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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
8-29234

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

SEC. MAIL RECEIVED
AUG 29 2002
U.S. SEC. OF FIN.

REPORT FOR THE PERIOD BEGINNING 07/01/01 AND ENDING 06/30/02
MM/DD/YY MM/DD/YY

A REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Ward's Financial Services Ltd.

OFFICIAL USE ONLY
FIRM NO

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

311 S. Halsted Street

(No. and Street)

Chicago Heights

(City)

IL

(State)

60411

(Zip Code)

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

Richard M. Ward

(708) 755-3880

(Area Code - Telephone Number)

B ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

William F. Gurrie & Co., Ltd.

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

1010 Jorie Blvd., Oak Brook IL 60523

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

SEP 19 2002

THOMSON
FINANCIAL

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

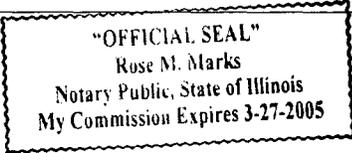
SEC 1410 (06-02)

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119-9-10

OATH OR AFFIRMATION

I, Richard M. Ward, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Ward's Financial Services, Ltd., as of 06-30, 2002, 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:



Richard M Ward
Signature
PRINCIPAL
Title

Rose M. Marks
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

**For conditions of confidential treatment of certain portions of this filing, see section 240(a)(7)(e)(3)

WARD'S FINANCIAL SERVICES, LTD.

(A Sole Proprietorship)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

WARD'S FINANCIAL SERVICES, LTD.

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INDEPENDENT AUDITORS' REPORT

July 26, 2002

Ward's Financial Services, Ltd.
311 S. Halsted Street
Chicago Heights, Illinois 60411

We have audited the accompanying financial statements of Ward's Financial Services, Ltd. (A Sole Proprietorship), as of and for the year ended June 30, 2002, as listed in the table of contents. These financial statements are the responsibility of the Proprietorship's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit 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 Ward's Financial Services, Ltd. (A Sole Proprietorship) as of June 30, 2002 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules listed in the table of contents are presented for purposes of additional analysis and are 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 supplemental schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

William F. Gurrie & Co., Ltd.
WILLIAM F. GURRIE & CO. LTD.

WARD'S FINANCIAL SERVICES, LTD.

STATEMENT OF FINANCIAL CONDITION

JUNE 30, 2002

ASSETS

Current Assets

Cash and Cash Equivalents\$ 501,418

Total Cash and Cash Equivalents 501,418

Other Assets

U.S. Treasury Direct (U.S. Treasury Bills) 50,000

Other Asset..... 250,000

Total Other Assets 300,000

Total Assets\$ 801,418

LIABILITIES AND PROPRIETOR'S EQUITY

Liabilities\$ -

Proprietor's Equity..... 801,418

Total Liabilities and Proprietor's Equity\$ 801,418

See Notes to Financial Statements

WARD'S FINANCIAL SERVICES, LTD.

STATEMENT OF INCOME

FOR THE YEAR ENDED JUNE 30, 2002

REVENUES

Mutual Fund Commissions	\$ 50,511
Securities Commissions	32,409
Interest Income	<u>11,004</u>
Total Revenues	<u>93,924</u>

EXPENSES

Computer Expense	213
Telephone/Wire Costs	5,439
Operating Expenses	7,063
Regulatory Fee	1,015
Rent	5,760
Dues & Subscriptions	2,318
Audit Fees	2,900
Supplies	<u>2,122</u>
Total Expenses	<u>26,830</u>

NET INCOME \$ 67,094

See Notes to Financial Statements

WARD'S FINANCIAL SERVICES, LTD.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2002

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income\$ 67,094

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of Other Asset (250,000)

CASH FLOWS FROM FINANCING ACTIVITIES

Proprietor's Draw (3,000)

NET DECREASE IN CASH (185,906)

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR 687,324

CASH AND CASH EQUIVALENTS AT END OF YEAR..... \$ 501,418

See Notes to Financial Statements

WARD'S FINANCIAL SERVICES, LTD.

STATEMENT OF CHANGES IN PROPRIETOR'S EQUITY

FOR THE YEAR ENDED JUNE 30, 2002

BALANCE, JULY 1, 2001	\$ 737,324
ADD:	
Net Income	67,094
SUBTRACT:	
Proprietor's Draw	<u>(3,000)</u>
BALANCE, JUNE 30, 2002	<u>\$ 801,418</u>

See Notes to Financial Statements

WARD'S FINANCIAL SERVICES, LTD.

