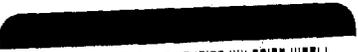


So 11/20/03

*** AM 11/25/2003

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00



03052856

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

SEC FILE NUMBER
8-48776

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 10/01/02 AND ENDING 09/30/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

ALTON SECURITIES GROUP, INC.

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

2410 STATE STREET

OFFICIAL USE ONLY
FIRM I.D. NO.

REC'D S.E.C.
NOV 25 2003
558 62002

(No. and Street)

ALTON

IL

62002

(City)

(State)

(Zip Code)

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

DENNIS ROSE

(618) 465-4999

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

SCHEFFEL & COMPANY, P.C.

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

322 STATE STREET

ALTON

IL

62002

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
DEC 01 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)

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.

SEC 1410 (06-02)

OATH OR AFFIRMATION

I, DENNIS ROSE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ALTON SECURITIES GROUP, INC., as of SEPTEMBER 30, 2003, 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:



Susan E Eppele
Notary Public

Dennis Rose, Treas.
Signature

TREASURER

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).



ALTON SECURITIES GROUP, INC.

REPORTS AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED

SEPTEMBER 30, 2003

ALTON SECURITIES GROUP, INC.
TABLE OF CONTENTS
SEPTEMBER 30, 2003

	<u>PAGE</u>
Independent Auditor's Report	1
Report on Internal Control Required by SEC Rule 17a-5 For a Broker-Dealer Claiming an Exemption From SEC Rule 15c3-3	2-3
Statement of Financial Condition	4-5
Statement of Income	6
Statement of Changes in Stockholders' Equity	7
Statement of Changes in Subordinated Borrowings	8
Statement of Cash Flows	9
Notes to Financial Statements	10-13
Schedule I Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange	14
Registrant Identification	15-16

Richard C. Scheffel, C.P.A.
Dennis E. Ulrich, C.P.A.
Ronald C. Schneider, C.P.A.
Michael E. Fitzgerald, C.P.A.
Kimberly S. Krueger, C.P.A.
Steven P. Langendorf, C.P.A.
Steven C. Pembroke, C.P.A.

Scheffel & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

- 322 State Street
Alton, IL 62002
618-465-4288 Fax 462-3818
- 143 N. Kansas
P.O. Box 633
Edwardsville, IL 62025
618-656-1206 Fax 656-3536
- #2 Woodcrest
Professional Park
Highland, IL 62249
618-654-9895 Fax 654-9898
- 106 County Road
Jerseyville, IL 62052
618-498-6841 Fax 498-6842
- Rural Rt. 3, Box 129 BA
U.S. Highway 267 North
Carrollton, IL 62016
217-942-3821 Fax 942-6614

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Alton Securities Group, Inc.
Alton, IL

We have audited the accompanying statement of financial condition of Alton Securities Group, Inc. as of September 30, 2003, and the related statements of income, changes in stockholders' equity, changes in subordinated borrowings, and cash flows for the year 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 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 Alton Securities Group, Inc. at September 30, 2003, and the results of their operations and their cash flows for the year then ended 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 Schedule I 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 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.

Scheffel & Company
November 17, 2003

Scheffel & Company P.C.

Richard C. Scheffel, C.P.A.
Dennis E. Ulrich, C.P.A.
Ronald C. Schneider, C.P.A.
Michael E. Fitzgerald, C.P.A.
Kimberly S. Krueger, C.P.A.
Steven P. Langendorf, C.P.A.
Steven C. Pembroke, C.P.A.

Scheffel & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

- 322 State Street
Alton, IL 62002
618-465-4288 Fax 462-3818
- 143 N. Kansas
P.O. Box 633
Edwardsville, IL 62025
618-656-1206 Fax 656-3536
- #2 Woodcrest
Professional Park
Highland, IL 62249
618-654-9895 Fax 654-9898
- 106 County Road
Jerseyville, IL 62052
618-498-6841 Fax 498-6842
- Rural Rt. 3, Box 129 BA
U.S. Highway 267 North
Carrollton, IL 62016
217-942-3821 Fax 942-6614

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL REQUIRED
BY SEC RULE 17A-5

Board of Directors
Alton Securities Group, Inc.
Alton, IL

In planning and performing our audit of the financial statements and supplemental schedule of Alton Securities Group, Inc. for the year ended September 30, 2003, 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 internal control.

