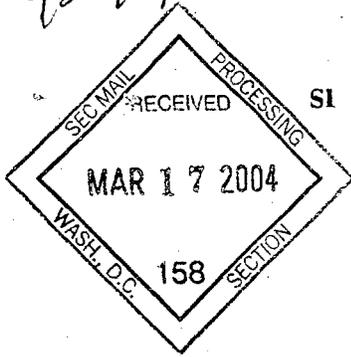


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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

OMB APPROVAL
OMB Number: 3235-0123
Expires: January 31, 1993
Estimated average burden hours per response ... 12.00

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

SEC FILE NUMBER
8-25280

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 1/1/03 AND ENDING 12/31/03

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: The Windmill Group, Inc

OFFICIAL USE ONLY
FIRM ID. NO.

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

235 RT 202

(No. and Street)

SOMERS

(City)

NY 10589

(State)

(Zip Code)

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

John Maueranka

914 277 2700

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Robert Gardner

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

134 Walt Whitman Rd Melville NY

(Address)

(City)

(State)

11747

(Zip Code)

CHECK ONE:

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

PROCESSED
APR 02 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).

Handwritten initials

OATH OR AFFIRMATION

I, John Maceranka, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Windmill Group, Inc, as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

John Maceranka
Signature
President
Title

Andrew G Spiros
Notary Public

ANDREW G. SPIROS
NOTARY PUBLIC STATE OF NEW YORK
NO. 02SP4757784
QUALIFIED IN WESTCHESTER COUNTY
Commission Expires 10-31-06

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).



THE WINDMILL GROUP, INC.

ANNUAL REPORT

DECEMBER 31, 2003



THE WINDMILL GROUP, INC.
ANNUAL REPORT
DECEMBER 31, 2003

TABLE OF CONTENTS

Auditor's Report

Balance Sheet 1

Statement of Income and Retained Earnings 2

Statement of Cash Flows 3

Notes to Financial Statements 4

SUPPLEMENTARY INFORMATION

Accountant's Report

Schedule of Operating Expenses A-1

Addendum to the Annual Report Exhibits
A,B,C



February 18, 2004

To the Stockholders of
The Windmill Group, Inc.
253 Route 202
Somers, New York 10589

We have audited the accompanying balance sheet of The Windmill Group, Inc., as of December 31, 2003 and the related statements of income, retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of The Windmill Group, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit with generally accepted auditing standards. 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 The Windmill Group, Inc. 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.

Robert J. Gardener

January 21, 2004



THE WINDMILL GROUP, INC.
BALANCE SHEET
DECEMBER 31, 2003

ASSETS

Current Assets	
Cash	\$ 22,635
Accounts receivable	<u>2,415</u>
Total	<u>25,050</u>
Fixed Assets	
Office equipment	5,000
Furniture & fixtures	<u>1,000</u>
	6,000
Less: Accumulated depreciation	<u>(6,000)</u>
Net equipment and fixtures	<u>0</u>
Total Assets	\$ 25,050 =====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities	
Commissions payable	\$ 2,629
Accrued expenses payable	<u>906</u>
Total Liabilities	<u>3,535</u>
Stockholders' Equity	
Capital stock	2,700
Additional paid in capital	129,000
Retained earnings - (deficit)	<u>(110,185)</u>
Total	<u>21,515</u>
Total Liabilities and Stockholders' Equity	\$ 25,050 =====

See accompanying notes and accountants' audit report.



THE WINDMILL GROUP, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
FOR THE YEAR ENDED DECEMBER 31, 2003

Revenues	
Commissions	\$ 211,510
Miscellaneous	<u>7,905</u>
Total	219,415
Operating Expenses	<u>214,713</u>
Net Income	4,702
Retained Earnings - (deficit) - January 1, 2003	<u>(114,887)</u>
Retained Earnings - (deficit) - December 31, 2003	\$ 110,185 =====

See accompanying notes and accountants' audit report.



THE WINDMILL GROUP, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2003

Cash flows from operating activities

Net (profit) \$ 4,702

Adjustments to reconcile net income to net cash provided by operating activities

Depreciation and amortization 0

Changes in assets and liabilities

Decrease in accounts receivable 2,151
(Decrease) in commission and accrued expenses payable (1,651)

Total adjustments 500

Net cash from operations 5,202

Net (decrease) in cash and cash equivalents 5,202

Cash and cash equivalents - January 1, 2003 17,433

Cash and cash equivalents - December 31, 2003 \$ 22,635
=====



THE WINDMILL GROUP, INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2003

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable

The present balance is all current and includes \$2,415 due from the clearing broker, Cantella, Inc. This amount was received in full in January 2004.

Income Taxes

In 1987, the former shareholder elected to treat the company as a small business corporation ("S" corporation) for income tax purposes. As such, the company's income or loss and credits will be passed through to the shareholders and combined with their other personal income and deductions to determine taxable income on their individual returns.

Capital Stock

The present shareholders each own 50% of the company at December 31, 2003.



February 18, 2004

**The Windmill Group, Inc.
253 Route 202
Somers, New York 10589**

As an addendum to your annual report of December 31, 2003, We herewith submit the following exhibits:

- | | |
|--------------|--|
| “A-1” | Schedule of Operating Expenses |
| “A” | Statement of Changes in Stockholders’ Equity
for the Year Ended December 31, 2003 |
| “B” | Computation of Net Capital Requirements |
| “C” | Computation of Net Capital |

Our opinion of the aforementioned exhibits present fairly, the information under Security Exchange Commission Rule 17A-5(e) (4) in conformity with generally accepted accounting principles.

Robert J. Gardener



Exhibit A-1

THE WINDMILL GROUP, INC.
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2003

Operating Expenses

Automobile expense & travel	\$ 2,128
Bank charges	130
Commissions	126,866
Contributions	150
Dues, subscriptions, and licenses	20,452
Equipment rentals	3,459
Insurance	1,450
Office expense & supplies	3,950
Postage & delivery	991
Professional fees	3,800
Rent	18,119
Salaries	21,600
Telephone	6,742
Taxes	3,260
Temporary help & research services	598
Utilities	<u>1,108</u>
 Total	 \$ 214,713 =====



Exhibit A

THE WINDMILL GROUP, INC.
STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
DECEMBER 31, 2003

Balance - January 1, 2003	\$ 16,813
Net Income	<u>4,702</u>
Balance - December 31, 2003	\$ 21,515 =====



Exhibit B

THE WINDMILL GROUP, INC.
COMPUTATION OF NET CAPITAL REQUIREMENT
DECEMBER 31, 2003

Minimum Net Capital Required 6 2/3% of aggregate indebtedness	\$ 236 =====
Minimum Required	\$ 5,000 =====
Net Capital Required (Greater of above amounts)	\$ 5,000 =====
Excess Net Capital (Net Capital \$16,813 per Exhibit C less net capital requirement \$5,000)	\$ 16,515 =====
Excess Net Capital at 1,000% (Net Capital less 10% of total liabilities net secured or subordinated)	\$ 21,161 =====



Exhibit C

THE WINDMILL GROUP, INC.
COMPUTATION OF NET CAPITAL
DECEMBER 31, 2003

Total stockholders' equity from the balance sheet equity	\$ 21,515
Liabilities subordinated to claims of general creditors	<u>0</u>
Total capital & allowable subordinated liabilities	<u>\$ 21,515</u>
Less: non allowable assets from the balance sheet:	
Other assets	<u>0</u>
Total	<u>21,515</u>
Less: 2% haircut on securities	<u>0</u>
Net Capital	<u>\$ 21,515</u> <u>=====</u>