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2002

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Ward's Financial Services, Ltd. (the "Proprietorship") operates as a sole proprietorship. The Proprietorship collects commissions on sales of mutual funds and other securities. The trades are cleared through Mesirow Financial, Inc., who acts as the clearing agent, on a fully disclosed basis. No monies are received directly by the Proprietorship for these trades. Securities transactions are recorded on a trade date basis. Revenues are recorded when income is earned.

Federal and state income taxes have not been provided as the sole proprietor is liable for such tax payments.

Expenses are recorded as incurred. The sole proprietor operates other businesses from the same location as the securities business. Expenses are shared with those other businesses. No payrolls are maintained by the Proprietorship, although the Proprietorship performs draws to the sole proprietor, and only those expenses the proprietor considers related to the securities business are reported in these financial statements.

The other asset represents an advance to the sole proprietor with the intention of being repaid in future years.

2. STATEMENT OF CASH FLOWS

For the purposes of reporting cash flows, cash and cash equivalents are defined as deposits with banks, money market funds, certificates of deposit with maturities of 90 days or less, and cash on hand.

3. NET CAPITAL REQUIREMENTS

The Proprietorship is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC rule 15c 3-1) which requires the maintenance of a minimum dollar net capital, as defined, of \$50,000. This is the applicable minimum net capital because \$50,000 is greater than 6-2/3% of total aggregate indebtedness, as defined. At June 30, 2002 the Proprietorship' net capital was \$545,030.

WARD'S FINANCIAL SERVICES, LTD.

COMPUTATION OF NET CAPITAL

PURSUANT TO RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION

JUNE 30, 2002

TOTAL PROPRIETOR'S EQUITY.....	\$	801,418
ADDITIONS:		
Subordinated Liabilities		-
DEDUCTIONS:		
Non-allowable assets		
Other		(250,000)
Haircuts- Other Securities		
2% of Capital Preservation Fund (100% U.S. Treasury)		(6,388)
NET CAPITAL.....	\$	<u>545,030</u>
AGGREGATE INDEBTEDNESS:		
Total Liabilities		None
Unrecorded Additions		<u>None</u>
TOTAL AGGREGATE INDEBTEDNESS.....		<u>None</u>
PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL		<u>0%</u>
MINIMUM CAPITAL REQUIREMENT:		
The greater of:		
6 2/3% of Total Aggregate Indebtedness		-
Minimum dollar net capital requirement	\$	<u>50,000</u>
REQUIRED NET CAPITAL	\$	<u>50,000</u>
TOTAL NET CAPITAL.....	\$	545,030
MINIMUM NET CAPITAL REQUIREMENT.....		<u>50,000</u>
EXCESS NET CAPITAL.....	\$	<u>495,030</u>

WARD'S FINANCIAL SERVICES, LTD.

**COMPUTATION FOR POSSESSION OR CONTROL REQUIREMENTS
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
JUNE 30, 2002**

No computation for possession or control requirements has been made since Ward's Financial Services, Ltd. is exempt from these requirements pursuant to paragraph (k)(2)(ii) because the Proprietorship does not carry customers' accounts on its books, and all customer transactions are cleared through another broker-dealer (Mesirow Financial, Inc.) on a fully-disclosed basis.

WARD'S FINANCIAL SERVICES, LTD.

RECONCILIATIONS

PURSUANT TO RULE 17A5 (d) (4)

JUNE 30, 2002

	<i>RULE 15c3-1</i>	
	<u>Net</u>	<u>Total</u>
	<u>Capital</u>	<u>Aggregate</u>
		<u>Indebtedness</u>
AS REPORTED BY WARD'S FINANCIAL SERVICES, LTD.		
IN THE UNAUDITED FINANCIAL AND OPERATIONAL		
COMBINED UNIFORM SINGLE ("FOCUS") REPORT PART II A:		
Net Capital	\$ 545,030	\$ -
Total Aggregated Indebtedness	_____	_____ None
Total Audited Balances	<u>\$ 545,030</u>	<u>\$ None</u>



REPORT ON INTERNAL CONTROL

July 26, 2002

Ward's Financial Services, Ltd.
311 Halsted Street
Chicago, Illinois 60411

Dear Sirs:

In planning and performing our audit of the financial statements of Ward's Financial Services, Ltd. 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 Exchange Commission (SEC), we made a study of the practices and procedures followed by the Proprietorship 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 Proprietorship 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 Proprietorship (1) in making quarterly securities examinations, counts, verifications and comparisons; (2) in the recordation of differences required by rule 17a-13; (3) in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Proprietorship 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 judgements 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 Proprietorship 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 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.