Also as required by rule 17a-5(g)(1) of the Securities 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 17a-3(a)(11) and for 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 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 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 controls 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 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 conformity with accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitation 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 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 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 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 control activities 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 September 30, 2003, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc. 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 it is not intended to be and should not be used by anyone other than these specified parties.

Scheffel & Company
November 17, 2003

Scheffel & Company P.C.

ALTON SECURITIES GROUP, INC.
Statement of Financial Condition
September 30, 2003

ASSETS

Cash and cash equivalents	\$ 50,145
Deposit with clearing broker	50,000
Receivable from clearing broker	91,521
Note receivable from stockholder	10,964
Prepaid insurance	1,779
Prepaid membership fees	472
Prepaid federal income tax	3,500
Prepaid state income tax	3,240
Furniture, and equipment, at cost, less accumulated depreciation of \$33,349	19,434
Refundable tax – federal	4,056
Refundable tax – state	705
Deferred tax asset – state	1,050
Rent deposit	<u>500</u>
Total assets	<u>\$237,366</u>

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

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:	
Accounts payable	\$ 47,252
Accrued payroll	40,464
Accrued real estate taxes	8,150
Payroll taxes payable	2,092
Lease purchase payable Fleet Leasing – current	1,133
Deferred tax liability – federal	1,450
Deferred tax liability – state	<u>150</u>
	<u>100,691</u>
Subordinated borrowings:	
Notes payable to stockholders	<u>29,800</u>
Stockholders' equity:	
Common stock, class A, \$100 par value, authorized 2,250 shares, issued and outstanding 1,052 shares	105,200
Common stock, class B, \$100 par value, authorized 15,000 shares, issued 301 shares, outstanding 0 shares	30,100
Treasury stock, class B, \$100 par value, 301 shares, at cost	(30,100)
Additional paid-in capital	19,241
Retained earnings (deficit)	<u>(17,566)</u>
Total stockholders' equity	<u>106,875</u>
Total liabilities and stockholders' equity	<u>\$237,366</u>

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

ALTON SECURITIES GROUP, INC.
Statement of Income
For the Year Ended September 30, 2003

Revenues:	
Commissions and fees	\$1,589,614
Interest income	<u>102,483</u>
Total revenues	<u>1,692,097</u>
Expenses:	
Employee compensation and benefits	220,024
Commissions	249,713
Contractual commissions	653,463
Communications/Informational systems	324,884
Continuing education	2,639
Contributions	707
Occupancy and equipment rental	48,498
Interest	2,402
Taxes, other than income taxes	41,107
Advertising	9,409
Depreciation	10,438
Insurance	34,384
License and fees	6,713
Professional fees	12,362
Travel and entertainment	38,306
Telephone	11,240
Repairs and maintenance	9,056
Supplies	12,536
Subscriptions	26,550
Utilities	12,285
Other operating expenses	<u>3,549</u>
Total expenses	<u>1,730,265</u>
Income (loss) before income taxes	(38,168)
Provision for income taxes, including net deferred taxes of \$350	<u>2,424</u>
Net income (loss)	\$ <u>(40,592)</u>
Earnings (loss) per share of common stock	\$ <u>(38.59)</u>

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

ALTON SECURITIES GROUP, INC.
Statement of Changes in Stockholders' Equity
For the Year Ended September 30, 2003

	<u>Common Stock</u>		<u>Treasury Stock</u> <u>Class B</u>	<u>Additional</u> <u>Paid-in</u> <u>Capital</u>	<u>Retained</u> <u>Earnings</u> <u>(Deficit)</u>	<u>Total</u> <u>Stockholders'</u> <u>Equity</u>			
	<u>Class A</u>	<u>Class B</u>							
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>					
Balances at October 1, 2002	1,052	\$105,200	301	\$30,100	301	\$(30,100)	\$19,241	\$ 23,026	\$147,467
Net income (loss)	—	—	—	—	—	—	—	(40,592)	(40,592)
Balances at September 30, 2003	<u>1,052</u>	<u>\$105,200</u>	<u>301</u>	<u>\$30,100</u>	<u>301</u>	<u>\$(30,100)</u>	<u>\$19,241</u>	<u>\$(17,566)</u>	<u>\$106,875</u>

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

ALTON SECURITIES GROUP, INC.
Statement of Changes in Subordinated Borrowings
For the Year Ended September 30, 2003

Subordinated borrowings at October 1, 2002	\$29,800
Increases:	
Issuance of subordinated notes	0
Decreases:	
Payment of subordinated notes	<u>0</u>
Subordinated borrowings at September 30, 2003	<u>\$29,800</u>

