

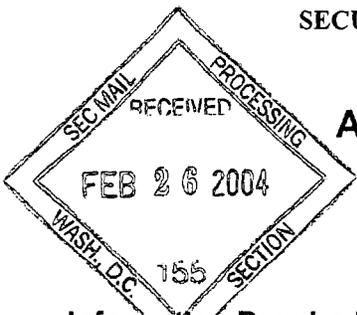
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

SEC FILE NUMBER
8-049460

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:

Agri General Securities Corporation

OFFICIAL USE ONLY
FIRM ID. NO.

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

9200 Northpark Drive, Suite 214

(No. and Street)

Johnston, Iowa 50131

(City)

(State)

(Zip Code)

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

John Schweer

(515) 559-1190

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

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

801 Grand Avenue, Suite 3400, Des Moines, Iowa 50309

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

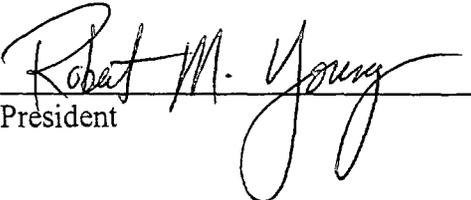
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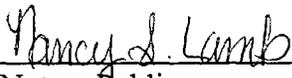
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

Oath or Affirmation

I, Robert M. Young, affirm that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of Agri General Securities Corporation as of December 31, 2003, are true and correct. I further affirm that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer.



President



Notary Public



This report contains:

- (X) (a) Facing page
- (X) (b) Statement of Financial Condition
- (X) (c) Statement of Operations
- (X) (d) Statement of Cash Flows
- (X) (e) Statement of Changes in Stockholder's Equity
- () (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors
- (X) (g) Computation of Net Capital
- (X) (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- (X) (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3
- (X) (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
- (X) (l) An Oath or Affirmation
- () (m) A copy of the SIPC Supplemental Report
- (X) (n) Independent Auditors' Supplementary Report on Internal Control

FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION

Agri General Securities Corporation
Years Ended December 31, 2003 and 2002

Agri General Securities Corporation

Financial Statements and
Supplemental Information

Years Ended December 31, 2003 and 2002

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Report of Independent Auditors

The Board of Directors and Stockholder
Agri General Securities Corporation

We have audited the accompanying statements of financial condition of Agri General Securities Corporation (an indirect wholly-owned subsidiary of Rain and Hail Insurance Service, Inc.) as of December 31, 2003 and 2002, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 audits provide 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 Agri General Securities Corporation at December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States.

Our audits were made for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying supporting schedules are presented for purposes of additional analysis and are not a required part of the financial statements, but are supplemental information required by Rule 17a-5 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in our audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

January 8, 2004

Ernst & Young LLP

Agri General Securities Corporation

Statements of Financial Condition

	December 31	
	2003	2002
Assets		
Cash and cash equivalents	\$298,023	\$364,755
Office furniture and equipment, net of accumulated depreciation of \$7,897 in 2003 and \$7,816 in 2002	-	81
Recoverable income taxes	31,215	-
Total assets	\$329,238	\$364,836
Liabilities and stockholder's equity		
Liabilities:		
Accrued income taxes payable	\$ -	\$ 3,850
Accounts payable	599	904
Due to affiliate	22,056	2,569
Total liabilities	22,655	7,323
Stockholder's equity:		
Common stock, par value \$.01 per share (authorized 200,000 shares, issued and outstanding 15,000 shares), all owned by Rain and Hail Financial, Inc., which is wholly owned by Rain and Hail Insurance Service, Inc.	150	150
Additional paid-in capital	149,850	149,850
Retained earnings	156,583	207,513
Total stockholder's equity	306,583	357,513
Total liabilities and stockholder's equity	\$329,238	\$364,836

See accompanying notes.

Agri General Securities Corporation

Statements of Operations

	Year Ended December 31	
	2003	2002
Revenues:		
Municipal bond trading income	\$ -	\$78,969
Interest income	1,073	3,732
	1,073	82,701
Expenses:		
Salaries and benefits	44,213	25,268
Rent	22,556	22,252
Professional fees	6,130	7,764
Regulatory fees and expenses	1,105	893
Other operating expenses	9,214	16,392
Total expenses	83,218	72,569
Income (loss) before income taxes	(82,145)	10,132
Current income tax expense (benefit)	(31,215)	3,850
Net income (loss)	\$(50,930)	\$ 6,282

See accompanying notes.

