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

SEC FILE NUMBER
8- 18249

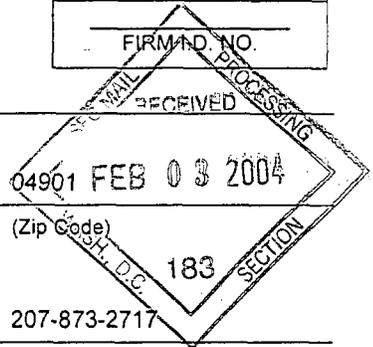
FACING PAGE
Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/03 AND ENDING 12/31/03
MM/DD/YYYY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: R.M. TONGE COMPANY	
ADDRESS OF PRINCIPLE PLACE OF BUSINESS: (Do not use P.O. Box No.) 197 MAIN STREET	
(No. and Street)	
WATERVILLE	ME
(City)	(State)
NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT ROBERT M. TONGE	
207-873-2717	
(Area Code - Telephone Number)	

OFFICIAL USE ONLY
FIRM ID NO.



B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*			
LARRY D. LIBERFARB, P.C.			
(Name - if individual, state first, last, middle name)			
11 VANDERBILT AVENUE, SUITE 220	NORWOOD	MA	02062
(Address)	(City)	(State)	(Zip Code)

- CHECK ONE:**
- Certified Public Accountant
 - Public Accountant
 - Accountant not resident in United States or any of its properties

PROCESSED

FOR OFFICAL USE ONLY	MAR 17 2004
THOMSON FINANCIAL	

*Claims for exemption from the requirements 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 240.17-a-8(e)(2)

SEC 1410 (05-01) Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number.

Handwritten initials: P/S

OATH OR AFFIRMATION

I, ROBERT M. TONGE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of R.M. TONGE COMPANY, as of DECEMBER 31, 20 03, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principle officer or director has any proprietary interest in any account classified solely as that of A customer, except as follows:

Robert M Tonge

Signature

PARTNER

Partner

Title

X *Joyce D Toman*

Notary Public

Joyce D. Toman, Notary Public
My Commission Expires 1-28-2005

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 15c2-3.
- (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).

**R. M. TONGE COMPANY
FINANCIAL STATEMENTS
DECEMBER 31, 2003**

LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL ADVISORS

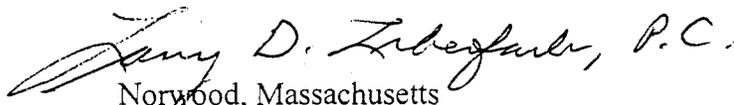
11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062
Tel. (781) 255-8800 Fax (781) 255-9217
E-Mail: Info@Liberfarb.com

To the Partners of
R. M. Tonge Company
Waterville, Maine

We have audited the accompanying statement of financial condition of R. M. Tonge Company (a partnership) as of December 31, 2003 and the related statements of income, changes in partnership capital, 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 R. M. Tonge Company as of December 31, 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.


Norwood, Massachusetts
January 20, 2004

R.M. TONGE COMPANY

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

ASSETS

Cash	\$ 7,407
Deposits with clearing organizations	84,508
Receivable from broker-dealers and clearing organizations	18,081
Furniture and equipment, at cost, less accumulated depreciation of \$38, 996	1,452
Other assets	<u>3,431</u>
	<u>\$ 114,879</u>

LIABILITIES AND PARTNERS' CAPITAL

Liabilities:	
Accounts payable, accrued expenses, and other liabilities	\$ 223
Payable to broker-dealers and clearing organizations	<u>1,095</u>
	<u>1,318</u>
Partners' capital	<u>113,561</u>
	<u>\$ 114,879</u>

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

R.M. TONGE COMPANY

STATEMENT OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues:

Commissions	\$ 58,572
Interest	3
	<u>58,575</u>

Expenses:

Employee compensation and benefits	29,833
Floor brokerage, exchange and clearance fees	2,270
Communications and data processing	4,647
Occupancy	2,219
Other expenses	20,481
	<u>59,450</u>

Net loss \$ (875)

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

R.M. TONGE COMPANY

STATEMENT OF CHANGES IN PARTNERSHIP CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2003

Balance at January 1, 2003	\$ 126,250
Net loss	(875)
Additions of capital	6,198
Deductions of capital	<u>(18,012)</u>
Balance at December 31, 2003	<u><u>\$ 113,561</u></u>

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

R.M. TONGE COMPANY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash flows used for operating activities:

Net loss	\$ (875)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	363
Increase in Deposits with clearing organizations	(10,952)
Increase in Receivable from brokers-dealers	(12,500)
Decrease in Accounts payable, accrued expenses	(292)
Increase in Payable to broker-dealers	<u>1,095</u>
Net cash used for operating activities	(23,161)

Cash flows from investing activities:

Decrease in Securities owned	35,221
Purchase of Furniture and equipment	<u>(1,815)</u>
Net cash from investing activities	33,406

Cash flows used for financing activities:

Capital additions	6,198
Capital withdrawals	<u>(18,012)</u>
Net cash used for financing activities	(11,814)

Decrease in cash (1,569)

Cash at beginning of the year 8,976

Cash at end of the year \$ 7,407

Supplemental disclosure of cash flow information:

Cash paid during the year for:

Interest	\$ 0
Income taxes	\$ 0

Disclosure of accounting policy:

For purposes of the statement of cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

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

R. M. TONGE COMPANY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Business

The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD).

Securities Transactions

Customers' securities transactions are recorded on a settlement date basis. The related commission income and expenses are also recorded on the settlement date basis.

Furniture and Equipment

Furniture and equipment are recorded at cost. Depreciation is calculated using the straight-line method over five years.

