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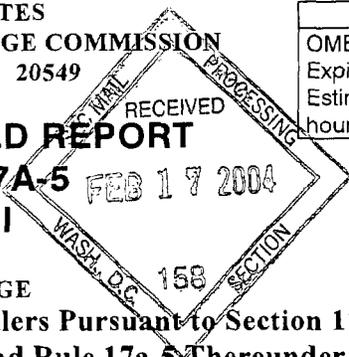


UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

BB 2/20

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



SEC FILE NUMBER
853233

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/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: R.J. Murphy + Associates, LLC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

25 Broad street, suite 12F
(No. and Street)

New York,
(City)

N.Y.
(State)

10004
(Zip Code)

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

Richard J. Murphy

(212) 269-2032
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Donald Damon

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

1807 Court north Drive Melville Ny. 11747
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
FEB 26 2004

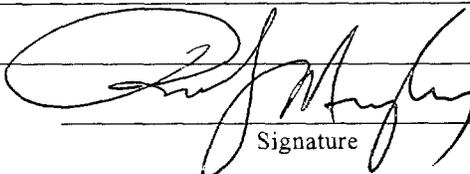
FOR OFFICIAL USE ONLY
THOMSON FINANCIAL

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

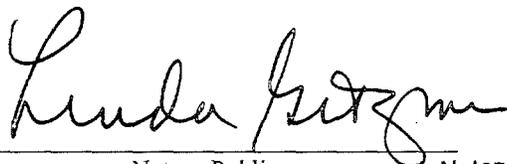
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OATH OR AFFIRMATION

I, Richard J. Murphy, 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. J. Murphy + Associates, LLC., as of December 31, 20 04, 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

CEO + President
Title



Notary Public

LINDA GETZONE
Notary Public, State of New York
No. 01GE4851342
Qualified in New York County
Commission Expires April 17, 2006

- 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).

Donald Damon

CERTIFIED PUBLIC ACCOUNTANT AND CONSULTANT

1507 Court North Drive
Melville, NY 11747
631.753.8893
Fax 631.753.0222
e-mail ddamon@optonline.net

February 4, 2004

Board of Directors
R.J. Murphy & Associates, LLC

In planning and performing our audit of the financial statements and supplemental schedules of R.J. Murphy & Associates, LLC (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 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 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 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 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 December 31, 2003, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, New York Stock Exchange 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.

Very truly yours,

A handwritten signature in black ink, appearing to read "Donald Damon". The signature is stylized with a large initial "D" and a long horizontal stroke extending to the right.

Donald Damon
Certified Public Accountant

R.J. MURPHY & ASSOCIATES, LLC

FINANCIAL STATEMENTS

DECEMBER 31, 2003

DONALD DAMON
CERTIFIED PUBLIC ACCOUNTANT AND CONSULTANT

**R.J. MURPHY & ASSOCIATES, LLC
INDEX TO FINANCIAL STATEMENTS
DECEMBER 31, 2003**

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Donald Damon

CERTIFIED PUBLIC ACCOUNTANT AND CONSULTANT

1507 Court North Drive
Melville, NY 11747
631.753.8893
Fax 631.753.0222
e-mail ddamon@optonline.net

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT

To the Board of Directors
R.J. Murphy & Associates, LLC

We have audited the accompanying statement of financial condition of R.J. Murphy & Associates, LLC as of December 31, 2003, and the related statements of income, changes in member'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 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.J. Murphy & Associates, LLC as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting principles.


Donald Damon, CPA

New York, New York
February 4, 2004

R.J. MURPHY & ASSOCIATES, LLC
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

A S S E T S

Cash	\$ 31,014
Deposits with clearing organization	100,344
Receivable from broker-dealers and clearing organizations (Note 2)	322,354
Other assets	<u>2,500</u>
 TOTAL	 <u>\$ 456,212</u>

LIABILITIES AND MEMBER'S EQUITY

<u>Current Liabilities</u>	
Installment loan payable (Note 4)	\$ 25,314
Payable to broker-dealers and clearing organizations (Note 2)	18,832
Accounts payable and accrued expenses	<u>152,896</u>
 <u>Total Current Liabilities</u>	 197,042
 <u>Other Liabilities</u>	
Installment loan payable less current maturities (Note 4)	\$ 8,896
Member's loan (Note 3)	<u>27,760</u>
 <u>Total Other Liabilities</u>	 36,656
 Commitments and Contingent Liabilities (Note 6)	
 Member's Equity	 <u>222,514</u>
 TOTAL	 <u>\$ 456,212</u>

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

R.J. MURPHY & ASSOCIATES, LLC
STATEMENT OF INCOME
YEAR ENDED DECEMBER 31, 2003

<u>Revenues</u>		
Commissions		\$3,496,346
Interest		<u>270</u>
<u>Total Revenues</u>		3,496,616
 <u>Expenses</u>		
Employee compensation and benefits	\$1,366,666	
New York stock exchange seat leases	1,006,750	
Floor brokerage, exchange, and clearance fees	401,607	
Trading errors	64,562	
Communications, booth rentals and data processing	305,656	
Other expenses	<u>288,395</u>	<u>3,433,636</u>
 Income From Operations Before Provision For Income Taxes		 62,980
 Provision for local income taxes		 <u>6,372</u>
 NET INCOME		 <u>\$ 56,608</u>

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

R.J. MURPHY & ASSOCIATES, LLC
STATEMENT OF CHANGES IN MEMBER'S EQUITY
YEAR ENDED DECEMBER 31, 2003

Balance at January 1, 2003	\$ 204,706
Net income	56,608
Member's distributions	<u>(38,800)</u>
Balance at December 31, 2003	<u>\$ 222,514</u>