Agri General Securities Corporation

Statements of Changes in Stockholder's Equity

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balances at January 1, 2002	\$150	\$149,850	\$201,231	\$351,231
Net income for 2002	-	-	6,282	6,282
Balances at December 31, 2002	150	149,850	207,513	357,513
Net loss for 2003	-	-	(50,930)	(50,930)
Balances at December 31, 2003	\$150	\$149,850	\$156,583	\$306,583

See accompanying notes.

Agri General Securities Corporation

Statements of Cash Flows

	Year Ended December 31	
	2003	2002
Operating activities		
Net income (loss)	\$ (50,930)	\$ 6,282
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation expense	81	868
Changes in operating assets and liabilities:		
Other receivables	-	101
Prepaid expenses	-	1,650
Recoverable income taxes	(31,215)	24,507
Accounts payable and accrued income taxes payable	(4,155)	4,704
Due to affiliate	19,487	(20,233)
Net cash provided by (used in) operating activities	(66,732)	17,879
Net increase (decrease) in cash and cash equivalents	(66,732)	17,879
Cash and cash equivalents at beginning of year	364,755	346,876
Cash and cash equivalents at end of year	\$298,023	\$364,755
Supplemental disclosure of cash flow information		
Cash payments (receipts) for income taxes	\$ 3,850	\$ (24,507)

See accompanying notes.

Agri General Securities Corporation

Notes to Financial Statements

December 31, 2003

1. Organization and Significant Accounting Policies

Organization

Agri General Securities Corporation (the Company) was incorporated in the State of Iowa on June 11, 1996 as a wholly-owned subsidiary of Rain and Hail Financial, Inc., which is wholly owned by Rain and Hail Insurance Service, Inc. (RHIS). The Company was organized as a broker-dealer to purchase and sell municipal bonds on behalf of RHIS and its various subsidiaries, primarily Agri General Insurance Company and Rain and Hail L.L.C.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Cash and Cash Equivalents

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

Office Furniture and Equipment

Office furniture and equipment is stated at cost less accumulated depreciation. Depreciation is computed on the straight-line method using an estimated useful life of five years.

Recognition of Municipal Bond Trading Income

Trading income is recognized on the settlement date (see Note 5).

Agri General Securities Corporation

Notes to Financial Statements (continued)

2. Income Taxes

The results of the Company's operations are included in the consolidated federal and state income tax returns of RHIS. RHIS and its direct and indirect subsidiaries each report current income tax expense (benefit) as allocated under a consolidated tax allocation agreement. Generally, this allocation results in profitable companies recognizing a tax provision as if the individual company filed a separate return and loss companies recognizing benefits to the extent their losses contribute to reduce consolidated taxes. The Company's income tax expense (benefit) included in the statements of operations for 2003 and 2002 differs from the prevailing corporate income tax rate of 35% times pretax income (loss) due primarily to provisions for state income taxes.

3. Retirement Plans

The Company participates with RHIS and several other affiliates in various defined benefit and defined contribution plans covering substantially all employees. The benefits of these plans are based primarily on years of service and employees' compensation. The Company expensed contributions of \$3,125 related to these plans for the year ended December 31, 2003 (\$464 in 2002).

4. Regulatory Requirements

The Company is subject to the Securities and Exchange Commission uniform net capital rule (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 therein, shall not exceed 15 to 1. Net capital and the related net defined capital ratio may fluctuate on a daily basis. At December 31, 2003, the Company had defined net capital of \$275,368, which was \$175,368 in excess of its required net capital of \$100,000. At December 31, 2003, the Company's ratio of aggregate indebtedness to net capital was .08 to 1. Various other regulatory agencies may impose additional capital requirements.

The Company has a special bank account (zero balance at December 31, 2003 and 2002) as required under 15c3-3(k)(2)(i), designated "Special Account for the Exclusive Benefit of Customers".

Agri General Securities Corporation

Notes to Financial Statements (continued)

5. Related Party Transactions (continued)

Municipal bond trading income (none in 2003) consists of broker concessions on trades made by the Company on behalf of affiliates. This amount is negotiated with outside parties on a trade-by-trade basis and generally fluctuates based on factors such as the market outlook and general availability of a particular security in the marketplace.

The Company shares certain office facilities and services with RHIS and its affiliated companies. These expenses are allocated to the Company on the basis of cost and time studies, and consist primarily of salaries and related expenses and occupancy costs. During the years ended December 31, 2003 and 2002, the Company incurred \$66,769 and \$47,520, respectively, of expenses under this agreement. Certain officers and directors of the Company are also officers of RHIS.

