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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
MISSION

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

SECURITIES AND EXCHANGE COMMISSION  
RECEIVED  
SEC FILE NUMBER  
8-36567

MAY 08 2003

DIVISION OF MARKET REGULATION

**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 January 1, 2002 AND ENDING December 31, 2002  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:  
FRS INTERNATIONAL BROKERAGE, INC.

OFFICIAL USE ONLY  
FIRM ID. NO.

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

801 Brickell Avenue 16th Floor  
(No. and Street)  
Miami, Florida 33131  
(City) (State) (Zip Code)

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

JOHN S. SULLIVAN (305) 381-8340  
(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

MORRISON, BROWN, ARGIZ & COMPANY

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

1001 Brickell Bay Drive, 9th Floor, Miami, FL 33131  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**

JUL 16 2003

THOMSON  
FINANCIAL

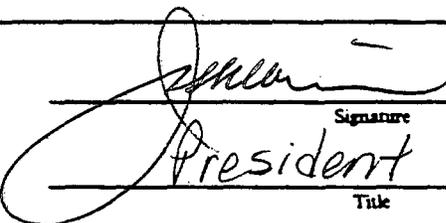
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

## OATH OR AFFIRMATION

I, JOHN S. SULLIVAN, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of \_\_\_\_\_, as of December 31, ~~XX~~ 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



Ingrid A. Velez  
MY COMMISSION # DD056500 EXPIRES  
September 16, 2005  
BONDED THRU TROY FAIR INSURANCE, INC.

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).

**PRS INTERNATIONAL BROKERAGE, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF  
PRS INTERNATIONAL CONSULTING, INC.)**

Financial Statements

December 31, 2002

# MORRISON, BROWN, ARGIZ

*Certified Public Accountants* ⊕ COMPANY, LLP

## REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholder  
PRS International Brokerage, Inc.  
(A Wholly-Owned Subsidiary of PRS International Consulting, Inc.)

We have audited the accompanying statement of financial condition of PRS International Brokerage, Inc. (a wholly-owned subsidiary of PRS International Consulting, Inc.) as of December 31, 2002 and the related statements of income, changes in stockholder's equity 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 and supplementary information referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and supplementary information 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 PRS International Brokerage, Inc. (a wholly-owned subsidiary of PRS International Consulting, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained on pages 8 and 9 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.

*Morrison, Brown, Argiz & Company*

Miami, Florida  
February 3, 2003

**PRS INTERNATIONAL BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)**  
**FINANCIAL STATEMENTS**  
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**PRS INTERNATIONAL BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2002**

**ASSETS**

Cash	\$ 182,330
Receivable from brokers	44,166
Other assets	<u>6,077</u>
	<u>\$ 232,573</u>

**LIABILITIES AND STOCKHOLDER'S EQUITY**

**LIABILITIES**

Accrued expenses	\$ 5,500
Due to Parent	<u>4,282</u>
	<u>9,782</u>

**STOCKHOLDER'S EQUITY**

Common stock, \$1.00 par value; 7,500 shares authorized, 100 shares issued and outstanding	100
Additional paid-in capital	90,336
Retained earnings	<u>132,355</u>
	<u>222,791</u>
	<u>\$ 232,573</u>

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

**PRS INTERNATIONAL BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)**  
**STATEMENT OF INCOME**  
**YEAR ENDED DECEMBER 31, 2002**

REVENUES	
Commissions	\$ 39,899
Interest and other	<u>1,503</u>
TOTAL REVENUES	<u>41,402</u>
OPERATING EXPENSES	
Clearance charges	698
Legal and accounting	6,455
Insurance	4,792
Licenses and fees	1,982
Miscellaneous	<u>4,518</u>
	<u>18,445</u>
INCOME BEFORE INCOME TAXES	22,957
PROVISION FOR INCOME TAXES	<u>4,282</u>
NET INCOME	<u><u>\$ 18,675</u></u>

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

**PRS INTERNATIONAL BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)**  
**STATEMENT OF CHANGES IN STOCKHOLDER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2002**

	<u>COMMON STOCK</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>RETAINED EARNINGS</u>	<u>TOTAL STOCKHOLDER'S EQUITY</u>
BALANCES, JANUARY 1, 2002	\$ 100	\$ 90,336	\$ 113,680	\$ 204,116
NET INCOME	<u>-</u>	<u>-</u>	<u>18,675</u>	<u>18,675</u>
BALANCES, DECEMBER 31, 2002	<u>\$ 100</u>	<u>\$ 90,336</u>	<u>\$ 132,355</u>	<u>\$ 222,791</u>

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

**PRS INTERNATIONAL BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2002**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net income	\$ <u>18,675</u>
Adjustments to reconcile net income to net cash provided by operating activities:	
Changes in operating assets and liabilities:	
Receivable from brokers	684
Other assets	<u>(2,500)</u>
 TOTAL ADJUSTMENTS	 <u>(1,816)</u>
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 16,859
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	
Repayment to Parent	<u>(1,417)</u>
 NET INCREASE IN CASH	 15,442
 CASH, BEGINNING OF PERIOD	 <u>166,888</u>
 CASH, END OF PERIOD	 <u>\$ 182,330</u>

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

**PRS INTERNATIONAL BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**A) OPERATIONS**

PRS International Brokerage, Inc. (the "Company") is a wholly-owned subsidiary of PRS International Consulting, Inc., a financial and business consulting company. The Company operates as a broker-dealer in securities and is so registered with the Securities and Exchange Commission, the Florida Division of Securities and the National Association of Securities Dealers, Inc., and as an introducing broker with the National Futures Association and the Commodity Futures Trading Commission. Consequently, its record keeping is in accordance with the rules and regulations prescribed by these agencies.