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

R.J. MURPHY & ASSOCIATES, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

Cash Flows From Operating Activities

Net income \$ 56,608

Adjustments to reconcile net income to
net cash used by operating activities:

Member's distributions (38,800)

Changes in operating assets and
liabilities:

Increase in deposits with clearing
organization (269)

Decrease in receivable from broker-dealers
and clearing organizations 1,169

Decrease in prepaid expenses 15,000

Decrease in other assets 29,000

Decrease in payable to broker-dealers and
clearing organizations (69,275)

Decrease in accounts payable and
accrued expenses (22,403)

Total adjustments to net income (85,578)

Net Cash Used By Operating Activities (28,970)

Cash Flows From Financing Activities

Proceeds from installment loan payable 50,000

Principal payments on installment
loan payable (15,790)

Increase in member's loan 11,478

Net Cash Provided By Financing Activities 45,688

NET INCREASE IN CASH 16,718

CASH, BEGINNING OF YEAR 14,296

CASH, END OF YEAR \$ 31,014

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

R.J. MURPHY & ASSOCIATES, LLC
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2003

Supplemental disclosures of cash flow information:

Cash paid during the year for:

Income Taxes	<u>\$ 6,372</u>
Interest	<u>\$ 7,188</u>

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

R.J. MURPHY & ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

Note 1 - Summary of Significant Accounting Policies

The Company is engaged in a single line of business as a securities broker-dealer, earning trading commissions generally based on the number of shares traded. The Company executes and trades on behalf of its customers or other broker-dealers. The Company does not carry securities accounts for customers, hold securities positions or perform custodial functions relating to customer securities.

a. Business Activity

R.J. Murphy & Associates, LLC (the Company) is a New York limited liability company operating as a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the New York Stock Exchange (NYSE).

b. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

c. Accounts Receivable

The Company follows the policy of writing off bad debts as incurred, therefore, no allowance for bad debts is necessary.

d. Income Taxes

The Company, as a single member limited liability company, elected to be treated for income tax purposes as an schedule "C". Accordingly, no provision has been made for federal or state income taxes.

R.J. MURPHY & ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

Note 2 - Receivable from and Payable to Broker-Dealers and Clearing Organizations

Amounts receivable from and payable to broker-dealers and clearing organizations at December 31, 2003, consist of the following:

	<u>Receivable</u>	<u>Payable</u>
Receivable from clearing organizations	\$111,139	\$ -0-
Fees and commissions receivable/ payable	<u>211,215</u>	<u>18,832</u>
	<u>\$322,354</u>	<u>\$ 18,832</u>

Note 3 - Member's Loans

Member's loans are unsecured, non-interest bearing and payable upon demand.

Note 4 - Installment Loan Payable

Installment loan payable is due in monthly installments of \$ 2,261.14, including interest at the rate of 7.99% per annum. The loan matures in April 2005.

Installment loan payable	\$ 34,210	
Less: current maturities	<u>25,314</u>	
Long-term portion	<u>\$ 8,896</u>	

Note 5 - 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. At December 31, 2003, the Company had net capital of \$220,014, which was \$176,234 in excess of its required net capital of \$ 43,780. The Company's percentage of aggregate indebtedness to net capital was 298.

R.J. MURPHY & ASSOCIATES, LLC
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003

Note 6 - Commitment and Contingent Liabilities

The Company has obligations under operating leases for office space, equipment, and floor seats. Aggregate annual rentals at December 31, 2003 are approximately as listed below:

December 31,

2004	\$ 457,740
2005	<u>20,265</u>
	<u>\$ 478,005</u>

Donald Damon

CERTIFIED PUBLIC ACCOUNTANT AND CONSULTANT

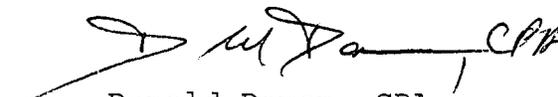
1507 Court North Drive
Melville, NY 11747
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**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON
SUPPLEMENTARY INFORMATION REQUIRED BY RULE 17A-5
OF THE SECURITIES AND EXCHANGE COMMISSION**

To the Board of Directors
R.J. Murphy & Associates, LLC

We have audited the accompanying financial statements of R.J. Murphy & Associates, LLC as of and for the year ended December 31, 2003, and have issued our report thereon dated February 4, 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 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 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 whole.

We have omitted Schedules II, III and IV as described by Rule 17a-5 under the Securities Exchange Act of 1934 as the disclosures of the aforementioned schedules do not apply to these financial statements.


Donald Damon, CPA

New York, New York
February 4, 2004

R.J. MURPHY & ASSOCIATES, LLC
 COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
 OF THE SECURITIES AND EXCHANGE COMMISSION - SCHEDULE I
 DECEMBER 31, 2003

Net Capital
 Total member's equity \$ 222,514

Deductions and/or charges
 Non-allowable assets:
 Other assets 2,500

Net Capital \$ 220,014

Aggregate indebtedness
 Items included in statement of financial condition:

Payable to broker-dealers and clearing organizations \$ 18,832
 Member's loan 27,760
 Accounts payable and accrued expenses 152,896
 Installment loan payable 34,210

Items not included in statement of financial condition:

Member's NYSE seat lease guarantees 422,999

Total aggregate indebtedness \$ 656,697

Computation of basic net capital requirement

Minimum net capital 6 2/3% of total aggregate indebtedness \$ 43,780

Excess net capital \$ 176,234

Excess net capital at 1000% \$ 154,344

Percentage of aggregate indebtedness to net capital 298

Reconciliation with company's computation (included in Part II of Form X-17A-5 as of December 31, 2003)

Reconciliation is not necessary pursuant to Rule 17a-5(d)4.