

03012949

STATES  
CHANGE COMMISSION  
D.C. 20549

VF3-5-03

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- 47006

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: UNIVEST SECURITIES, INC.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

401 BROADWAY, SUITE 2200

(No. and Street)

NEW YORK,

NY

10013

(City)

(State)

(Zip Code)

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

YING CUI

212-966-0996

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

YIN SHEN CO. CPA

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

3150 140TH STREET, SUITE 6C, FLUSHING, NY 11354

(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 21 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)

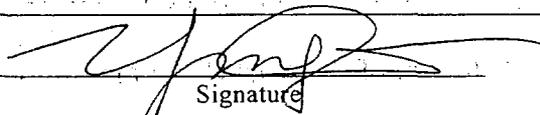
MAR 20 2003

OATH OR AFFIRMATION

I, YING CUI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of UNIVEST SECURITIES, 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:

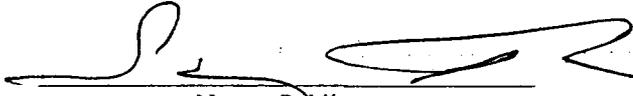
STATE OF NEW YORK  
COUNTY OF NEW YORK  
SWORN TO BEFORE ME

THIS 25 DAY OF Feb, 2003

  
Signature

PRESIDENT, CEO

Title

  
Notary Public

STANLEY TISCHLER  
COMMISSIONER OF DEEDS  
CITY OF NEW YORK, NO. 4-3961  
CERTIFICATE FILED IN NEW YORK COUNTY  
COMMISSION EXPIRES MAY 1, 2004

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).

## CONTENTS

Independent Auditor's Report -----	1
Statement of Financial Condition -----	2
Statement of Income -----	3
Statement of Cash flows -----	4
Statement of Changes in Stockholders' Equity -----	5
Notes to Financial Statements -----	6,7
Supplement Information -----	8
Schedule I- Computation of Net Capital -----	9,10
Schedule II- Computation for Determination of Reserve Requirements	11
Internal Control Report -----	12,13

## Independent Auditor's Report

Board of Directors  
Univest Securities, Inc.:

We have audited the accompanying statement of financial condition of Univest Securities, Inc. as of December 31, 2002, and 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 1994. 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 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 Univest Securities, Inc. at December 31, 2002, and the results of their operation and their 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 is presented for purposes of additional analysis and 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 respects in relation to the basic financial statements taken as a whole.

Yin Shen Co. CPA

New York, New York  
February 26, 2003



UNIVEST SECURITIES, INC.

Statement of Financial Condition  
December 31, 2002

ASSETS

Cash & cash equivalent	801,181
Commission and other receivable	61,132
Deposit with Clearing House(Principal \$50,000)	50,000
Other securities	274,559
Furniture, equipment at cost,	91,718
Less accumulated depreciation	(76,315)
Other assets	97,687
	-----
Total assets	\$ 1,299,962
	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Commission payable	\$ 52,714
Securities Borrowed	54,570
Other payable	43,499
Income tax payable	540
Deferred tax liabilities	2,520
	-----
Total liabilities	153,842

Stockholders' Equity

Common stock	232,500
Additional paid-in capital	784,375
Treasury stock	0
Retained earnings	129,244
	-----
Total stockholders' equity	1,146,119
	-----

Total liabilities and stockholders' equity	\$ 1,299,962
	=====
	0

The accompanying notes are an integral part of these financial statements

UNIVEST SECURITIES, INC.

Statement of Income  
for the Year Ended December 31, 2002

REVENUES:

Commissions and service income	\$ 1,017,218
Principal transactions	(190,782)
Interest and dividends	10,033
Other income	404,372
	<hr/>
	\$ 1,240,841
	<hr/>

EXPENSES:

Employee compensation and benefits	\$ 372,068
Exchange, and clearing fees	18,503
Commission to other broker and dealer	299,134
Communications and data processing	78,540
Advertising and Promotion	15,205
Occupancy	68,469
Service and consulting fee	284,011
Other expenses	118,501
	<hr/>
	1,254,430
	<hr/>
INCOME BEFORE INCOME TAXES	(13,589)
PROVISION FOR INCOME TAXES	1,781
	<hr/>
NET INCOME (LOSS)	\$ (15,370)
	<hr/> <hr/>

The accompanying notes are an integral part of these financial statements

UNIVEST SECURITIES, INC.

