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

SEC FILE NUMBER
8- 53127

THOMSON
FINANCIAL

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, 2003 AND ENDING December 31, 2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Union Capital Company

OFFICIAL USE ONLY
FIRM I.D. NO.

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

4400 E. Broadway, Suite 512

(No. and Street)

Tucson
(City)

Arizona
(State)

85711
(Zip Code)

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

Frank Almada

(520) 664-2001

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Klewer, Julie S.

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

4783 E. Camp Lowell Drive

Tucson

Arizona

85712

(Address)

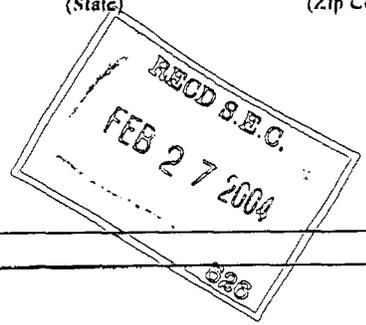
(City)

(State)

(Zip Code)

CHECK ONE:

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

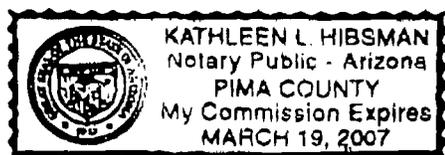


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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Frank Almada, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Union Capital Company, as of December 31, 20 03, 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:



Kathleen L. Hibbsman
Notary Public

[Signature]
Signature

President
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).

UNION CAPITAL HOLDINGS CORP. AND
SUBSIDIARY UNION CAPITAL COMPANY

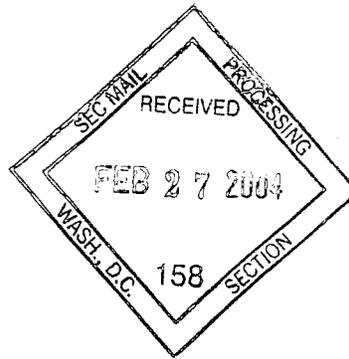
Audited Consolidated Financial Statements
and Supplementary Information

For the year ended December 31, 2003

Union Capital Company

SEC File No: 8-53127

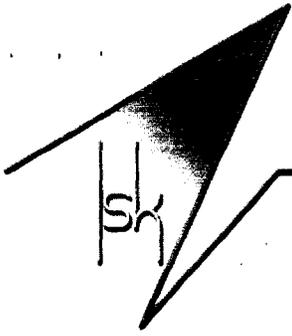
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UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

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Ludwig, Schacht & Klewer, PLLC

certified public accountants & consultants

Christopher Wm. Ludwig
Wendy G. Schacht
Julie S. Klewer

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholders
Union Capital Holdings Corp. and Subsidiary
Union Capital Company

We have audited the accompanying consolidated statement of financial condition of Union Capital Holdings Corp. (a Corporation) and subsidiary Union Capital Company (a Corporation) as of December 31, 2003 and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Union Capital Holdings Corp. and subsidiary Union Capital Company as of December 31, 2003 and the results of their consolidated operations and their cash flows for the year then ended in conformity with generally accepted accounting principles accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. However, this information is 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 consolidated financial statements and, in our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ludwig, Schacht & Klewer, PLLC

January 29, 2004

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
December 31, 2003

ASSETS

Assets:	
Cash and cash equivalents	\$ 2,897
Commissions receivable	14,971
Due from stockholders	49,592
Other receivables	3,913
Deposits	3,305
Property and equipment, net	<u>19,531</u>
Total assets	<u>\$ 94,209</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:	
Accrued expenses	\$ 9,949
Income taxes payable	50
Capital lease payable	<u>2,175</u>
Total liabilities	12,174
Stockholders' equity:	
Common stock, no par value; 2,000,000 shares authorized, 1,034,759 shares issued and outstanding	-
Preferred stock, Series A, \$1.00 par value; noncumulative, nonvoting; \$7,360 aggregate liquidation preference; 10,000 shares authorized, 4,600 issued and outstanding	4,600
Paid-in capital	458,724
Accumulated deficit	<u>(381,289)</u>
Total stockholders' equity	<u>82,035</u>
Total liabilities and stockholders' equity	<u>\$ 94,209</u>

See independent auditors' report and accompanying notes.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATED STATEMENT OF OPERATIONS

