit of the financial statements of Collier Browne & Co. for the year ended June 30, 2002, we considered its internal control, 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 internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making the quarterly securities examinations, counts, verifications, and comparisons
2. Recordation of differences required by rule 17a-13
3. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's 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

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Private Companies Practice Section American Institute of Certified Public Accountants

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, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

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 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 control activities 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 June 30, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the stockholders, management, the SEC, the National Association of Securities Dealers, Inc., and other regulatory agencies which 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.

*Jackson, Roffes, Spangera & Co.*

Cincinnati, Ohio  
July 12, 2002