



03002450

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

VF-3-303

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00

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

SEC FILE NUMBER
8-48685

**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 01-01-2002 AND ENDING 12-31-2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: United Brokerage Services, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

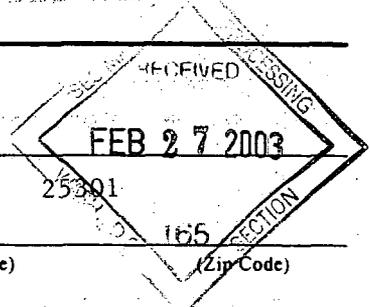
514 Market Street
(No. and Street)
Parkersburg WV 26101
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Ami L. Shaver 304-424-8626
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young
(Name - if individual, state last, first, middle name)
500 Virginia Street East Charleston WV 25301
(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 11 2003

FOR OFFICIAL USE ONLY
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)

MAR 10 2003

OATH OR AFFIRMATION

I, Ami L. Shaver, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of United Brokerage Services, Inc., as of December 31, 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:

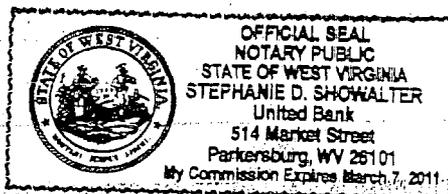
Ami L. Shaver

Signature

Vice President & Principal

Title

Stephanie D. Showalter
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 240.17a-5(e)(3).

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

United Brokerage Services, Inc.

Year ended December 31, 2002 with Report of Independent Auditors and
Supplementary Report of Independent Auditors on Internal Control

United Brokerage Services, Inc.
Financial Statements and Supplementary Information

Year ended December 31, 2002

Contents

Report of Independent Auditors.....	1
Financial Statements	
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Shareholder's Equity.....	4
Statement of Cash Flows	5
Notes to Financial Statements.....	6
Supplementary Information	
Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission	8
Statement Regarding Rule 15c3-3	9
Supplementary Report	
Supplementary Report of Independent Auditors on Internal Control	10

Report of Independent Auditors

To Shareholder and Board of Directors
United Brokerage Services, Inc.

We have audited the accompanying statement of financial condition of United Brokerage Services, Inc. (the Company), a wholly owned subsidiary of United Bank, Inc., as of December 31, 2002, and the related statements of income, changes in shareholder's equity, and cash flows for the year 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the 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. 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 United Brokerage Services, Inc. at December 31, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information 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 our 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.

Ernst & Young LLP

February 22, 2003

United Brokerage Services, Inc.

Statement of Financial Condition

December 31, 2002

Assets

Cash and cash equivalents	\$ 88,533
Receivable from clearing broker	131,866
Securities owned, at market	1,098,200
Prepaid expenses	10,523
Total assets	<u>\$ 1,329,122</u>

Liabilities

Income taxes payable to parent	\$ 6,696
Accrued expenses	107,220
Total liabilities	<u>113,916</u>

Shareholder's equity

Common stock, \$10 par value; 50,000 shares authorized, issued and outstanding	500,000
Paid-in surplus	100,338
Retained earnings	614,868
Total shareholder's equity	<u>1,215,206</u>
Total liabilities and shareholder's equity	<u>\$ 1,329,122</u>

See accompanying notes.

United Brokerage Services, Inc.

Statement of Income

Year ended December 31, 2002

Revenues:	
Brokerage commissions	\$ 2,493,570
Investment income	73,088
	<u>2,566,658</u>
Expenses:	
Salaries and employee benefits	1,463,437
Data processing	60,052
Clearing costs	126,075
Professional fees	60,169
Travel	42,692
Publications and subscriptions	7,418
Occupancy and equipment	72,932
Insurance expense	4,522
Other	53,604
Total expenses	<u>1,890,901</u>
Income before income taxes	675,757
Income tax expense	199,879
Net income	<u>\$ 475,878</u>

See accompanying notes.

United Brokerage Services, Inc.

Statement of Changes in Shareholder's Equity

	<u>Common Stock</u>	<u>Paid-in Surplus</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance at January 1, 2002	\$ 500,000	\$ 100,338	\$ 138,990	\$ 739,328
Net income	-	-	475,878	475,878
Balance at December 31, 2002	<u>\$ 500,000</u>	<u>\$ 100,338</u>	<u>\$ 614,868</u>	<u>\$ 1,215,206</u>

See accompanying notes.

United Brokerage Services, Inc.

Statement of Cash Flows

Year ended December 31, 2002

Cash flows from operating activities

Net income	\$ 475,878
Adjustments to reconcile net income to net cash provided by operating activities:	
Realized loss on securities	11,432
Payments to purchase securities	(2,051,400)
Proceeds from the sale of securities	1,743,150
Increase in commissions receivable	(89,601)
Decrease in prepaid expenses	5,703
Decrease in other assets	11,120
Decrease in income taxes payable to parent	(157,924)
Increase in accrued expenses	74,282
Net cash provided by operating activities	<u>22,640</u>
Cash equivalents at beginning of period	65,893
Cash equivalents at end of period	<u><u>\$ 88,533</u></u>

See accompanying notes.