Supplemental Information

Agri General Securities Corporation

Computation of Net Capital – Part II

December 31, 2003

Computation of Net Capital

1. Total ownership equity from Statement of Financial Condition		\$306,583
2. Deduct ownership equity not allowable for Net Capital		-
3. Total ownership equity qualified for Net Capital		306,583
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		-
B. Other (deductions) or allowable credits		-
5. Total capital and allowable subordinated liabilities		306,583
6. Deductions and/or charges:		
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C):		
Recoverable income taxes		\$31,215
1. Additional charges for customers' and non-customers' security		-
2. Additional charges for customers' and non-customers' commodity accounts		-
B. Aged fail-to-deliver		-
1. Number of items	-	-
C. Aged short security differences – less reserve of		-
1. Number of items	-	-
D. Secured demand note deficiency		-
E. Commodity futures contracts and spot commodities – proprietary capital charges		-
F. Other deductions and/or charges		-
G. Deductions for options accounts		-
H. Total deductions and/or charges		31,215
7. Other additions and/or allowable credits		-
8. Net capital before haircuts on securities positions		275,368
9. Haircuts on securities [computed, where applicable, pursuant to 15c3-1 (f)]		-
10. Net Capital		\$275,368

Agri General Securities Corporation

Computation of Net Capital – Part II (continued)

Computation of Basic Net Capital Requirement

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$ 1,510
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	100,000
13. Net capital requirement (greater of line 11 or 12)	100,000
14. Excess net capital (line 10 less 13)	175,368
15. Excess net capital at 1000% (line 10 less 10% of line 19)	273,102

Computation of Aggregate Indebtedness

16. Total A.I. liabilities from Statement of Financial Condition	\$ 22,655
17. Add:	
A. Drafts for immediate credit	\$ –
B. Market value of securities borrowed for which no equivalent value is paid or credited	–
C. Other unrecorded amounts	–
18. Deduct: Adjustment based on deposits in Special Reserve Bank Accounts [15c3-19(c)(1)(vii)]	–
19. Total aggregate indebtedness	22,655
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	8%
21. Percentage of aggregate indebtedness to net capital after anticipated capital withdrawals	8%

Agri General Securities Corporation

Computation of Net Capital – Part II (continued)

Computation of Basic Net Capital Requirement

N/A

Part B

- 22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits
- 23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)
- 24. Net capital requirement (greater of line 22 or 23)
- 25. Excess net capital (line 10 less 24)
- 26. Percentage of Net Capital to Aggregate Debits (line 10 ÷ by line ÷ by line 17 page 8)
- 27. Percentage of Net Capital after anticipated capital withdrawals, to Aggregate Debits (line 10 less Item 4880 page 11 ÷ by line 17 page 8)
- 28. Net capital in excess of:
5% of combined aggregate debit items or \$120,000

Other Ratios

N/A

Part C

- 29. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d)
- 30. Options deductions/Net Capital ratio (1000% test) total deductions exclusive of liquidating equity under Rule 15c3-1(a)(6), (a)(7) and (c)(2)(x) ÷ Net Capital

Notes

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
 - 1. Minimum dollar net capital requirement, or
 - 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

Agri General Securities Corporation

Statement Relating to Certain Determinations
Required Under Rule 15c3-3 – Part II

December 31, 2003

Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3:

Exemptive Provision

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- A. (k)(1) – Limited business (mutual funds and/or variable annuities only) _____
- B. (k)(2)(i) – “Special Account for the Exclusive Benefit of customers” maintained _____ X
- C. (k)(2)(ii) – All customer transactions cleared through another broker-dealer on a fully disclosed basis. _____
- D. (k)(3) – Exempted by order of the Commission _____

Information Relating to the Possession or Control Requirements Under Rule 15c3

Customers’ fully paid securities and excess margin securities not in the respondent’s possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date) but for which the required action was not taken by respondent within the time frames specified under Rule 15c3-3. _____ -

Number of items _____ -

Customers’ fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from “temporary lags which result from normal business operations” as permitted under Rule 15c3-3. _____ -

Number of items _____ -

Agri General Securities Corporation

Statement Pursuant to Rule 17a-5(d)(4)

December 31, 2003

There were no differences between the computation of net capital under Rule 15c3-1 included in this audited report and the computation included in the Company's corresponding unaudited Form X-17A-5 Part II filing as of December 31, 2003.

Independent Auditors' Supplementary Report on Internal Control

The Board of Directors and Stockholder
Agri General Securities Corporation

In planning and performing our audit of the financial statements of Agri General Securities Corporation (the Company) for the year ended December 31, 2003, we considered its internal control, including control activities for safeguarding securities, 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 (the 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 criteria 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; and
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 internal 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 criteria 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 accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, misstatements due to errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that internal control may become inadequate because of changes in conditions or that the effectiveness of its 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 one or more 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, and its operation that we consider to be material weaknesses as defined above.

We understand that practices and procedures that meet the criteria 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 meet such criteria 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 criteria.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, 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.

January 8, 2004

Euro & Young LLP