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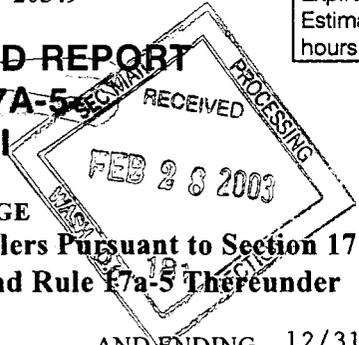


UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

OMB APPROVAL  
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8- 53573

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



**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 04/02/02 AND ENDING 12/31/02  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Marwood Group Asset Management LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

232 Madison Avenue, Suite 906

(No. and Street)

New York,  
(City)

NY  
(State)

10016  
(Zip Code)

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

John Moore

212-532-3651  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Sheft Kahn & Company LLP

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

125 Jericho Turnpike, Suite 300  
(Address)

Jericho  
(City)

NY  
(State)

11753  
(Zip Code)

CHECK ONE:

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

**PROCESSED**  
**MAR 18 2003**

**FOR OFFICIAL USE ONLY**  
**THOMSON FINANCIAL**

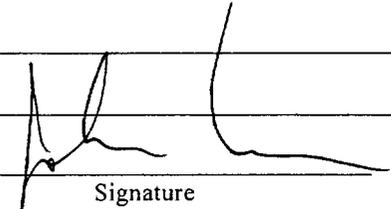
\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

Potential persons who are to 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

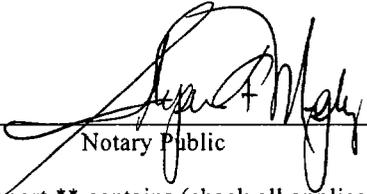
I, John Moore, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Marwood Group Asset Management LLC, as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company 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:

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

  
Signature

CEO

Title

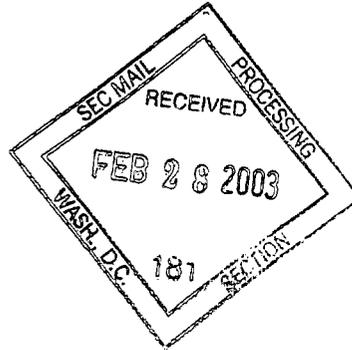
  
Notary Public

STEPHEN F. MURPHY  
Notary Public, State of New York  
No. 8075940  
Qualified in New York County  
Commission Expires June 30, 2006

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).



**MARWOOD GROUP ASSET MANAGEMENT, LLC**

**FINANCIAL STATEMENT**

**DECEMBER 31, 2002**



The Company's Statement of Financial Condition as of December 31, 2002 is available for examination at the office of the Company and at the Regional Office of the Securities and Exchange Commission.

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors  
and Stockholders  
Marwood Group Asset Management, LLC

We have audited the accompanying statement of financial condition of Marwood Group Asset Management, LLC as of December 31, 2002, that you are filing pursuant to rule 17a-5 under the Securities and Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement referred to above present fairly, in all material respects, the financial position of Marwood Group Asset Management, LLC at December 31, 2002 in conformity with accounting principles generally accepted in the United States of America.

  
CERTIFIED PUBLIC ACCOUNTANTS

February 14, 2003  
Jericho, New York

MARWOOD GROUP ASSET MANAGEMENT, LLC

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2002

A S S E T S

Cash and cash equivalents	\$ 65,481
Consulting receivable	15,513
Prepaid expenses	<u>4,352</u>
Total Assets	<u>\$ 85,346</u>

LIABILITIES AND MEMBER'S EQUITY

Liabilities	
Accrued expenses	\$ 29,083
Deferred income	<u>10,000</u>
Total Liabilities	39,083
Member's Equity	<u>46,263</u>
Total Liabilities and Member's Equity	<u>\$ 85,346</u>

See accompanying auditors' report and notes to financial statements.

**MARWOOD GROUP ASSET MANAGEMENT, LLC**

**NOTES TO FINANCIAL STATEMENT**

**DECEMBER 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Nature of Business

Marwood Group Asset Management, LLC, (the "Company"), is a wholly-owned subsidiary of Marwood Group LLC (the "Parent"). The Company became a broker-dealer on April 2, 2002 and as a member of the National Association of Securities Dealers, Inc. is subject to regulation by the United States Securities and Exchange Commission and the National Association of Securities Dealers, Inc.

Currently, the Company's revenue is primarily from consulting and finders fees.

Revenue Recognition

Revenues are recorded as earned.

Income Taxes

The Company as a limited liability company, is not obligated to pay income taxes. All income and expenses pass through to the Company's sole member. Accordingly, there is no provision for Federal or state income taxes.

Cash Equivalents

For purposes of the statement of cash flows, cash equivalents include highly liquid debt instruments with original maturities of three months or less.

**MARWOOD GROUP ASSET MANAGEMENT, LLC**

**NOTES TO FINANCIAL STATEMENT**

**DECEMBER 31, 2002**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Use of Estimates

The preparation of financial statements in conformity with generally 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.

**NOTE 2 - COMMITMENTS**

Concentration of Credit Risk

The Company maintains cash balances at a financial institution. Accounts at such institution is insured by the Federal Deposit Insurance Corporation up to \$100,000.

**NOTE 3 - RELATED PARTY TRANSACTIONS**

The Company's sole member paid bills on behalf of the Company during the startup period. These funds have been classified as capital contributions. The Company's sole member intends to continue to provide capital to meet current operations and compliance with its net capital requirements.

**NOTE 4 - NET CAPITAL REQUIREMENTS**

The Company is subject to the net capital requirements of rules 15c3-1 of the Securities and Exchange Commission, which requires a broker-dealer to have at all times sufficient liquid assets to cover current indebtedness. In accordance with the rules, the Company is required to maintain minimum net capital of the \$5,000 or 1/8 of aggregate indebtedness.

At December 31, 2002, the Company had net capital, as defined, of \$26,398 which exceeded the required minimum net capital by \$21,398. Aggregate indebtedness at December 31, 2002 totaled \$39,083 and the ratio of aggregate indebtedness to net capital was 1.48 to 1.