Income Taxes

The Company is a limited partnership, and is not subject to federal and state income taxes.

Securities

It is the Company's policy to reflect both realized and unrealized gains and losses of securities as an adjustment to the individual partners capital accounts. For the year ended December 31, 2003 there were no unrealized gains.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in these financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE 2 - FURNITURE AND EQUIPMENT

Major classifications of furniture and equipment are as follows:

Office equipment	\$40,448
Less accumulated depreciation	<u>38,996</u>
	\$ 1,452

Depreciation expense for the year ending December 31, 2003 was \$363.

R. M. TONGE COMPANY

NOTES TO FINANCIAL STATEMENTS, CONTINUED

DECEMBER 31, 2003

NOTE 3 - NET CAPITAL

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), 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. The Company's net capital of \$106,751 which was \$101,751 in excess of its required net capital of \$5,000. The Company's net capital ratio was .0123 to 1.

NOTE 4 - RELATED PARTY TRANSACTIONS

The Company leases its office facilities under a tenant-at-will arrangement, from a partnership comprised of the Company's general and limited partners. Rent payments under this arrangement for the year ended December 31, 2003 was \$0. At December 31, 2003 the Company did not owe any monies to the related party. Because this is a related entity, operating results could vary significantly from those that would be obtained if this entity was autonomous.

NOTE 5 - CONCENTRATIONS OF CREDIT RISK

The Company is engaged in various trading and brokerage activities whose counterparties include other financial institutions, and the general public. In the event counterparties do not fulfill their obligations the Company may be exposed to risk. The risk of default depends on the credit worthiness of the counterparty or issuer of the instrument. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

**R. M. TONGE COMPANY
SUPPLEMENTARY SCHEDULES
DECEMBER 31, 2003**

LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062

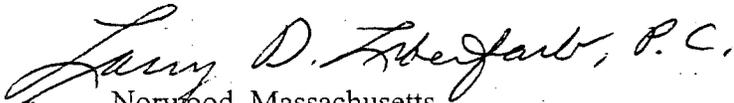
Tel. (781) 255-8800 Fax (781) 255-9217

E-Mail: Info@Liberfarb.com

**Independent Auditor's Report on
Supplementary Information Required by Rule 17a-5 of the
Securities and Exchange Commission**

To the Partners of
R. M. Tonge Company
Waterville, Maine

We have audited the accompanying financial statements of R. M. Tonge Company as of and for the year ended December 31, 2003, and have issued our report thereon dated January 20, 2004. Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I, and II is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. 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.


Norwood, Massachusetts
January 20, 2004

SCHEDULE I

R. M. TONGE COMPANY

**COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL
PURSUANT TO RULE 15c3-1**

DECEMBER 31, 2003

AGGREGATE INDEBTEDNESS:

Accounts payable and accrued expenses	\$ 223
Payable to broker-dealers	<u>1,095</u>

TOTAL AGGREGATE INDEBTEDNESS

\$ 1,318

NET CAPITAL:

Total partners' capital	\$ 113,561
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ADJUSTMENTS TO NET CAPITAL:

Furniture and equipment	(1,452)
Other assets	(3,431)
Haircuts	<u>(1,927)</u>

Net capital, as defined	<u>\$ 106,751</u>
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NET CAPITAL REQUIREMENT

5,000

NET CAPITAL IN EXCESS OF REQUIRMENT

\$ 101,751

RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL

1.23%

Reconciliation with Company's computation of net capital:

Net capital as reported in Company's Part IIA (unaudited)

FOCUS Report	\$ 100,940
Net audit, adjustments	5,594
Decrease in non-allowables and haircuts	<u>217</u>
Net capital per above	<u>\$ 106,751</u>

SCHEDULE II

R. M. TONGE COMPANY

**COMPUTATION FOR DETERMINATION OF
RESERVE REQUIREMENTS FOR BROKER/DEALERS UNDER
RULE 15c3-3 OF THE SECURITIES EXCHANGE ACT OF 1934**

DECEMBER 31, 2003

R. M. Tonge Company is exempt from the reserve requirements of Rule 15c3-3 as its transactions are limited, such that they do not handle customer funds or securities, accordingly, the computation for determination of reserve requirements pursuant to Rule 15c3-3 and information relating to the possession or control requirement pursuant to Rule 15c3-3 are not applicable.

LARRY D. LIBERFARB, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
AND FINANCIAL ADVISORS

11 Vanderbilt Avenue, Suite 220, Norwood, Massachusetts 02062
Tel. (781) 255-8800 Fax (781) 255-9217
E-Mail: Info@Liberfarb.com

Independent Auditors' Report on Internal Control Required by SEC Rule 17a-5

To The Partners of
R.M. Tonge Company
Waterville, Maine

In planning and performing our audit of the financial statements of R.M. Tonge Company (the Company), for the year ended December 31, 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 the 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 compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g), in the following:

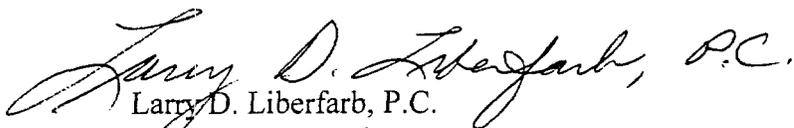
1. Making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e).
2. Making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 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 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, errors 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 design or operation of the specific internal control components does not reduce to a relatively low level the risk that errors 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 weakness 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 the Company's practices and procedures were adequate at December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the partners, the SEC, 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 is not intended to be and should not be used by anyone other than these specified parties.


Larry D. Liberfarb, P.C.
Norwood, Massachusetts
January 20, 2004