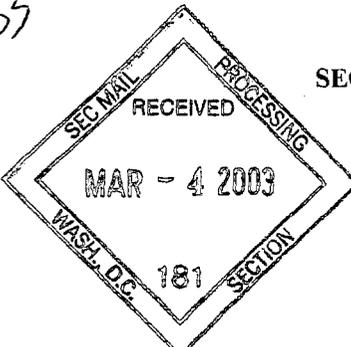


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3-7-03



SECURIT 03014510 MISSION
Washington, D.C. 20549

**A4 3/5/2003

OMB APPROVAL
OMB Number: 3235-0123
Expires: September 30, 1998
Estimated average burden
hours per response . . . 12.00

SEC FILE NUMBER
8-47639

**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 1-1-02 AND ENDING 12-31-02
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:
THE LEADERS GROUP, INC.

OFFICIAL USE ONLY
FIRM ID. NO.

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

26 W. DRY CREEK CIRCLE, SUITE 575
(No. and Street)
LITTLETON COLORADO 80120
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
DAVID WICKERSHAM 303-797-9080 #107
(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
RICKORDS & ASSOCIATES, P.C.

617 N. 17TH STREET, SUITE 100, COLORADO SPRINGS, CO 80904
(Name — if individual, state last, first, middle name)
(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).

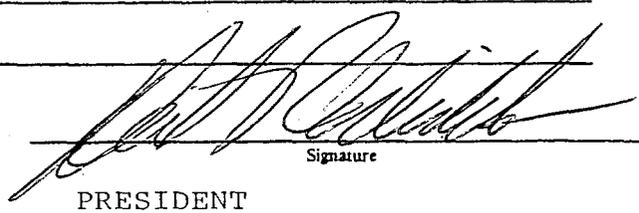
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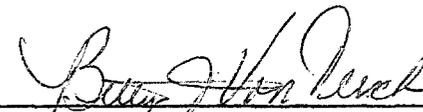
OATH OR AFFIRMATION

DAVID WICKERSHAM

I, _____, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of THE LEADERS GROUP, INC. _____, as of

DECEMBER 31, 19 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
PRESIDENT
Title


Notary Public
My Commission Expires 1/24/09

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).

THE LEADERS GROUP, INC.

Accountants' Report and Financial Statements

FORM X-17a-5
FOCUS REPORT

Years Ended December 31, 2002 and 2001

THE LEADERS GROUP, INC.

	<u>Page</u>
Form X-17A-5	i
Oath or Affirmation	ii
Independent Auditor's Report	1
Statement of Financial Condition	2
Statement of Income and Retained Earnings	3
Statement of Cash Flows	4
Statement of Changes in Stockholders' Equity	5
Notes to Financial Statements	6-9
Supplementary Information	10-22
Report on Internal Control	23-24

FINANCIAL STATEMENTS



RICKORDS & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

617 North 17th Street
Colorado Springs, CO 80904
(719) 444-0770 (800) 480-0770 Toll Free
(719) 444-0909 Fax (877) 457-2232 Toll Free Fax

The Board of Directors
The Leaders Group, Inc.

We have audited the accompanying statement of financial condition of The Leaders Group, Inc., (the Company) as of December 31, 2002 and 2001, and the related statements of income, changes in stockholders' equity, and cash flows for the years then ended 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 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 The Leaders Group, Inc. as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years 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 accompanying 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 of the Securities and 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.

Rickords & Associates, P.C.
Rickords & Associates, P.C.
Rickords & Associates, P. C.
Colorado Springs, Colorado
February 18, 2003

The Leaders Group, Inc.
Statement of Financial Condition
December 31, 2002 and 2001

<u>Assets</u>		
	<u>2002</u>	<u>2001</u>
Current assets:		
Cash	\$ 964,488	\$1,324,483
Accounts receivable	50,916	623,310
CRD deposit	2,866	6,368
Total current assets	<u>1,018,270</u>	<u>1,954,161</u>
Fixed assets:		
Equipment	67,565	54,532
Accumulated depreciation	(65,482)	(51,060)
Total fixed assets	<u>2,083</u>	<u>3,472</u>
Other assets:		
Deposits	16,577	8,131
Total assets	<u>\$1,036,930</u>	<u>\$1,965,764</u>