For the year ended December 31, 2003

Revenue:	
Commission revenue	\$ 314,744
Other income	5,608
	<hr/>
Total revenue	320,352
Expenses:	
Compensation and benefits	184,707
Floor brokerage and clearing costs	65,962
Occupancy	22,180
Office expenses	12,413
Telephone	9,591
Depreciation	5,999
Licenses and fees	5,216
Travel and entertainment	4,377
Legal and professional fees	4,367
Miscellaneous	4,077
Website and internet	1,855
Interest expense	747
	<hr/>
Total expenses	321,491
Net loss before income taxes	(1,139)
Provision for income taxes	50
	<hr/>
Net loss	<u>\$ (1,189)</u>

See independent auditors' report and accompanying notes.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY
For the year ended December 31, 2003

	Common Stock	Preferred Stock	Paid-in Capital	Accumulated Deficit	Total
Balance, December 31, 2002, restated	\$ -	\$ -	\$ 458,624	\$ (380,100)	\$ 78,524
Net loss				(1,189)	(1,189)
Preferred stock issued to extinguish debt		4,600			4,600
Contributed capital			100		100
Balance, December 31, 2003	<u>\$ -</u>	<u>\$ 4,600</u>	<u>\$ 458,724</u>	<u>\$ (381,289)</u>	<u>\$ 82,035</u>

See independent auditors' report and accompanying notes.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended December 31, 2003

Cash flows from operating activities:	
Net loss	\$ (1,189)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation	5,999
Changes in operating assets and liabilities:	
Commissions receivable	(9,614)
Clearing deposit	4,767
Due from stockholder	(4,283)
Other receivables	393
Accounts payable	5,331
Income taxes payable	50
Total adjustments	<u>2,643</u>
Net cash provided by operating activities	1,454
Cash flows from investing activities	-
Cash flows from financing activities	-
Net increase in cash and cash equivalents	1,454
Cash and cash equivalents, beginning of year	<u>1,443</u>
Cash and cash equivalents, end of year	<u>\$ 2,897</u>
Supplemental disclosure of cash flow activities:	
Cash paid during the year for interest	<u>\$ 747</u>
Property and equipment financed by capital lease payable	<u>\$ 2,468</u>
Conversion of note payable to preferred stock	<u>\$ 4,600</u>

See independent auditors' report and accompanying notes.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Organization

The consolidating financial statements include the accounts of Union Capital Holdings Corp. (the Company) and its wholly owned subsidiary Union Capital Company (UCC).

UCC, an Arizona corporation, began operations in December 1999 as Inversionista Online.com, Inc. and became a registered securities broker-dealer during 2001. The name was changed to Union Capital Company during 2002. UCC operates a customer business whereby transactions are cleared through another broker-dealer on a fully disclosed basis in accordance with the exemption under rule 15c3-3(k)(2)(ii) of the Securities and Exchange Commission. UCHC, an Arizona corporation, was established in August 2002 and began operations on January 1, 2003.

2. Summary of Significant Accounting Policies

Basis of Accounting

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All intercompany balances and transactions have been eliminated in consolidation. The consolidated financial statements of the Company have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables and other liabilities.

Cash and Cash Equivalents

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

Commissions Revenue and Receivable

Commissions revenue and related expenses are recognized on a trade date basis and recorded monthly. Commissions receivable represent commissions earned on transactions that occurred prior to and on December 31, 2003 and paid to the Company after December 31, 2003.

Property and Equipment

Property and equipment is stated at cost. The cost of maintenance, repairs and minor renewals is charged to expense in the year incurred. Expenditures that increase the useful lives of the assets are capitalized and depreciated. When items are retired or disposed of, the cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

For financial statement purposes, depreciation is computed using the straight-line method over the following estimated useful lives of the various classes of assets:

Furniture and equipment	7 years
Computer equipment and software	5 years

Income Taxes

The Company and UCC file a consolidated income tax return and maintain a December 31 year-end for financial and income tax reporting purposes.

The Company records deferred income tax assets and liabilities based on items of income and expense that are reported for financial statement purposes in different periods than for income tax purposes. The differences relate principally to the use of different methods of depreciation for financial and tax purposes and net operating loss carryovers.

