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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

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**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: R A BENCH SECURITIES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1301 FIFTH AVENUE, SUITE 3330

SEATTLE (City) (No. and Street) WASHINGTON (State) 98101 (Zip Code)

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

RODNEY A. BENCH (206) 682-7803

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PETER SCHILZ & CO.

11808 NORTHUP WAY, SUITE 240 (Address) (Name - if individual, state last, first, middle name) BELLEVUE, WASHINGTON (City) 98005 (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)

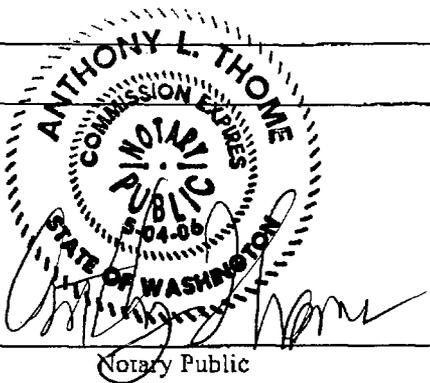
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Handwritten signature/initials

OATH OR AFFIRMATION

I, RODNEY A. BENCH, PRESIDENT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of R A BENCH SECURITIES, INC., 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:



[Handwritten Signature]
Signature

RODNEY A. BENCH, 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 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).

R A BENCH SECURITIES, INC.
(A Development Stage Company)

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2002

R A BENCH SECURITIES, INC.
(A Development Stage Company)

YEAR ENDED DECEMBER 31, 2002

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PETER SCHILZ & Co.
CERTIFIED PUBLIC ACCOUNTANTS
Mountain Pacific Building • Suite 240
11808 Northup Way
Bellevue, Washington 98005-1922
(425) 827-1592

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors
of R A Bench Securities, Inc.

We have audited the accompanying statement of financial condition of R A Bench Securities, Inc. (a development stage company) as of December 31, 2002, and the related statements of operations, changes in stockholder's equity and cash flows for the year ended December 31, 2002 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 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 R A Bench Securities, Inc. (a development stage company) as of December 31, 2002 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 information contained in Schedules I and II 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 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.

Peter Schilz & Co.

February 22, 2003

R A BENCH SECURITIES, INC.
(A Development Stage Company)

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2002

ASSETS

Current assets

Cash and cash equivalents	<u>\$10,208</u>
Prepaid expense	<u>7,225</u>
Total current assets	<u>17,433</u>
Total assets	<u><u>\$17,433</u></u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Stockholder's equity

Common stock \$.001 par value, 1,000 shares authorized 1,000 shares issued and outstanding	1
Additional paid-in capital	31,255
Retained deficit, accumulated during the development stage of operations	<u>(13,823)</u>
Total stockholder's equity	<u>17,433</u>
Total liabilities and stockholder's equity	<u><u>\$17,433</u></u>

See accompanying notes to financial statements

R A BENCH SECURITIES, INC.
(A Development Stage Company)

STATEMENT OF OPERATIONS

YEAR ENDED DECEMBER 31, 2002

Revenues	
Commissions	\$208
Bank interest	32
Total income	<u>240</u>
Expenses	
Dues and licenses	5,125
Insurance	5,831
Office supplies	453
Professional fees	<u>2,654</u>
Total expenses	<u>14,063</u>
Income (loss) before income taxes	(13,823)
Provision for income taxes	<u>-0-</u>
Net income (loss)	<u><u>\$(13,823)</u></u>

See accompanying notes to financial statements

R A BENCH SECURITIES, INC.
(A Development Stage Company)

STATEMENT OF STOCKHOLDER'S EQUITY
YEAR ENDED DECEMBER 31, 2002

	Common Stock		Additional Paid-In Capital	Retained Earnings (Deficit)	Total Stockholder's Equity
	<u>Shares</u>	<u>Amount</u>			
Balances at December 31, 2001	1,000	\$1	\$5,999	\$0	\$6,000
Capital contributions			25,256		25,256
Net loss for the year				(13,823)	(13,823)
Balances at December 31, 2002	<u>1,000</u>	<u>\$1</u>	<u>\$31,255</u>	<u>\$(13,823)</u>	<u>\$17,433</u>

See accompanying notes to financial statements

R A BENCH SECURITIES, INC.
(A Development Stage Company)

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2002

Cash flows from operating activities	
Net loss	\$(13,823)
Adjustments to reconcile net loss to cash provided by (used in) operating activities	
Change in prepaid expense	<u>(7,225)</u>
Net cash provided by (used in) operating activities	<u>(21,048)</u>
Cash flows from financing activities	
Contributions from parent	<u>25,256</u>
Net cash provided by financing activities	<u>25,256</u>
Net increase in cash	<u>4,208</u>
Cash, beginning	<u>6,000</u>
Cash, ending	<u><u>\$10,208</u></u>

No cash was paid for either interest or income taxes for the year ended December 31, 2002.