Liabilities and Stockholders' Equity

Current liabilities:		
Accounts payable	\$ 93,000	\$ 200,000
Income taxes payable	9,929	4,385
Commissions payable	343,727	1,207,261
Total current liabilities	<u>446,656</u>	<u>\$1,411,646</u>
Stockholders equity:		
Commons stock, \$.10 par value, 10,000 shares issued and outstanding	\$ 1,000	\$ 1,000
Paid-in-capital	13,000	13,000
Retained earnings	<u>576,274</u>	<u>540,118</u>
Total stockholder's equity	<u>590,294</u>	<u>554,118</u>
Total liabilities & stockholders equity	<u>\$1,036,930</u>	<u>\$1,965,764</u>

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

The Leaders Group, Inc.
Statement of Income and Retained Earnings
For the years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Revenues:		
Commissions & Consulting	\$21,522,567	\$25,241,601
Operations expense:		
Advertising	1,843	00
Bank charges	3,859	3,428
Commission	18,874,757	23,278,642
Consulting	85,000	123,500
Contributions	200	125
Depreciation	14,423	12,776
Dues & subscriptions	5,220	5,966
Equipment rental	00	7,575
Insurance	514,447	189,532
Interest	00	225
Licenses & permits	256,004	279,953
Management fee	271,000	360,090
Meetings	00	9,000
Miscellaneous	44	1,638
Office supplies	13,931	21,766
Payroll & Payroll Expense	1,069,697	647,647
Postage	12,691	14,785
Printing	2,027	2,923
Professional fees	39,013	63,707
Rent	100,587	62,692
Settlement	40,000	00
Software	15,600	00
Supplies-Marketing	100	3,440
Taxes	55,780	41,488
Telephone	36,646	47,655
Training	265	1,408
Travel & entertainment	72,280	76,370
Website	00	580
Total operating expenses	<u>21,485,414</u>	<u>25,256,911</u>
Other income:		
Interest	8,930	31,531
Income from operations before provision for income taxes	<u>46,083</u>	<u>16,221</u>
Provision for income taxes		
Federal	7,501	3,313
State	2,428	1,072
Net Income	<u>36,154</u>	<u>11,836</u>
Rounding	2	00
Retained Earnings, Beginning of Year	540,118	528,282
Retained Earnings, End of Year	<u>\$ 576,274</u>	<u>\$ 540,118</u>
Earnings per share	<u>\$ 3.62</u>	<u>\$ 1.18</u>

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

The Leaders Group, Inc.
Statement of Cash Flows
For the years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash Flows from Operating Activities		
Cash received from clients	\$22,094,961	\$24,627,866
Interest received	8,930	31,531
Cash paid to employees, supplies or services	<u>(22,450,853)</u>	<u>(25,178,718)</u>
Net Cash from Operating Activities	<u>(346,962)</u>	<u>(519,321)</u>
Cash Flows from Investing Activities:		
Purchase of property and equipment	<u>(13,033)</u>	<u>(10,460)</u>
Net cash Used by Investing Activities	<u>(13,033)</u>	<u>(10,460)</u>
Net Increase (Decrease) in Cash and Equivalents	(359,995)	(529,781)
Cash and Equivalents at Beginning of Year	<u>1,324,483</u>	<u>1,854,264</u>
Cash and Equivalents at End of Year	<u>\$ 964,488</u>	<u>\$ 1,324,483</u>

RECONCILIATION OF NET OPERATING INCOME
TO NET CASH PROVIDED/USED FROM OPERATING ACTIVITIES

Net income (Loss)	\$ 36,154	\$ 11,836
Adjustment to Reconcile Net Income to Net Cash Used by Operating Activities:		
Depreciation	14,423	12,776
Changes in assets and liabilities:		
Decrease/(Increase) in accounts receivable and deposits	567,450	(612,431)
Increase/(Decrease) in accounts payable and accrued expenses	<u>(964,989)</u>	<u>68,498</u>
Total adjustments	<u>(383,116)</u>	<u>(531,157)</u>
Net Cash from Operating Activities	<u>\$ (346,962)</u>	<u>\$ 519,321</u>

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

The Leaders Group, Inc.
 Statements of Changes in Stockholders Equity
 For the years ended
 December 31, 2002 and 2001