Accounting 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 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.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Summary of Significant Accounting Policies, Continued

Concentration of Credit Risk

UCC, as an introducing broker, clears all transactions with and for customers on a fully-disclosed basis with a clearing broker and promptly transmits all customer funds and securities to the clearing broker who carries all of the accounts. These activities may expose UCC to off-balance sheet risk in the event that the customer and/or clearing broker is unable to fulfill their obligations. UCC does not maintain margin accounts for its customers, and therefore, there were no excess margin securities at December 31, 2003.

UCC transacts its business with customers located throughout the United States and Latin America.

3. Net Capital

UCC, as a registered broker-dealer in securities, is subject to the Uniform Net Capital Rule of the Securities and Exchange Commission and the related rules of the National Association of Securities Dealers, Inc. Such rules prohibit the Company from engaging in any securities transactions whenever its "aggregate indebtedness" (as defined by SEC rules) exceeds eight times its "net capital" (as defined by SEC rules) for the first year, and fifteen times its "net capital" for subsequent years.

At December 31, 2003, the Company had a net capital requirement of \$5,000 and aggregate indebtedness and net capital of \$9,999 and \$7,865, respectively.

4. Income Taxes

Deferred taxes are calculated based on temporary differences in the recognition of certain income and expense items for financial reporting and income tax purposes. Deferred income tax assets in the amount of \$50,600 are the result of net operating loss carryovers. Deferred income tax liabilities in the amount of \$1,700 are the result of differences between depreciation for income tax and financial reporting purposes.

As of December 31, 2003, the Company had no assurance that future taxable income will be sufficient to fully utilize the net operating loss carry forwards or realize the future tax liability due to depreciation differences. Therefore, the Company has established a net valuation allowance of \$48,900 to fully offset the net deferred tax asset.

At December 31, 2003, the Company had a net operating loss carry forward for federal income tax purposes of \$222,737 available to offset future taxable income. Of this amount, \$14,946 expires in 2020 and \$207,791 expires in 2021. The Company had a net operating loss carry forward for Arizona income tax purposes of \$222,706. Of this amount, \$14,915 expires in 2005 and \$207,791 expires in 2006.

5. Related Party Transactions

As of December 31, 2003, the UCC was owed \$49,592 from short-term advances made to stockholders.

During the year ended December 31, 2003, UCHC issued 4,600 shares of Series A, \$1.00 par value, noncumulative preferred stock to a stockholder in exchange for extinguishment of a note payable to the corporation in the amount of \$4,600.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Commitments

The Company leases office space under an operating lease that expires December 2006. Rent expense under this lease during the year ended December 31, 2003 was \$21,979.

Future minimum lease payments under this lease are:

2004	\$ 18,683
2005	23,211
2006	24,013
	<u>65,907</u>

During 2000, the Company entered into a service contract agreement with a foreign company registered in Tortola, British Virgin Islands. Under the terms of the agreement, the Company will earn commissions for providing referred clients with links to software that will allow them access to the bond and mutual fund markets in the United States. The Company will pay the foreign company a percentage of the gross commissions received. This agreement expires in December 2005, and the Company has not incurred any liabilities related to this agreement as of December 31, 2003.

7. Property and Equipment

Property and equipment consists of:

Furniture and equipment	\$ 17,705
Computer equipment and software	16,156
Total property and equipment, at cost	<u>33,861</u>
Less: accumulated depreciation	(14,330)
Property and equipment, net	<u>\$ 19,531</u>

8. Common Stock and Options

During the year ended December 31, 2003, UCHC issued 4,600 shares of noncumulative, nonvoting, nonconvertible preferred stock in exchange for the extinguishment of \$4,600 in notes payable. The preferred stockholder has the right to receive cash dividends at the annual rate of \$.28 per share from the surplus or net profits of the Company when and if declared by the Board of Directors

As of December 31, 2003, UCHC has issued warrants for the purchase of 8,643 shares of common stock. The warrants are convertible to one share of common stock for each warrant held. The warrants are exercisable at \$0.01 per share and expire October 26, 2006.

As of December 31, 2003, UCHC has options outstanding for the purchase of 325,000 shares of common stock at \$0.01 per share.

8. Prior Period Adjustment

The accumulated deficit as of December 31, 2002 has been restated to reflect the correction of an error. The error occurred because organization costs were treated as a capital item in previous years, and under the guidelines of the American Institute of Certified Public Accountants, *Statement of Position 98-5*, organization costs should be expensed as incurred. This treatment resulted in an overstatement of total assets by \$158,419 and an understatement of the accumulated deficit by the same amount. The effect of this error correction increases the accumulated deficit as of December 31, 2002 by \$158,014. This adjustment does not affect the net capital calculation as required by the SEC and the NASD for the year ended December 31, 2002.