United Brokerage Services, Inc.

Notes to Financial Statements

Year ended December 31, 2002

1. Nature of Operations

Organization

United Brokerage Services, Inc. (the Company) is a licensed broker/dealer approved by the National Association of Security Dealers, Inc. (NASD). The Company is a wholly owned subsidiary of United Bank, Inc. (United), which is a wholly owned subsidiary of United Bankshares, Inc. (UBSI) and operates principally in the West Virginia, Virginia, and Washington, D.C. markets. The company offers retail brokerage services relating to securities and related products on a fully disclosed basis.

The Company clears its security transactions on a fully disclosed basis through First Clearing Corporation.

Capital and Reserve Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1). Such Rule prohibits a broker/dealer from engaging in securities transactions when its "aggregate indebtedness" to all other persons exceeds 15 times its "net capital," as those terms are defined, subject to a \$250,000 minimum net capital requirement. At December 31, 2002, the Company had net capital of \$1,182,325, which is \$932,325 in excess of its required net capital of \$250,000 at December 31, 2002. The Company is exempt from Rule 15c3-3 of the Securities and Exchange Act of 1934 under Section (k)(2)(ii) of that Rule as all transactions are cleared through another broker/dealer on a fully disclosed basis.

2. Significant Accounting Policies

The accounting and reporting policies of the Company conform with accounting principles generally accepted in the United States (GAAP). A description of the significant accounting policies is presented below. The preparation of financial statements in conformity with GAAP requires the use of management estimates. Actual results may differ from those estimates.

Substantially all of the Company's financial assets and liabilities are carried at market value or at amounts that, because of their short-term nature, approximate fair value.

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts reported in the financial statements. Actual amounts could differ from those estimates.

United Brokerage Services, Inc.

Notes to Financial Statements (continued)

Cash

Cash consists of a checking account maintained at United and cash on deposit with the clearing broker/dealer.

Securities Owned

Securities owned are stated at market with changes in the market value recorded in the Statement of Income. Securities consist primarily of units of ownership in a money market fund managed by United, the underlying assets of which are principally U.S. government obligations.

Revenues

Revenues are recorded as the income is earned and the related service is performed.

Income Taxes

The Company is included in the consolidated federal income tax return filed by its ultimate parent, UBSI. Accordingly, the Company provides for income taxes based on its taxable income or loss multiplied by UBSI's approximate effective tax rate and remits to or receives from United amounts payable or receivable. The Company's results of operations are included in the consolidated income tax return of UBSI. The primary component of income tax expense is current income tax due to UBSI. During 2002, the Company paid \$357,800 of income taxes to UBSI, representing a portion of income taxes owed for 2002 and amounts related to prior periods.

3. Related Party Transactions

United provides certain management services to the Company, including accounting and administrative functions, at no cost to the Company. In addition, United is providing rental space to the Company for a nominal annual cost of \$1.

4. Contingencies

The Company has agreed to indemnify the clearing broker for losses that it may sustain from customer accounts introduced by the Company. As of December 31, 2002, there were no amounts to be indemnified related to such agreement.

Supplementary Information

United Brokerage Services, Inc.

Computation of Net Capital Under Rule 15c3-1

December 31, 2002

Shareholder's equity	\$ 1,215,206
Deductions and/or charges	
Other assets	10,917
Net capital before haircuts on securities positions	<u>1,204,289</u>
Haircut on securities	21,964
Net capital	<u><u>\$ 1,182,325</u></u>
Aggregate indebtedness	
Payable to parent and accrued liabilities	<u>\$ 113,916</u>
Net capital requirement	<u>\$ 250,000</u>
Excess net capital	<u><u>\$ 932,325</u></u>

There were no material differences between the audited computation of Net Capital included in this report and the corresponding schedule included in the Company's unaudited December 31, 2002 Part IIA FOCUS filing.

United Brokerage Services, Inc.

Statement Regarding Rule 15c3-3

December 31, 2002

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under Section (k)(2)(ii) of that Rule.

Supplementary Report

Supplementary Report of Independent Auditors on Internal Control

Board of Directors
United Brokerage Services, Inc.

In planning and performing our audit of the financial statements of United Brokerage Services, Inc. (the Company) for the year ended December 31, 2002, we considered its internal control activities to determine our auditing procedures for the purpose of expressing our opinion on the consolidated 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 criteria 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 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 internal 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 criteria. Two of the criteria 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 accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any 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 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 one or more of the specific internal control components does not reduce to a relatively low level the risk that errors 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 and its operation 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 and Exchange Act of 1934 and related regulations and that practices and procedures that do not meet such criteria 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, 2002, to meet the SEC's criteria.

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

Ernst + Young LLP

February 22, 2003