	<u>Common Stock</u>	<u>Paid-in Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
Balance, December 31, 2000	\$1,000	\$13,000	\$528,282	\$542,282
Net income, December 31, 2001	<u>0</u>	<u>0</u>	<u>11,836</u>	<u>11,836</u>
Balance, December 31, 2001	1,000	13,000	540,118	554,118
Rounding			2	2
Net Income December 31, 2002	<u>0</u>	<u>0</u>	<u>36,154</u>	<u>36,154</u>
Balance, December 31, 2002	<u>\$1,000</u>	<u>\$13,000</u>	<u>\$576,274</u>	<u>\$590,274</u>

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

The Leaders Group, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

(1) Organization and Business of the Company:

The Leaders Group, Inc. (TLG) is owned 100% by David R. Wickersham and was incorporated under the laws of the State of Delaware in July, 1994. TLG was formed to provide turn-key broker-dealer and back office support for financial service professionals.

TLG was originally owned by D.E. Frey Group, Inc. In January 1995, SunAmerica Securities, Inc. acquired 100% of the equity ownership of TLG. Wickersham and Janney purchased all issued and outstanding stock of TLG as of July 10, 1995. On May 21, 1999, David R. Wickersham purchased from the Larry K. Janney Estate all of the stock owned by Larry K. Janney.

In accordance with regulations under the Securities Exchange Act of 1934 the Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of various exchanges and the National Association of Securities Dealers (NASD). This is a self-regulating body formed by the industry to protect its members and the investing public.

(2) Summary of Significant Accounting Policies:

a. Basis of Presentation

The financial statements include the accounts of the Company. The Company is engaged in a single line of business as a securities broker-dealer, which comprises several classes of services, including principal transactions, agency transactions, investment banking, investment advisory, and venture capital businesses.

b. Securities Transactions

Proprietary securities transactions in regular-way trades are recorded on the trade date, as if they had settled. Profit and loss arising from all securities and commodities transactions entered into for the account and risk of the Company are recorded on a trade date basis. Customers' securities and commodities transactions are reported on a settlement date basis with regulated commission income and expenses reported on a trade date basis.

Amounts receivable and payable for securities transactions that have not reached their contractual settlement date are recorded net on the statement of financial condition.

c. Commissions

Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

The Leaders Group, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

d. Statement of Cash Flows

For purposes of the Consolidated Statement of Cash Flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than ninety days, that are not held for sale in the ordinary course of business.

e. Deferred Compensation

No provision is made for holidays and sick leave pay since only those on commission basis would be eligible and there is no agreement. Any amounts determined for deferred compensation would be immaterial.

No provisions for salaried personnel.

f. Property and Equipment

Property and equipment are carried at cost. Maintenance and repairs are charged to costs as incurred. Expenditures for major betterments are capitalized and depreciated over the estimated life of the asset. Gain or loss on retirement of property is included in income.

g. Estimates

There are no significant estimates used in preparation of financial statements. Depreciation is the only estimate present.

(3) Related Party Transactions:

Cold Creek Consulting is a wholly owned corporation of David R. Wickersham and management fees are paid to the company by The Leaders Group, Inc.

(4) Provision for Income Taxes:

Provision for income taxes amounted to \$9,929 for 2002 (an effective rate of 36%). The actual tax expense for 2002 differs from the "expected" tax expense (computed by applying the U.S. Federal Corporate tax rate of 34% to earnings before income taxes) as follows:

Provision for income taxes amount to \$4,385 for 2001 (an effective rate of 37%). The actual tax expense for 2001 differs from the "expected" tax expense (computed by applying the U.S. Federal Corporate tax rate of 34% to earnings before income taxes) as follows:

The Leaders Group, Inc.
Notes to Financial Statements
December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Computed "expected" tax expense	\$12,292	\$5,515
Surtax exemption	(4,791)	(2,202)
State income tax	2,428	1,072
	<u>\$ 9,929</u>	<u>\$4,385</u>

(5) Net Capital Requirements:

Pursuant to the net capital provision of Rule 15c3-3 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provision. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2001, the Company had net capital and net capital requirements of approximately \$537,619 and \$94,109. The Company's net capital ratio was 5.74 to 1 at December 31, 2001. At December 31, 2002, the Company had net capital and net capital requirements of approximately \$570,831 and \$29,777. The Company's net capital ratio was 19.17 to 1 at December 31, 2002.

