

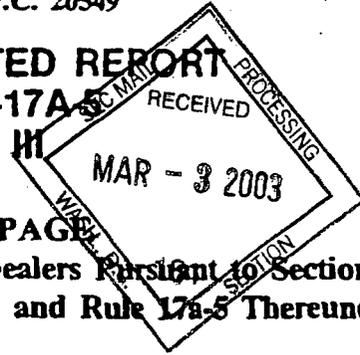


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UNITED STATES
ND EXCHANGE COMMISSION
shington, D.C. 20549

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ANNUAL AUDITED REPORT
FORM X-17A
PART III



SEC FILE NUMBER
8 49155

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 11/1/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

YOUNG & PARTNERS LLC

OFFICIAL USE ONLY
FIRM ID. NO.

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

230 PARK AVENUE, SUITE 1145

(No. and Street)

NEW YORK

NEW YORK

10169

(City)

(State)

(Zip Code)

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

PETER YOUNG

(212) 682-5555

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

WAI ENG, CPA, P.C.

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

800 SECOND AVENUE, 8TH FLOOR, NEW YORK, NY

10017

(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 2003

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).

447
3/19/2003

OATH OR AFFIRMATION

PETER YOUNG, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of YOUNG & PARTNERS, as of DECEMBER 31, 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:



State of New York
County of New York
Subscribed and sworn (affirmed)
before me this 28 day of Feb 2003

L.S. Alex Karpinski

Notary Public

Peter Young
Signature

PRESIDENT
Title

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.
- (o) Reconciliation of Net Capital between audited computation and corresponding Focus Part II a

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

Items (h), (i), (j) and (k) are not applicable to Young & Partners or Young & Partners is exempt in accordance with our membership agreement + restrictive agreements dated Sept 15, 1999 and June 11, 1996.

P. Young

YOUNG & PARTNERS LLC

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2002

Wai G. Eng, CPA, P.C.

Certified Public Accountants

Young & Partners LLC

Financial Statements

December 31, 2002

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Wai G Eng, CPA, P.C.
Certified Public Accountants

800 Second Avenue, 8th Floor
New York, NY 10017
Tel: (212) 692-9888
Fax: (212) 692-9191

INDEPENDENT AUDITOR'S REPORT

To the Members of
Young & Partners LLC

We have audited the accompanying statement of financial position of Young & Partners LLC (the "LLC") as of December 31, 2002, and the related statement of operations, changes in members' equity, and cash flows for the year then ended. These financial statements are the responsibility of the LLC's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with 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 Young & Partners LLC as of December 31, 2002, and the results of its operations and its cash flows for the year then ended in conformity with 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 Schedules I and II is the responsibility of the LLC's management and is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and 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.

Wai G. Eng, CPA, P.C.

Wai G. Eng, CPA, P.C.
February 19, 2003

Young & Partners LLC

Statement of Financial Position December 31, 2002

ASSETS

CURRENT ASSETS

Cash	\$ 1,101,906
Accounts receivable	287,551
Prepaid expenses	<u>22,108</u>

Total current assets \$ 1,411,565

PROPERTY AND EQUIPMENT (Note 1)

Equipment	136,215
Furniture and fixtures	<u>44,219</u>
	180,434
Less: accumulated depreciation	<u>(144,082)</u>

Property and equipment - net 36,352

OTHER ASSETS

Investment in securities (Notes 1 and 4)	11,100
Security deposit	<u>11,427</u>

Total other assets 22,527

TOTAL ASSETS

\$ 1,470,444

LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 26,257
Taxes payable & accrued taxes	<u>6,769</u>

Total current liabilities \$ 33,026

TOTAL LIABILITIES

33,026

MEMBERS' EQUITY

1,437,418

TOTAL LIABILITIES AND MEMBERS' EQUITY

\$ 1,470,444

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

Young & Partners LLC

Statement of Operations Year Ended December 31, 2002

REVENUES:

Fee income	\$ 1,157,800	
Interest income	17,833	
	<hr/>	
Total revenues		\$ 1,175,633

EXPENSES:

Rent	123,458	
Utilities	4,646	
Insurance	36,140	
Advertising & promotion	75,457	
Professional fees	18,149	
Consulting expenses	12,000	
Salary expense	387,131	
Payroll & other taxes	33,271	
Telephone	13,604	
Information & research services	73,194	
Postage and delivery	16,119	
Filing & registrations	16,120	
Entertainment and meals	10,841	
Travel and transportation	13,216	
Office expenses	9,881	
Office supplies	17,059	
Printing and copying	4,513	
Dues and subscriptions	4,811	
Repair and maintenance	3,652	
Temporary help	8,872	
Miscellaneous	595	
Depreciation	23,117	
	<hr/>	
Total expenses		905,846

INCOME BEFORE PROVISION FOR INCOME TAX	269,787
PROVISION FOR INCOME TAX (Note 2)	11,538
	<hr/>
NET INCOME	\$ 258,249

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

Young & Partners LLC

Statement of Changes in Members' Equity Year Ended December 31, 2002

	<u>Paid in Capital</u>	<u>Accumulated Earnings/ (Deficits)</u>	<u>Total Members' Equity</u>
BEGINNING MEMBERS' EQUITY	\$ 120,000	\$ 2,009,189	\$ 2,129,189
Contribution of capital	-	-	-
Net income	-	258,249	258,249
Distribution to members	-	(950,020)	(950,020)
ENDING MEMBERS' EQUITY	<u>\$ 120,000</u>	<u>\$ 1,317,418</u>	<u>\$ 1,437,418</u>