**B) CASH**

The Company considers cash to include highly liquid investments with purchased maturities of three months or less.

**C) COMMISSIONS**

Commission revenues and related expenses have been accrued on a trade date basis.

**D) CLEARING ARRANGEMENTS**

The Company has an agreement with Capital Investment Services, Inc. to provide execution and clearing services on behalf of its customers on a fully disclosed basis. All customer records and accounts are maintained by Capital Investment Services, Inc.

**E) ACCOUNTING ESTIMATES**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at December 31, 2002 and revenues and expenses during the period then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

**NOTE 2 - RELATED PARTY TRANSACTIONS**

The Company uses the office facilities and employees of its Parent at no cost.

**PRS INTERNATIONAL BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2002**

**NOTE 3 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK**

In the normal course of business, the Company encounters economic risk, mainly comprised of credit risk and market risk. Credit risk arises from the customer securities activities which are transacted on either cash or margin basis. These transactions may expose the Company to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations and margin requirements are not sufficient to fully cover losses which customers may incur. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill those obligations. In connection with its clearing arrangements, the Company is required to guarantee the performance of its customers in meeting their contracted obligations. At various times during the year, the Company had cash deposits in excess of federally insured limits.

**NOTE 4 - NET CAPITAL RULE**

The Company, as a registered broker-dealer in securities, is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1) and the Commodity Futures Trading Commission Regulation 1.17, which require that the Company maintain "Net Capital" equal to the greater of \$50,000 or 6 2/3% of "Aggregate Indebtedness", as defined. At December 31, 2002, the Company's "Net Capital" was \$175,451 and "Required Net Capital" was \$50,000. The ratio of aggregate indebtedness to net capital should not exceed 15 to 1. At December 31, 2002, the ratio of "Aggregate Indebtedness" to "Net Capital" was .06 to 1.

**NOTE 5 - INCOME TAXES**

The Company's earnings are included in the consolidated Federal and State income tax returns of its Parent. For financial statement purposes, income taxes have been calculated as if the Company were filing separate returns. These amounts are payable to or receivable from the Parent.

ACCOMPANYING INFORMATION

**PRS INTERNATIONAL BROKERAGE, INC.**  
**(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)**  
**COMPUTATION OF NET CAPITAL UNDER UNIFORM NET CAPITAL RULE 15c3-1**  
**OF THE SECURITIES AND EXCHANGE COMMISSION**  
**(SEE INDEPENDENT AUDITOR'S REPORT)**  
**DECEMBER 31, 2002**

<b>CREDITS</b>	
Stockholder's equity	<u>\$ 222,791</u>
<b>DEBITS</b>	
Receivable from brokers	36,183
Other	6,157
Charge for NASD insurance bond, deductible in excess of \$5,000	<u>5,000</u>
<b>TOTAL DEBITS</b>	<u>47,340</u>
<b>NET CAPITAL</b>	175,451
<b>MINIMUM NET CAPITAL REQUIREMENT</b>	
6-2/3% of aggregate indebtedness of \$9,782 or \$50,000, whichever is greater	<u>50,000</u>
<b>EXCESS NET CAPITAL</b>	<u>\$ 125,451</u>
<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	
	<u>.06 to 1</u>
<b>SCHEDULE OF AGGREGATE INDEBTEDNESS</b>	
Accrued expenses	\$ 5,500
Due to Parent	<u>4,282</u>
	<u>\$ 9,782</u>

**RECONCILIATION OF COMPUTATION OF NET CAPITAL UNDER UNIFORM NET  
CAPITAL RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION  
TO COMPANY'S CORRESPONDING UNAUDITED FORM X-17A-5,  
PART II FILING DECEMBER 31, 2002**

<b>NET CAPITAL PER COMPUTATION</b>	<u>\$ 175,451</u>
<b>NET CAPITAL PER COMPUTATION INCLUDED IN THE COMPANY'S UNAUDITED FORM X-17A-5, PART IIA FILING</b>	<u>\$ 175,451</u>

**PRS INTERNATIONAL BROKERAGE, INC.  
(A WHOLLY-OWNED SUBSIDIARY OF PRS INTERNATIONAL CONSULTING, INC.)  
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS  
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION  
(SEE INDEPENDENT AUDITOR'S REPORT)  
DECEMBER 31, 2002**

The Company is not required to maintain a "Special reserve bank account for the exclusive benefit of customers" as it is exempt under (k)(2)(ii); all customers' transactions are cleared through Capital Investment Services, Inc., and all commodities and futures transactions are cleared through Carr Futures.

Independent Auditor's Report on Internal Control  
Required by Rule 17a-5 of the Securities  
and Exchange Commission

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

To the Board of Directors and Stockholder of  
PRS International Brokerage, Inc.  
(A Wholly-owned Subsidiary of PRS International Consulting, Inc.)

In planning and performing our audit of the financial statements and accompanying information of PRS International Brokerage, Inc. (a wholly-owned subsidiary of PRS International Consulting, 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 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

Also, as required by Regulation 1.16 of the Commodity Futures Trading Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company that we considered relevant to the objectives stated in Regulation 1.16 in making the periodic computations of minimum financial requirement pursuant to Regulation 1.17.

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 U.S. 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 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 and 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 recognizes that it is not practical in an organization the size of PRS International Brokerage, Inc. (a wholly-owned subsidiary of PRS International Consulting, Inc.) to achieve all the segregations of duties and cross-checks generally included in a system of internal control and that alternatively greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the Board of Directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., the Commodity Futures Trading Commission and other regulatory agencies which 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.

*Morrison, Brown, Argy & Company*

Certified Public Accountants  
Miami, Florida  
February 3, 2003