(6) Deferred Compensation:

No provision is made for holiday and sick leave pay.

(7) Financial Instruments:

The Company maintains two cash balances at the same financial institution. The balances are \$609,109 and \$355,379. Accounts at the institution are insured by the Federal Deposit Insurance Corporation up to \$100,000. At December 31, 2002, there would be an uninsured cash balance of \$864,488.

(8) Earnings Per Share:

Earnings per share of common stock were computed by dividing net income by the number of common shares outstanding for the year.

(9) Liabilities Subordinated to Claims of General Creditors:

There were no borrowings under subordination agreements at December 31, 2002.

The Company had no other debt at December 31, 2002.

(10) Capital Stock:

A summary of the corporation's capital stock at December 31, 2002 is as follows:

Common stock -- \$.10 per value
Authorized -- 10,000 shares
Issued and outstanding -- 10,000 shares

The Leaders Group, Inc.
Notes to the Financial Statements
December 31, 2002 and 2001

(12) Risk

- a. Cash--bank balances are above the amount covered by FDIC insurance and employees are bonded.
- b. The company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty.

SUPPLEMENTARY INFORMATION

**FORM
X-17A-5**

FOCUS REPORT (5-31-07)

(Financial and Operational Combined Uniform Single Report)

PART IIA 12

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 16 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
 4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

THE LEADERS GROUP, INC.

SEC FILE NO.

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

26 W. DRY CREEK CIRCLE, SUITE 575

FOR PERIOD BEGINNING (MM/DD/YY)

1-1-02

(No. and Street)

AND ENDING (MM/DD/YY)

12-31-02

LITTLETON

COLORADO

80120

(City)

(State)

(Zip Code)

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

DAVID WICKERSHAM

(Area Code)—Telephone No.

303-797-9080 #107

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 - NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 25 day of February 2003

Manual signatures of:

1) [Signature]
Principal Executive Officer or Managing Partner

2) _____
Principal Financial Officer or Partner

3) _____
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 781(a))

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER **THE LEADERS GROUP, INC.**

N 3

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**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY) 12-31-02

SEC FILE NO. _____

Consolidated

Unconsolidated

91

91

19

19

ASSETS

	<u>Allowable</u>		<u>Non-Allowable</u>		<u>Total</u>	
1. Cash	\$ 964,488	200			\$ 964,488	750
2. Receivables from brokers or dealers:						
A. Clearance account		295				
B. Other		300	\$ 550			810
3. Receivables from non-customers	50,916	355	600		50,916	830
4. Securities and spot commodities owned, at market value:						
A. Exempted securities		418				
B. Debt securities		419				
C. Options		420				
D. Other securities		424				
E. Spot commodities		430				850
5. Securities and/or other investments not readily marketable:						
A. At cost \$		130				
B. At estimated fair value		440	610			860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:						
A. Exempted securities \$		150				
B. Other securities \$		160				
7. Secured demand notes: market value of collateral:						
A. Exempted securities \$		170				
B. Other securities \$		180				
8. Memberships in exchanges:						
A. Owned, at market \$		190				
B. Owned, at cost			650			
C. Contributed for use of the company, at market value			660			900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480		670		910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization	2,083	490		680	2,083	920
11. Other assets		535	19,443	735	19,443	930
12. TOTAL ASSETS	\$ 1,017,487	540	\$ 19,443	740	\$ 1,036,930	940

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

THE LEADERS GROUP, INC.

as of 12-31-02

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING
AND CERTAIN OTHER BROKERS OR DEALERS