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

Young & Partners LLC

Statement of Cash Flows Year Ended December 31, 2002

CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income		\$ 258,249
Adjustments to reconcile net income to changes in assets and liabilities:		
Depreciation expense		23,117
Source (use) of cash from operating assets and liabilities:		
Accounts receivable	\$ (216,388)	
Prepaid expenses	8,713	
Other assets	(48)	
Accounts payable and accrued expenses	(12,234)	
Taxes payable and accrued taxes	(24,899)	
		<u>(244,856)</u>
Net cash provided by operating activities		36,510
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of equipments & furnitures	<u>(13,659)</u>	
Net cash used in investing activities		(13,659)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Distribution to members	<u>(950,020)</u>	
Net cash used in financing activities		<u>(950,020)</u>
NET DECREASE IN CASH		(927,169)
CASH AT BEGINNING OF PERIOD		<u>2,029,075</u>
CASH AT END OF PERIOD		<u>\$ 1,101,906</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid during the year for:		
Interest		\$ -
Taxes		<u>36,038</u>
Total		<u>\$ 36,038</u>

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

Young & Partners LLC

Notes to Financial Statements
December 31, 2002

Young & Partners LLC ("the LLC") was formed on November 16, 1995 under the Delaware Limited Liability Company Act (6 Del. C. Section 18-101, et seq.) for the purpose of engaging in investment banking activities. The address of the registered office of the LLC in the State of Delaware is c/o The Company Corporation, Three Christina Center, 201 N. Walnut Street, Wilmington, New Castle County, Delaware 19801. The name and address of the registered agent for service of process on the LLC in the State of Delaware is The Company Corporation, Three Christina Center, 201 N. Walnut Street, Wilmington, New Castle County, Delaware 19801.

The latest date on which the LLC is to dissolve is November 16, 2015.

The LLC is a securities broker/dealer registered with the Securities and Exchange Commission and the National Association of Securities Dealers.

Note 1. Summary of Significant Accounting Policies

The LLC's accounting policies are in accordance with generally accepted accounting principles. Outlined below are those policies considered particularly significant.

1. The financial statements are prepared on an accrual basis.
2. Property and equipment is capitalized at cost at the time of purchase and depreciation is recorded on a straight-line basis over the estimated useful lives of the assets, which range from 5 to 7 years.
3. The preparation of financial statements in conformity with general accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Young & Partners LLC

Notes to Financial Statements
December 31, 2002

4. Marketable securities are valued at market value and securities not readily marketable are valued at fair value as determined by the Board of Members.

Note 2. Provision for Income Tax

The LLC is an unincorporated entity and is treated as a partnership for Federal and State income tax purposes. Therefore, no provision for Federal or State income taxes has been provided for. The Members are taxed individually on their share of LLC's earnings. A provision for local tax was made for New York City unincorporated business tax.

Note 3. Net Capital Requirement

Pursuant to the net capital provision of Rule 15c3-1 of the Securities Exchange Act of 1934, the LLC is required to maintain a minimum net capital of \$5,000. As of December 31, 2002, the LLC had net capital of \$1,068,880, which was \$1,063,880 in excess of its required minimum net capital.

Note 4. Investment in Securities

The LLC has investments in not-readily marketable securities consisting of warrants and common stocks. Since these securities are not readily marketable, they are valued by management at cost in the amount of \$11,100.

Note 5. Lease Commitment

The LLC has leased space at 230 Park Avenue, New York, New York under an operating lease expiring on February 28, 2008 with an option to terminate the lease effective February 28, 2004.

Young & Partners LLC

Notes to Financial Statements
December 31, 2002

The following is a schedule of future minimum rental payments required under the above operating lease as of December 31, 2002:

<u>Year Ending Dec 31</u>	<u>Amount</u>
2003	\$ 120,712
2004	\$ 122,100
2005	\$ 122,100
2006	\$ 122,100
2007	\$ 122,100
2008	\$ 20,350

The rent expense was \$ 123,458 in 2002.

Young & Partners LLC

Net Capital Calculation - Schedule I December 31, 2002

Credits		
Members' equity		\$ 1,437,418
Debits		
Nonallowable assets		
Accounts receivable	\$ 287,551	
Prepaid expenses	22,108	
Property and equipment - net	36,352	
Investments in securities	11,100	
Security deposit	<u>11,427</u>	
Total nonallowable assets		<u>368,538</u>
Net Capital at December 31, 2002		<u><u>\$ 1,068,880</u></u>

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

Young & Partners LLC

Reconciliation of Net Capital Between Audited Computation And Corresponding Focus Part II A - Schedule II December 31, 2002

Reconciliation of Net Capital:

Net Capital per unaudited Focus Part II A	\$ 1,068,880
Audit adjustment	<u>-</u>
Net Capital Per Audited Report	<u>\$ 1,068,880</u>

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

Wai G Eng, CPA, P.C.
Certified Public Accountants

800 Second Avenue, 8th Floor
New York, NY 10017
Tel: (212) 692-9888
Fax: (212) 692-9191

INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING
CONTROL AND MATERIAL INADEQUACIES

To the Members of
Young & Partners LLC

In planning and performing our audit of the financial statements of Young & Partners LLC (the "LLC") for the year ended December 31, 2002, we obtained an understanding of its internal control structure and accounting system in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control structure.

The LLC's management is responsible for establishing and maintaining an internal control structure and the practices and procedures. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and of the practices and procedures. Because of inherent limitations in any internal control structure or the practices and procedures, errors or irregularities 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. In addition, our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

We have also made a study of the practices and procedures that accomplished the objectives as referred in Rule 17a-5(g).

Based on the above, we believe that there are no material inadequacies at December 31, 2002 with respect to the LLC's internal control structure, accounting system, and its practices and procedures.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

Wai G. Eng, CPA, P.C.
February 19, 2003

Wai G. Eng, CPA, P.C.