SUPPLEMENTARY INFORMATION

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATING STATEMENT OF FINANCIAL CONDITION
December 31, 2003

ASSETS

	<u>Union Capital Holdings Corp.</u>	<u>Union Capital Company</u>	<u>Consolidating Adjustments</u>	<u>Consolidated Totals</u>
Assets:				
Cash and cash equivalents	\$ 2	\$ 2,895		\$ 2,897
Commissions receivable	-	14,971		14,971
Due from stockholders	5,000	44,592		49,592
Due from subsidiary	1,977	-	\$ (1,977)	-
Investment in Union Capital Company	77,083		(77,083)	-
Other receivables	-	3,913		3,913
Other deposits	-	3,305		3,305
Property and equipment, net	-	19,531		19,531
Total assets	<u>\$ 84,062</u>	<u>\$ 89,207</u>	<u>\$ (79,060)</u>	<u>\$ 94,209</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities:				
Accrued expenses	1,977	7,972		9,949
Income taxes payable	50			50
Due to parent	-	1,977	(1,977)	-
Capital lease payable	-	2,175		2,175
Total liabilities	<u>2,027</u>	<u>12,124</u>	<u>(1,977)</u>	<u>12,174</u>
Stockholders' equity:				
Common stock, no par value; 2,000,000 shares authorized, 1,034,759 shares issued and outstanding	-	-		-
Preferred stock, Series A \$1.00 par value; noncumulative, nonvoting; \$7,360 aggregate liquidation preference; 10,000 shares authorized, 4,600 shares issued and outstanding	4,600	-	-	4,600
Paid-in capital	458,724	458,624	(458,624)	458,724
Accumulated deficit	(381,289)	(381,541)	381,541	(381,289)
Total stockholders' equity	<u>82,035</u>	<u>77,083</u>	<u>(77,083)</u>	<u>82,035</u>
Total liabilities and stockholders' equity	<u>\$ 84,062</u>	<u>\$ 89,207</u>	<u>\$ (79,060)</u>	<u>\$ 94,209</u>

Supplementary Information.
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATING STATEMENT OF OPERATIONS
For the year ended December 31, 2003

	Union Capital Holdings Corp.	Union Capital Company	Consolidating Adjustments	Consolidated Totals
Revenues:				
Commission revenue	\$ -	\$ 314,744		\$ 314,744
Management fee revenue	18,289	-	\$ (18,289)	-
Other income		5,608		5,608
Loss on earnings of subsidiary	(1,441)	-	1,441	-
Total revenue	16,848	320,352	(16,848)	320,352
Expenses:				
Compensation and benefits	40	184,667		184,707
Floor brokerage and clearing costs	-	65,962		65,962
Occupancy	-	22,180		22,180
Office expenses	4,675	7,738		12,413
Telephone	9,591			9,591
Depreciation	-	5,999		5,999
Licenses and fees	-	5,216		5,216
Travel and entertainment	19	4,358		4,377
Legal and professional fees	1,359	3,008		4,367
Miscellaneous	-	4,077		4,077
Website and internet	1,855			1,855
Interest expense	448	299		747
Management fees	-	18,289	(18,289)	-
Total expenses	17,987	321,793	(18,289)	321,491
Net income (loss) before income taxes	(1,139)	(1,441)	1,441	(1,139)
Provision for income taxes	50	-		50
Net income (loss)	\$ (1,189)	\$ (1,441)	\$ 1,441	\$ (1,189)

Supplementary Information.
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

CONSOLIDATING STATEMENT OF STOCKHOLDERS' EQUITY
For the year ended December 31, 2003