See accompanying notes to financial statements

**R A BENCH SECURITIES, INC.
(A Development Stage Company)**

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding R A Bench Securities, Inc. (a development stage company) (the Company) financial statements. The financial statements and notes are representations of the Company's management who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been applied in the preparation of the financial statements.

ORGANIZATION AND NATURE OF BUSINESS

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company is a Washington corporation that is a wholly-owned subsidiary of R A Bench, Inc. R A Bench, Inc. (Parent) is a wholly-owned subsidiary of Highland Capital Holdings Corporation located in Birmingham, Alabama.

The Company is located in Seattle, Washington and has been in the development stage since its formation on September 17, 2001. The Company operates as a "limited business" broker-dealer, which receives commissions on behalf of its representatives.

BASIS OF PRESENTATION

The financial statement includes the accounts of the Company and does not include the accounts of its Parent.

COMMISSIONS

Commissions and other income are recorded as revenue when earned.

R A BENCH SECURITIES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CASH EQUIVALENTS

Includes all short-term investments purchased with an original maturity of three months or less.

2. RELATED PARTIES

The parent provides managerial and professional services on a shared cost basis to the Company. There were no shared managerial and professional services incurred during the year ended December 31, 2002.

The Parent made additional capital contributions of \$25,256 to the Company during the year ended December 31, 2002.

3. INCOME TAXES

The Company files a consolidated income tax return with Highland Capital Holding Corporation (Highland) and certain affiliates, and accounts for income taxes using the asset and liability method in accordance with Statement of Financial Accounting Standards No. 109 (SFAS 109), *Accounting for Income Taxes*. Under a tax allocation arrangement, Highland allocates current and deferred taxes by applying SFAS 109 to each member of the group as if it were a separate taxpayer. On December 31, 2002, the Company had a net operating loss carry forward of \$13,823 that may be used to offset future taxable income. Net deferred tax assets are to be reduced by a valuation allowance if it is more likely than not that some portion or all of the net deferred tax assets will not be realized. Due to the fact that the Company has shown no history of generating taxable income, the Company established a valuation allowance against its deferred tax assets as of December 31, 2002. The expected tax benefit that would result from applying federal statutory tax rates to the pre-tax income differs from amounts reported in the financial statement because of this valuation allowance.

R A BENCH SECURITES, INC.
(A Development Stage Company)

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

4. REGULATORY REQUIREMENTS

The Company is subject to the Securities and Exchange Commission's (SEC) Uniform Net Capital 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 not exceed 15 to 1. At December 31, 2002 the Company had computed net capital of \$10,208 which was \$5,208 in excess of its required net capital of \$5,000.

5. LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

The Company had no borrowings under subordination agreements at December 31, 2002.

SUPPLEMENTARY INFORMATION

Schedule 1

R A Bench Securities, Inc.
(A Development Stage Company)
Computation of Net Capital Under Rule 15c3-1 of the Securities
and Exchange Commission
As of December 31, 2002

NET CAPITAL

Total stockholder's equity	\$ 17,433
Deductions and/or charges:	
Nonallowable assets	<u>7,225</u>
Net capital	<u><u>\$10,208</u></u>

AGGREGATE INDEBTEDNESS

Total aggregate indebtedness	<u><u>\$0</u></u>
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COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required	<u><u>\$5,000</u></u>
Excess net capital	<u><u>\$5,208</u></u>

The differences between this computation of net capital and the corresponding computation prepared by R A Bench Securities, Inc. (a development stage company) will be included in an amended unaudited Part II Focus Report filing as of the same date.

R A Bench Securities, Inc.
(A Development Stage Company)
Computation of Net Capital Under Rule 15c3-3 of the Securities
and Exchange Commission
As of December 31, 2002

EXEMPTION UNDER SECTION (K) (1) HAS BEEN CLAIMED

The Company is not required to file the above schedule as it has claimed exemption from Securities and Exchange Commission Rule 15c3-3 under Paragraph (k) (1) of the rule, as customer transactions are limited to those involving redeemable securities of registered investment companies and interests in insurance company separate accounts.

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**Report of Independent Accountants on Internal Control Required
by SEC Rule 17a-5**

To the Board of Directors and Management
R A Bench Securities, Inc.
Seattle, Washington

In planning and performing our audit of the financial statements and supplemental schedules of R A Bench Securities, Inc. (a development stage company) (the Company) for the year ended December 31, 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 the internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (the SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures, that we considered relevant to the objectives stated in Rule 17a-5(g) in the following:

1. Making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11); and
2. 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 the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13;
2. 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; and
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3;

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 control and of the practices and procedures referred to

PETER SCHILZ & CO.

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 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that controls may become inadequate because of changes in conditions or that the effectiveness of their design and operations 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 error 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, including procedures for safeguarding securities 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 Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives 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 objectives.

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



February 22, 2003