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable	\$ 1045	\$ 1255	14
14. Payable to brokers or dealers:			
A. Clearance account	1114	1315	150
B. Other	1115	1305	157
15. Payable to non-customers	1155	1355	161
16. Securities sold not yet purchased, at market value		1360	162
17. Accounts payable, accrued liabilities, expenses and other	446,656 1205	1385	446,656 168
18. Notes and mortgages payable:			
A. Unsecured	1210		169
B. Secured	1211	1390	170
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	171
1. From outsiders \$	970		
2. Includes equity subordination (15c3-1 (d)) of	980		
B. Securities borrowings, at market value: from outsiders \$	990	1410	172
C. Pursuant to secured demand note collateral agreements:		1420	173
1. from outsider: \$	1000		
2. Includes equity subordination (15c3-1 (d)) of	1010		
D. Exchange memberships contributed for use of company, at market value		1430	174
E. Accounts and other borrowings not qualified for net capital purposes	1220	1440	175
20. TOTAL LIABILITIES	\$ 446,656 1230	\$ 1450	\$ 446,656 176
<u>Ownership Equity</u>			
21. Sole proprietorship			177
22. Partnership (limited partners)	1020		178
23. Corporation:			
A. Preferred stock			179
B. Common stock		1,000	179
C. Additional paid-in capital		13,000	179
D. Retained earnings		576,274	179
E. Total			179
F. Less capital stock in treasury			179
24. TOTAL OWNERSHIP EQUITY		\$ 590,274	180
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY		\$ 1,036,930	181

**FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER

THE LEADERS GROUP, INC.

as of 12-31-02

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....	\$	590,274	348
2. Deduct ownership equity not allowable for Net Capital.....	▼ ¹⁹		349
3. Total ownership equity qualified for Net Capital.....		590,274	350
4. Add:			
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....			352
B. Other (deductions) or allowable credits (List).....			352
5. Total capital and allowable subordinated liabilities.....	\$	590,274	353
6. Deductions and/or charges:			
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$		19,443	3540
B. Secured demand note deficiency.....			3590
C. Commodity futures contracts and spot commodities- proprietary capital charges.....			3600
D. Other deductions and/or charges.....			3610
7. Other additions and/or allowable credits (List).....		19,443	3620
8. Net capital before haircuts on securities positions.....	▼ ²⁰		3630
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):			
A. Contractual securities commitments.....	\$		3660
B. Subordinated securities borrowings.....			3670
C. Trading and investment securities:			
1. Exempted securities.....	▼ ¹⁰		3735
2. Debt securities.....			3733
3. Options.....			3730
4. Other securities.....			3734
D. Undue Concentration.....			3650
E. Other (List).....			3736
10. Net Capital.....	\$	570,831	3740
			3750

OMIT PENNII

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER **THE LEADERS GROUP, INC.**

as of 12-31-02

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$	29,777	37
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	5,000	37
13. Net capital requirement (greater of line 11 or 12)	\$	29,777	37
14. Excess net capital (line 10 less 13)	\$	541,054	37
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$	526,165	37

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.L. liabilities from Statement of Financial Condition	\$	446,656	37
17. Add:			
A. Drafts for immediate credit	\$	3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$	3810	
C. Other unrecorded amounts (List)	\$	3820	38
19. Total aggregate indebtedness	\$	446,656	38
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	78	38
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%		38

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$		38
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$		38
24. Net capital requirement (greater of line 22 or 23)	\$		37
25. Excess net capital (line 10 less 24)	\$		38
26. Net capital in excess of: 5% of combined aggregate debit items or \$120,000	\$		38

OMIT PENN

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER THE LEADERS GROUP, INC.

For the period (MMDDYY) from 1-1-02 3932 to 12-31-02 3933
Number of months included in this statement 12 3931

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$		3935
b. Commissions on listed option transactions		71	3938
c. All other securities commissions			3939
d. Total securities commissions			3940
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange			3945
b. From all other trading			3949
c. Total gain (loss)			3950
3. Gains or losses on firm securities investment accounts			3952
4. Profit (loss) from underwriting and selling groups			3955
5. Revenue from sale of investment company shares		18,797,463	3970
6. Commodities revenue		2,733,181	3990
7. Fees for account supervision, investment advisory and administrative services			3975
8. Other revenue			3995
9. Total revenue	\$	21,530,644	4030

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	\$	224,233	4120
11. Other employee compensation and benefits		900,647	4115
12. Commissions paid to other broker-dealers			4140
13. Interest expense			4075
a. Includes interest on accounts subject to subordination agreements		4070	
14. Regulatory fees and expenses			4195
15. Other expenses		20,362,109	4100
16. Total expenses	\$	21,486,989	4200

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	43,655	4210
18. Provision for Federal income taxes (for parent only)		7,501	4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			4222
a. After Federal income taxes of		4238	
20. Extraordinary gains (losses)			4224
a. After Federal income taxes of		4239	
21. Cumulative effect of changes in accounting principles			4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$	36,154	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$		4211
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER THE LEADERS GROUP, INC.