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

ALTON SECURITIES GROUP, INC.
Statement of Cash Flows
For the Year Ended September 30, 2003

Cash Flows from Operating Activities:	
Net income (loss)	\$ (40,592)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	10,438
Net deferred taxes	(350)
 (Increase) decrease in operating assets:	
Receivable from clearing broker	(32,375)
Prepaid insurance	(775)
Prepaid membership fee	(165)
Prepaid income taxes	102
Refundable taxes	18,050
Utility deposit	776
Rent deposit	(500)
Membership in exchanges	3,000
 Increase (decrease) in operating liabilities:	
Accounts payable	5
Accrued payroll	35,164
Accrued pension	(5,823)
Payroll taxes payable	1,687
Accrued real estate taxes	(400)
Accrued interest	<u>(1,043)</u>
 Net cash (used) by operating activities	<u>(12,801)</u>
Cash Flows from Investing Activities:	
Purchase of equipment	<u>(933)</u>
Cash Flows from Financing Activities:	
Lease purchase payments	(1,962)
Payments on note receivable from stockholder	<u>1,102</u>
 Net cash (used) by financing activities	<u>(860)</u>
 Net (decrease) in cash, cash equivalents, and deposits	(14,594)
Cash, cash equivalents, and deposits with clearing broker:	
Beginning of year	<u>114,739</u>
End of year	<u>\$100,145</u>
Supplemental disclosures	
Cash paid during the year for income taxes	<u>\$ 1,055</u>
Interest paid	<u>\$ 2,402</u>

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

ALTON SECURITIES GROUP, INC.

Notes to Financial Statements

For the Year Ended September 30, 2003

1. 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, Inc. (NASD). The Company is an Illinois corporation operated from Alton, Illinois and operating throughout the United States. The broker-dealer's primary source of revenue is from providing brokerage services to customers who are small businesses and individuals.

2. Significant Accounting Policies

Basis of Presentation

The Company is engaged in a single line of business as a securities broker-dealer.

Securities Transactions and Commissions

Customers' securities transactions are reported on a settlement date basis with related commission income and expenses reported on a trade date basis.

Income Taxes

The amount of current and deferred tax assets and payables or refundable taxes is recognized as of the date of the financial statements, utilizing currently enacted tax laws and rates. Deferred tax expenses or benefits are recognized in the financial statements for the changes in deferred tax assets or liabilities between years.

Depreciation

Depreciation is provided on a straight-line basis using estimated useful lives of three to ten years for equipment.

	<u>Years</u>	<u>Cost</u>	<u>Accumulated Depreciation</u>
Furniture and equipment	3-10	\$ 48,267	\$31,220
Signage	5	<u>4,516</u>	<u>2,129</u>
		52,783	<u>\$33,349</u>
Less: accumulated depreciation		<u>(33,349)</u>	
Net property and equipment		<u>\$ 19,434</u>	

Statement of Cash Flows

For purposes of the 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.

Concentrations of Cash

The Company at times during the year had cash deposits which exceed \$100,000 in multiple accounts in two banks. The Federal Deposit Insurance Corporation (FDIC) insures only the first \$100,000 of funds at member banks.

3. Cash and Securities Segregated Under Federal and Other Regulations

No cash has been segregated in a special reserve bank account for the benefit of customers under rule 15c3-3 of the Securities and Exchange Commission. The Company does not hold any customer funds, accordingly, no reserve account is required.

4. Payable to Clearing Broker

No amounts are due to the clearing broker.

5. Subordinated Borrowings

The borrowings under subordination agreements originally dated September 30, 1996, and extended on July 15, 1999, are listed below.

Subordinated notes, 6 percent, due July 15, 2005	<u>\$29,800</u>
--	-----------------

The subordinated borrowings are covered by agreements approved by the National Association of Securities Dealers, Inc. and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

6. Note Receivable

The company has a demand note receivable from a stockholder in the amount of \$10,964. Interest on the note is at six (6) percent.

7. 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 not exceed 15 to 1 (and the rule of the "applicable" exchange also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At September 30, 2003, the Company had net capital of \$90,875, which was \$40,875 in excess of its required net capital of \$50,000. The Company's net capital ratio was 1.09 to 1.

