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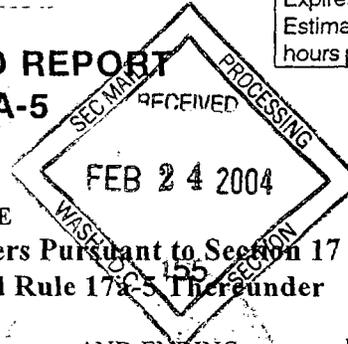


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OMB APPROVAL	
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Estimated average burden hours per response.....	12.00

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



SEC FILE NUMBER
8- 48465

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the Securities Exchange Act of 1934 and Rule 17c-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: Bathgate Capital Partners LLC  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
5350 South Roslyn Street, Suite 400

OFFICIAL USE ONLY
FIRM I.D. NO.

(No. and Street)  
Greenwood Village Colorado 80111-2124  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Vicki D.E. Barone (303) 694-0862  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Spicer Jeffries LLP

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

5251 S. Quebec Street, Suite 200 Greenwood Village Colorado 80111  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**  
**MAR 19 2004**

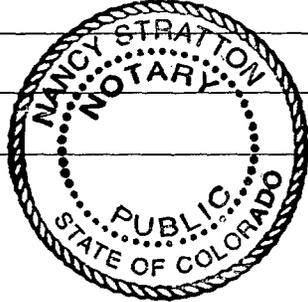
<b>FOR OFFICIAL USE ONLY</b>	<b>THOMSON FINANCIAL</b>
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\*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

*Handwritten initials*

OATH OR AFFIRMATION

I, Vicki D.E. Barone, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Bathgate Capital Partners LLC, 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:



5/7/4

[Signature]
Signature
Chief Financial Officer
Title

[Signature]
Notary Public

This report \*\* contains (check all applicable boxes):

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of Cash Flows.
(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.
(o) Independent Auditors' Report on Internal Accounting Control.

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

BATHGATE CAPITAL PARTNERS LLC

REPORT PURSUANT TO RULE 17a-5(d)

YEAR ENDED DECEMBER 31, 2003

# BATHGATE CAPITAL PARTNERS LLC

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SPICER JEFFRIES LLP

CERTIFIED PUBLIC ACCOUNTANTS

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GREENWOOD VILLAGE, COLORADO 80111

TELEPHONE: (303) 753-1959

FAX: (303) 753-0338

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## INDEPENDENT AUDITORS' REPORT

To the Member  
Bathgate Capital Partners LLC

We have audited the accompanying statement of financial condition of Bathgate Capital Partners LLC as of December 31, 2003, and the related statements of operations, changes in member's equity, and cash flows for the year 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 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 Bathgate Capital Partners LLC as of December 31, 2003, and the results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in the supplemental schedule listed in the accompanying table of contents is presented for purposes of additional analysis and is not required for a fair presentation of the 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 our audit 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.

Greenwood Village, Colorado  
January 29, 2004

**BATHGATE CAPITAL PARTNERS LLC**  
**STATEMENT OF FINANCIAL CONDITION**  
**DECEMBER 31, 2003**

**ASSETS**

Cash	\$ 190 780
Receivables:	
Clearing broker	60 423
Commissions	1 113 617
Securities owned, at market value	113 613
Office equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization of \$48,276	44 751
Other assets	<u>13 600</u>
	<b><u>\$ 1 536 784</u></b>

**LIABILITIES AND MEMBERS' EQUITY**

**LIABILITIES:**

Accounts payable and accrued expenses	\$ 838 854
Securities sold, but not yet purchased, at market value	<u>9 890</u>
	<u>848 744</u>

**COMMITMENTS AND CONTINGENCIES (Notes 3 and 4)**

<b>MEMBERS' EQUITY (Note 2)</b>	<u>688 040</u>
	<b><u>\$ 1 536 784</u></b>

**BATHGATE CAPITAL PARTNERS LLC**

**STATEMENT OF OPERATIONS**  
**YEAR ENDED DECEMBER 31, 2003**

---

**REVENUE:**

Commissions	\$ 4 735 756
Trading profit, net	821 087
Investment banking and other	<u>1 220 880</u>

*Total revenue* 6 777 723

**EXPENSES:**

Salaries, commissions and related	5 267 485
General and administrative	265 951
Clearing charges	367 723
Professional fees (Note 3)	215 464
Occupancy costs	229 447
Bad debt expense	38 498
Travel and entertainment	47 189
Communications	<u>41 458</u>

*Total expenses* 6 473 215

**NET INCOME** \$ 304 508

**BATHGATE CAPITAL PARTNERS LLC**  
**STATEMENT OF CHANGES IN MEMBER'S EQUITY**  
**YEAR ENDED DECEMBER 31, 2003**

BALANCE, December 31, 2002	\$ 383 532
Net income	<u>304 508</u>
BALANCE, December 31, 2003	<u><u>\$ 688 040</u></u>

The accompanying notes are an integral part of this statement.

