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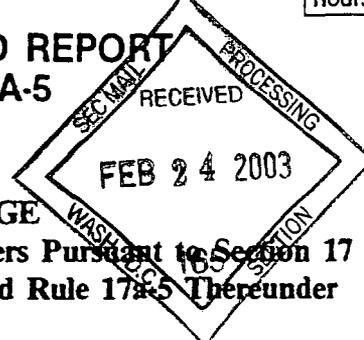


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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER
8-51355



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 01/01/02 AND ENDING 12/31/02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Equity Investment Services, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

1640 Pepperwood Drive

(No. and Street)

St. Louis

MO

63146

(City)

(State)

(Zip Code)

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

Victoria L. Ragland

(314)205-9292

(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Wolff & Taylor P.C.

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

222 S. Central - Suite 506

St. Louis

MO

63105

(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

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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).

OATH OR AFFIRMATION

I, Victoria L. Ragland, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Equity Investment Services, 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:

Victoria L. Ragland
Signature
Pres
Title

Joyce Feegle
Notary Public
Joyce Feegle



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.

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

Equity Investment Services, Inc.
Financial Statements
December 31, 2002

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WOLFF & TAYLOR P.C.
Certified Public Accountants

222 SOUTH CENTRAL AVENUE
SUITE 506
T. LOUIS, MISSOURI 63105-3509

Phone: 314.727.3700
Fax: 314.727.3701

To the Board of Directors
Equity Investment Services, Inc.
St. Louis, Missouri

We have audited the accompanying balance sheet of Equity Investment Services, Inc. as of December 31, 2002 and the related statement of income, changes in stockholder'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 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 Equity Investment Services, Inc. as of 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 of America.

Wolff & Taylor P.C.

February 14, 2003

Equity Investment Services, Inc.
Balance Sheet
December 31, 2002

ASSETS

	2002
<u>Current Assets:</u>	
Cash - Checking Account	\$ 1,200
Cash and Cash Equivalents	1,200
Commissions Receivable	368
Securities - Available for Sale	12,750
Prepaid Taxes	200
Total Current Assets	14,518
Total Assets	\$ 14,518

LIABILITIES AND STOCKHOLDER'S EQUITY

	2002
<u>Current Liabilities:</u>	
Commissions Payable	\$ 1,598
Total Current Liabilities	1,598
<u>Stockholder's Equity:</u>	
Capital Stock:	
Authorized: 30,000 Shares	
Par Value \$1 Per Share	
Issued and Outstanding: 10,000 Shares	10,000
Retained Earnings	-
Accumulated Other Comprehensive Income	2,920
Total Stockholders' Equity	12,920
Total Liabilities and Stockholders' Equity	\$ 14,518

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

Equity Investment Services, Inc.
Statement of Income
For the Year Ended December 31, 2002

	2002
<u>Income:</u>	
Commissions Earned	\$ 98,858
<u>Expenses:</u>	
Bank Service Charges	30
Commissions Paid	99,680
Licenses and Permits-Refunded	(760)
Professional Fees	(1,500)
	97,450
<u>Income (Loss) from Operations</u>	1,408
<u>Other Income (Expense):</u>	
Dividend Income	6
Capital Gain Dividends	2
Realized (Losses) on Securities	(2,462)
	(2,454)
<u>Net Income (Loss) Before Income Taxes</u>	(1,046)
<u>Provision for Income Taxes</u>	727
<u>Net Income (Loss)</u>	(1,773)
<u>Other Comprehensive Income:</u>	
Unrealized Gain on Security	(283)
<u>Comprehensive Income (Loss)</u>	\$ (2,056)

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

Equity Investment Services, Inc.
Statement of Changes in Stockholder's Equity
For the Year Ended December 31, 2002

	Common Stock	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income	Total
Balance, Beginning of the Year	\$ 10,000	\$ -	\$ 4,976	\$ 14,976
Comprehensive Income				
Net Income (Loss)	-	-	(1,773)	(1,773)
Unrealized Loss on Securities	-	-	(283)	(283)
Common Stock Subscription	-	-	-	-
Retained Earnings, End of the Year	\$ 10,000	\$ -	\$ 2,920	\$ 12,920

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

Equity Investment Services, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2002

	2002
<u>Net Cash Flows From Operating Activities:</u>	
Net Income (Loss)	\$ (1,773)
Adjustments to reconcile net income (loss) to net cash from operations:	
Loss on Sale of Securities	2,462
(Increase) Decrease in Commissions Receivable	180
(Increase) Decrease in Prepaid Expenses	(200)
Increase (Decrease) in Accounts Payable	1,420
Increase (Decrease) in Accrued Expenses	(1,500)
Net Cash Provided by Operations	589
<u>Cash Flows From Investing Activities:</u>	
Purchase of Securities	(12,251)
Proceeds from Sales of Securities	12,236
Net Cash Provided By (Used In) Investing Activities	(15)
Net Increase (Decrease) in Cash	574
Cash and Cash Equivalents at Beginning of Year	626
Cash and Cash Equivalents at End of Year	\$ 1,200
<u>Supplemental Disclosures of Cash Flow Information:</u>	
Cash Paid for Interest	\$ -
Cash Paid for Taxes	\$ 927

The accompanying notes are an integral of the financial statements.

Equity Investment Services, Inc.
Notes to Financial Statements
December 31, 2002

1) Summary of Significant Accounting Policies.

- a) Company's Activities - The Company, located in St. Louis, Missouri, is an NASD registered broker/dealer that offers a variety of financial products to its clients. The Company's primary products are mutual funds and insurance contracts.
- b) Accounting Method - The Company's books are maintained on the accrual basis of accounting for financial statement reporting.
- c) Commissions Receivable - The Company uses the direct write-off method for recognition of bad debts. No allowance for doubtful accounts is believed necessary.
- d) Adoption of SFAS No. 130 - The Company adopted SFAS No. 130, Reporting Comprehensive Income.
- e) *Income Taxes - Amounts provided for Federal income taxes are based on earnings reported for financial statements purposes, adjusted for permanent differences between reported financial and taxable income.*
- f) Cash and Cash Equivalents - For purposes of the statement of cash flows, cash and cash equivalents consist of cash and money market funds.
- g) Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles 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.

2) Reserve Requirements.

The Company is not obligated to report under SEC Rule 15c3-3 since it does not maintain customer accounts or hold securities. Therefore, the Company does not have a reserve requirement nor does it have any information relating to the possession or control requirement under Rule 15c3-3.

3) Minimum Capital.

Under SEC Rule 15c3-1, the Company is required to maintain net capital of not less than \$5,000 in 2002. At December 31, 2002, the Company's net capital as defined by SEC Rule 15c3-1 was \$5,982 in excess of minimum net capital required.

4) Securities.

The Company invests in mutual funds. At December 31, 2002, these securities were classified as available for sale securities and are reported at fair value, with the unrealized gains and losses included in comprehensive income. Costs are determined on an average cost per share basis for determining realized gains or losses. At December 31, 2002, these securities had a fair value of \$12,750, a cost of \$12,244 and an unrealized gain of \$505. Realized losses on securities sold during 2002 were \$2,462.

Equity Investment Services, Inc.
Notes to Financial Statements
December 31, 2002

5) Major Customers.

The Company had commission income from two customers during 2002 which accounted for approximately 83% of total commission income.

6) Income Taxes.

The income tax expense of the Company consists of the following:

	<u>2002</u>
Current Tax Expense:	
Federal	\$ 530
State	197
Income Tax Expense	<u>\$ 727</u>