8. Income Taxes

The income tax provision consists of the following:

	<u>Expenses</u>	<u>Refundable Taxes</u>	<u>Deferred Taxes</u>	<u>Total</u>
Federal	\$7,535	\$(4,056)	\$(300)	\$3,179
State	<u> </u>	<u>(705)</u>	<u>(50)</u>	<u>(755)</u>
	<u>\$7,535</u>	<u>\$(4,761)</u>	<u>\$(350)</u>	<u>\$2,424</u>

Deferred income tax assets and liabilities are principally applicable to differences in tax and book depreciation and net operating loss carry forwards. Net deferred income taxes is \$(550) as of September 30, 2003.

	Deferred Tax <u>Asset</u>	Deferred Tax <u>Liability</u>	Net Deferred <u>Tax Liability</u>
Federal		\$ 1,450	\$ 1,450
States	\$ <u>1,050</u>	<u>150</u>	<u>(900)</u>
	\$ <u><u>1,050</u></u>	\$ <u><u>1,600</u></u>	\$ <u><u>550</u></u>

9. Earnings Per Share

Earnings per share of common stock was computed by dividing net income by the weighted average number of common shares outstanding for the year (1,052 shares).

10. SIPC Annual Assessment

Regional Operations Group, Inc., the clearing broker for Alton Securities Group, Inc., assesses and remits to the Securities and Investor Protection Corporation all required assessments.

11. Pension Plan

The company adopted a SIMPLE - IRA plan effective September 1, 1997. The plan calls for the company to make matching contributions towards employee contributions. The contribution matches dollar for dollar up to three (3) percent of compensation. The company has no future liability beyond the match. Pension expense for the year amounted to \$7,584.

12. Use of estimates in the preparation of financial statements

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.

13. Debt commitments

Lease purchase of equipment

The company entered into a lease purchase commitment for the purchase of a copier on March 29, 1999. The agreement calls for 60 monthly payments of \$212.14. The maturity date is March, 2004.

Cost Capitalized	\$8,014
Accumulated Depreciation	<u>7,228</u>
Net Book Value	\$ <u><u>786</u></u>

Future annual requirements are as follows:

Year Ending <u>September 30,</u>	<u>Lease Purchase</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	<u>\$1,133</u>	<u>\$65</u>	<u>\$1,198</u>

14. Lease Commitments

The company leased computer equipment under a 36 month agreement which expired May, 2003. The company paid monthly rental payments of \$133.88. Payments under this lease totaled \$1,578 for the year.

The company leases computer equipment under a 24 month agreement expiring June, 2004. The company pays monthly rental payment of \$128.91. Payments under this lease totaled \$1,679 for the year.

The company leases office space under a 1 year lease agreement. The lease agreement calls for lease payments of \$3,500 per month and the associated cost of real estate taxes and insurance. Payments under the previous lease totaled \$45,500 for the year. The office space is leased from a related company which is owned by the same stockholders as Alton Securities Group, Inc.

At year end, the future minimum lease payments under the terms of the various leases are as follows:

Year Ending <u>September 30,</u>	<u>Amount</u>
2004	<u>\$42,000</u>

Schedule I
ALTON SECURITIES GROUP, INC.
 Computation of Net Capital Under Rule 15c3-1 of the
 Securities and Exchange Commission
As of September 30, 2003

NET CAPITAL

Total stockholders' equity	\$106,875
Total stockholders' equity qualified for net capital	
Add:	
Subordinated borrowings allowable in computation of net capital	<u>29,800</u>
Total capital and allowable subordinated borrowings	136,675
Deductions and/or charges:	
Non-allowable assets	
Accounts receivable from non-customers	10,964
Furniture and equipment (net)	19,434
Other assets	<u>15,402</u>
Total	<u>45,800</u>
Total net capital	\$ <u>90,875</u>

AGGREGATE INDEBTEDNESS

Items included in statement of financial condition	
Accrued payroll	\$ 40,464
Accounts payable	47,252
Other accrued expenses	<u>11,375</u>
Total aggregate indebtedness	\$ <u>99,091</u>

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Minimum net capital required	\$ <u>50,000</u>
Excess net capital at 1500%	\$ <u>84,269</u>
Excess net capital at 1000%	\$ <u>80,966</u>
Ratio: Aggregate indebtedness to net capital	<u>1.09 to 1</u>

Reconciliation with company's computation (included in Part II of Form X-17A-5(a)) as of September 30, 2003. There is no material difference from the company's computation and Part II of Form X-17A-5(a) on September 30, 2003.