Statement of Changes in Stockholders' Equity  
for the Year Ended December 31, 2002

	Capital Stock		Treasury		Total	Stockholders'
	Common	Additional	stock - common	Amount		
	Shares	Amount	Paid-in	Retained	shares	Amount
			Capital	Earnings		
Balance at						
December 31, 2001	200	\$ 232,500	755,621	473,369	-	1,461,490
Net income(loss)				(15,370)		(15,370)
Changes in Capital	0		28,754	(328,755)	-	(300,001)
Balance at						
December 31, 2002	200	232,500	784,375	129,244	0.00	\$ 1,146,119

The accompanying notes are an integral part of these financial statements

## Notes to financial Statements (cont.)

### 3. Securities owned

The Company owned marketable securities as December 31, 2002 are corporate stocks which worth \$274,559; Treasury bill for \$50,000 as good faith deposit; NASD warrants for \$3,300 and NSAD common stock for \$15,600.

### 4. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital rule(SEC 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 neither exceed 15 to 1 nor the dollar amount of \$100,000, whichever is larger. At December 31, 2002, the Company had net capital of \$988,568 which was \$888,568 in excess of its required net capital. The company's net capital ratio was 0.10 to 1.

### 5. Income tax

The Company paid and accrued , state and local corporation income taxes in 2002. There was no federal income tax due to S corporation status. The deferred income tax is due to the time difference of accelerated depreciation. Liabilities of income tax payable as of December 31, 2002 is as follows:

	<u>Current</u>	<u>Deferred</u>	<u>Total</u>
Federal	\$0	0	0
New York State	632	664	1,296
New York City	597	627	1,224
	<u>1,229</u>	<u>1,291</u>	<u>\$2,520</u>

For the tax purpose, the Company made an election by a Small business Corporation under section 1362 of the Internal revenue Service as well as an election by a federal S Corporation to be treated as a New York S Corporation since 1997. There was no federal income tax provision.

### 6. Contingence

The Company's office lease expired in year of 2000. Current lease is based on month by month method.

### 7. Pension plan

The Company adopted Savings Incentive Match Plans for Employees (SIMPLE) plan for certain eligible employees since 1997. The Company chosen the elective contribution matching with the employees salary reduction contribution.

8. The Company opened an another local branch office in year 2000 and received a good faith deposit in the amount of \$43,869 as of December 31, 2002.

Supplement Information  
Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934

As of December 31, 2002

The accompanying schedules are prepared in accordance with the requirements and general format of FOCUS form X-17A-5.

SCHEDULE I

UNIVEST SECURITIES, INC.  
 Computation of Net capital Under rule 15c3-1 of the  
 Securities and Exchange Commission

As of December 31, 2002

NET CAPITAL		
Total stockholders' equity		\$1,146,119
Deduct stockholders' equity not allowable for net capital		0
		-----
Total stockholders' equity qualified for net capital		1,146,119
Deductions:		
Nonallowable assets		
Furniture, and equipment, net	(15,404)	
Other assets	(97,994)	(113,397)
		-----
		1,032,722
Net capital before haircuts on securities positions		
Haircuts on securities		
Trading and investment securities		
Other securities	(41,184)	
Exempted securities	0	
Options	(2,970)	(44,154)
		-----
NET CAPITAL		\$988,568
		=====
AGGREGATE INDEBTEDNESS		
Commission payable	52,714	
Other payable and accrued expenses	46,559	99,272
		-----
Total aggregate indebtedness		\$99,272
		=====
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT		
Minimum net capital required:		6,618
Minimum dollar required:		\$100,000
		=====
Excess net capital		\$888,568
		=====
Excess net capital at 1,000% (Net capital - 10% of AI)		\$978,641
		=====
Ratio: Aggregate indebtedness to net capital		0.10
		=====

Schedule I (cont.)

RECONCILIATION WITH COMPANY'S COMPUTATION (included in  
Part II of Form X-17A-5 as of December 31, 2002)

Net capital, as reported in Company's Part II (unaudited)

FOCUS report

\$988,568

Adjustments:

Accrued accrued expenses

\$0

-

Net capital per above

-----  
\$988,568  
=====

Schedule II

UNIVEST SECURITIES, INC.

Computation for Determination of Reserve Requirements  
Under Rule 15c3-3 of the Securities and Exchange Commission

As of December 31, 2002

Univest Securities, Inc. is an introducing broker and is exempt from the provision of SEC Rule 15c3-3 under Subsection (k)(2)(B). The conditions of exemption are being maintained.

President

A handwritten signature in black ink, appearing to be 'U. King', written over a horizontal line.

Univest Securities, Inc.  
February 26, 2003

**Report on Internal Control Structure Required by SEC Rule 17A-5  
For a Broker-dealer Claiming an Exemption from SEC Rule 15c3-3**

Board of Directors  
Univest Securities, Inc.:

In planning and performing our audit of the financial statements and supplemental schedule of Univest Securities, Inc. (the "Company") for the year ended December 31, 2002, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (the Commission"), 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. We did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure 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 control structure policies and procedures 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 Commission's above mentioned objectives. Two of the objectives of an internal control structure and 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