	Union Capital Holdings Corp.	Union Capital Company	Consolidating Adjustments	Consolidated Totals
Common stock:				
Balance, December 31, 2002	\$ -	\$ -	\$ -	\$ -
Balance, December 31, 2003	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Preferred stock:				
Balance, December 31, 2002	-	\$ -	\$ -	\$ -
Preferred stock issued to extinguish debt	4,600	-	-	4,600
Balance, December 31, 2003	<u>\$ 4,600</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,600</u>
Paid-in capital:				
Balance, December 31, 2002	\$ 458,624	\$ 458,624	\$ (458,624)	\$ 458,624
Contributed capital	100	-	-	100
Balance, December 31, 2003	<u>\$ 458,724</u>	<u>\$ 458,624</u>	<u>\$ (458,624)</u>	<u>\$ 458,724</u>
Accumulated deficit:				
Balance, December 31, 2002, restated	\$ (380,100)	\$ (380,100)	\$ 380,100	\$ (380,100)
Net income	(1,189)	(1,441)	1,441	(1,189)
Balance, December 31, 2003	<u>\$ (381,289)</u>	<u>\$ (381,541)</u>	<u>\$ 381,541</u>	<u>\$ (381,289)</u>

Supplementary Information.
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF
THE SECURITIES AND EXCHANGE COMMISSION
For the year ended December 31, 2003

Consolidated stockholders' equity	\$ 82,035
Less: nonallowable assets:	
Due from stockholder	(49,592)
Other receivables	(3,913)
Deposits	(3,305)
Property and equipment, net	(19,531)
Computers under capital lease (allowable under SEC Rule 15c3-1(c)(1)(viii) and (2)(iv))	2,175
	<u>(74,166)</u>
Net capital before other deductions/charges	7,869
Haircuts on money market account (2%)	<u>(4)</u>
Net capital	7,865
Minimum net capital requirement	<u>5,000</u>
Net capital in excess of required amount	<u>\$ 2,865</u>
Aggregate indebtedness	<u>\$ 9,999</u>
Ratio: aggregate indebtedness to net capital	<u>1.27</u>

Supplementary Information.
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY

RECONCILIATIONS UNDER RULE 17a-5(d)(4) OF THE SECURITIES AND EXCHANGE COMMISSION
For the year ended December 31, 2003

Reconciliation of Computation of Net Capital:

Net Capital

Net capital, per FOCUS Report, Part IIA, page 10, line 10	\$ 7,879
Net capital, per December 31, 2003 audited financial statement	\$ 7,865

The difference between net capital per the FOCUS report and the audited financial statement is due to audit adjustments with a net income effect of \$36 and consolidation of Union Capital Company with its parent company, Union Capital Holdings Corp. for financial reporting purposes.

Aggregate Indebtedness

Aggregate indebtedness, per FOCUS Report, Part IIA, page 11, line 19	\$ 8,005
Aggregate indebtedness, per December 31, 2003 audited financial statement	\$ 9,999

The difference between aggregate indebtedness per the FOCUS report and the audited financial statement is due to audit adjustments and the consolidation of Union Capital Company with its parent company, Union Capital Holdings Corp. for financial reporting purposes.

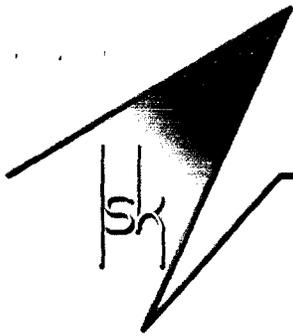
Supplementary Information.
See independent auditors' report.

UNION CAPITAL HOLDINGS CORP. AND SUBSIDIARY UNION CAPITAL COMPANY
COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND INFORMATION
RELATING TO POSSESSION OR CONTROL OF SECURITIES UNDER RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION
For the year ended December 31, 2003

Exemption Provisions

The Company has claimed an exemption from Rule 15c3-3 under Section (k)(2)(ii), in which all customer transactions are cleared through another broker-dealer on a fully disclosed basis.

Supplementary Information.
See independent auditors' report.



Ludwig, Schacht & Klewer, PLLC

certified public accountants & consultants

Christopher Wm. Ludwig
Wendy G. Schacht
Julie S. Klewer

REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR BROKER-DEALER
CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

To the Board of Directors and Stockholders
Union Capital Holdings Corp. and Subsidiary
Union Capital Company

In planning and performing our audit of the consolidated financial statements and supplemental schedules of Union Capital Holdings Corp. and Subsidiary Union Capital 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 consolidated financial statements and not to provide assurance on internal controls.

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 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 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

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CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3, Continued

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, and other regulatory agencies that rely on rule 17a-5(g) under the Securities and 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.

Ludwig, Schacht & Hamer, P.C.

January 29, 2004