For the period (MMDDYY) from 1-1-02 to 12-31-02

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period.....	\$	554,118	4240
A. Net income (loss).....		36,154	4250
B. Additions (Includes non-conforming capital of Rounding.....)	\$	4262	4260
C. Deductions (Includes non-conforming capital of.....)	\$	4272	4270
2. Balance, end of period (From item 1800)		\$ 590,274	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$		4300
A. Increases			4310
B. Decreases.....			4320
4. Balance, end of period (From item 3520).....		\$	4330

OMIT PENNIES

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

RICKORDS & ASSOCIATES, P.C.
617 N. 17TH STREET, SUITE 100 COLORADO SPRINGS

CO 70

80904

ADDRESS Number and Street City State Zip Code

71

72

73

74

Check One

Certified Public Accountant

75

FOR SEC USE

Public Accountant

76

Accountant not resident in United States or any of its possessions

77

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

THE LEADERS GROUP, INC.

Computation for Determination of Reserve
Requirements in accordance with Rule 15c3-3

and

Reconciliation of Computation of Reserve
Requirements pursuant to Rule 17a5(d)(4)

and

Information Relating to the Possession or
Control Requirements under Rule 15c3-3

Under the Securities Exchange Act of 1934

December 31, 2002

Under Rule 15c3-3(k)(1) The Leaders Group, Inc. is exempt from a computation for termination of Reserve Requirements are required under Rule 15c3-3 the respective Reconciliation of Computation for determination of Reserve Requirements are required under Rule 17a5(d)(4) and information relating to the possession of control required under Rule 15c3-3.

THE LEADERS GROUP, INC.

Computation of Aggregate indebtedness and net capital in accordance with Rule 15c-1 under the Securities Exchange Act of 1934.

December 31, 2002

Aggregate indebtedness:	
Accrued expenses	<u>\$446,565</u>
Total aggregate indebtedness	<u>\$446,565</u>
Net capital:	
Credit items:	
Retained earnings	\$576,274
Additional paid-in capital and common stock	<u>14,000</u>
Total credit items	590,274
Deductions and charges:	<u>19,443</u>
Nonallowable assets	
Total deductions and charges	<u>19,443</u>
Net capital	<u>\$570,831</u>
Capital requirements:	
Required capital	\$ 29,777
Net capital in excess of requirements	<u>541,054</u>
Net capital	<u>\$570,831</u>
Percent of aggregate indebtedness to net capital	78%

There were no liabilities subordinated to claims of general creditors.

THE LEADERS GROUP, INC.

Reconciliation of Net Capital Pursuant to Rule 15c3-1
Under the Securities Exchange Act of 1934

December 31, 2002

Computation of Net Capital:

Net capital as reported on 17a-Part IIA (Focus Report) as of December 31, 2002	<u>\$570,831</u>
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There were no adjustments that affect net capital.



RICKORDS & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

617 North 17th Street
Colorado Springs, CO 80904
(719) 444-0770 (800) 480-0770 Toll Free
(719) 444-0909 Fax (877) 457-2232 Toll Free Fax

Accountants' Report of Material Inadequacies

Our examination of the basic financial statements presented in the preceding section of this report was made in accordance with Rule 17a-5(j). In our opinion, no material inadequacies were found to exist in the accounting system and procedures or the system for handling and safeguarding customer's securities during the periods ended December 31, 2002 and 2001.

Rickords & Associates, P.C.

Rickords & Associates, P.C.

February 18, 2003



Board of Directors
The Leaders Group, Inc.:

In planning and performing our audit of the financial statements and supplemental schedules of The Leaders Group, Inc. (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 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 objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under 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 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 SEC's above-mentioned objectives. Two of the objectives of an internal control structure 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

Page 2
The Leaders Group, Inc.
February 18, 2003

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 any internal control structure or the practices and procedures referred to above, errors or irregularities 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 the internal control structure would not necessarily disclose all matters in the internal control structure 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 the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure, 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 Securities Exchange Commission's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, National Association of Securities Dealers, Inc. (NASD), 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.

Rickords & Associates, P.C.
Rickords & Associates, P.C.
Rickords & Associates, P.C.
Colorado Springs, Colorado
February 18, 2003