**BATHGATE CAPITAL PARTNERS LLC**  
(formerly Bathgate McColley Capital Group, LLC)

**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2003**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Net income	\$	304 508
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization		19 432
Bad debt expense		38 498
Decrease in receivable from clearing broker		99 769
Increase in commissions receivable		(1 100 791)
Increase in securities owned		(113 613)
Increase in accounts payable and accrued expenses		794 400
Increase in securities sold, not yet purchased		9 890
		<hr/>
<i>Net cash provided by operating activities</i>		<u>52 093</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Decrease in receivables-related parties		48 016
Purchase of equipment		(18 479)
		<hr/>
<i>Net cash provided by investing activities</i>		<u>29 537</u>

**NET INCREASE IN CASH**

81 630

**CASH, at beginning of year**

109 150

**CASH, at end of year**

\$ 190 780

## BATHGATE CAPITAL PARTNERS LLC

### NOTES TO FINANCIAL STATEMENTS

#### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **Organization and Business**

Bathgate McColley Capital Group, LLC (the "Company") was incorporated in 1995, and is a securities broker-dealer registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. In April 2002, the Company changed its name to Bathgate Capital Partners LLC. The Company is a wholly-owned subsidiary of Bathgate Partners LLC ("parent").

The Company is a one member LLC and accordingly, is a disregarded entity for federal and state income tax purposes. Therefore, no provision for income taxes has been provided for in the accompanying financial statements. All income and expenses is reported by the Company's parent on its tax returns.

The Company records securities transactions and related revenue and expenses on a trade date basis.

The Company, under Rule 15c3-3(k)(2)(ii), is exempt from the reserve and possession or control requirements of Rule 15c3-3 of the Securities and Exchange Commission. The Company does not carry or clear customer accounts. Accordingly, all customer transactions are executed and cleared on behalf of the Company by its clearing broker on a fully disclosed basis. The Company's agreement with its clearing broker provides that as clearing broker, that firm will make and keep such records of the transactions effected and cleared in the customer accounts as are customarily made and kept by a clearing broker pursuant to the requirements of Rules 17a-3 and 17a-4 of the Securities and Exchange Act of 1934, as amended (the Act). It also performs all services customarily incident thereon, including the preparation and distribution of customer's confirmations and statements and maintenance margin requirements under the Act and the rules of the Self Regulatory Organizations of which the Company is a member.

##### **Cash Equivalents**

For purposes of the statement of cash flows, the Company considers money market funds with a maturity of three months or less to be cash equivalents.

##### **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 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.

##### **Fair Value of Financial Instruments**

The Company's financial instruments, including cash, receivables, other assets, payables and other liabilities are carried at amounts that approximate fair value, due to the short term nature of those instruments.

**BATHGATE CAPITAL PARTNERS LLC**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

***NOTE 2 - NET CAPITAL REQUIREMENTS***

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital, as defined under such provisions. At December 31, 2003, the Company had net capital and net capital requirements of \$418,805 and \$100,000, respectively. The Company's net capital ratio (aggregate indebtedness to net capital) was 2.00 to 1. According to Rule 15c3-1, the Company's net capital ratio shall not exceed 15 to 1.

***NOTE 3 - COMMITMENTS AND RELATED PARTY TRANSACTIONS***

The Company leases office space and equipment from unrelated parties under non-cancellable operating leases expiring through 2008. Future minimum rental commitments under these leases, net of sublease rentals, are approximately as follows:

<u>Year</u>	<u>Amount</u>
2004	\$ 199,616
2005	202,580
2006	205,544
2007	202,983
2008	<u>201,569</u>
	<u>\$ 1,012,292</u>

Total rental expense, including the leases referred to above, was approximately \$210,015 for the year ended December 31, 2003.

The Company has an agreement with its parent, whereby the Company pays \$8,500 per month in management fees. During the year ended December 31, 2003, the Company paid \$89,000 in management fees.

***NOTE 4 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONTINGENCIES***

In the normal course of business, the Company's customers' activities ("customers") through its clearing broker involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance sheet risk. In the event the customer fails to satisfy its obligations, the Company may be required to purchase or sell financial instruments at prevailing market prices in order to fulfill the customer's obligations.

**BATHGATE CAPITAL PARTNERS LLC**

**NOTES TO FINANCIAL STATEMENTS**

(Continued)

***NOTE 4 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND CONTINGENCIES (Concluded)***

In the Company's trading activities, the Company has purchased securities for its own account and may incur losses if the market value of these securities decline subsequent to December 31, 2003. In addition, the Company has sold securities that it does not own and it will, therefore be obligated to purchase such securities at a future date. The Company has recorded this obligation in the financial statements at the December 31, 2003 market value of the securities, and may incur a loss if the market value of such securities increases subsequent to December 31, 2003.

The Company is engaged in various trading and brokerage activities in which counterparties primarily include broker-dealers, banks and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness 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.

The Company is involved in various disputes arising in the normal course of business. Management, after review and discussion with legal counsel, believes the Company has meritorious defenses and intends to vigorously defend itself in these matters, but it is not feasible to predict the final outcomes at the present time.

The Company bears the risk of financial failure by its clearing broker. If the clearing broker should cease doing business, the amounts due from this clearing broker could be subject to forfeiture. In addition, the Company has deposits in banks in excess of the federally insured limit. These amounts could be subject to loss should the bank cease business.

**SUPPLEMENTARY INFORMATION**

**BATHGATE CAPITAL PARTNERS LLC**  
(formerly Bathgate McColley Capital Group, LLC)

**COMPUTATION OF NET CAPITAL PURSUANT TO  
UNIFORM NET CAPITAL RULE 15c3-1  
DECEMBER 31, 2003**

**CREDITS:**

Members' equity	\$ 688 040
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**DEBITS:**

Non-allowable commissions receivable	193 647
Office equipment and leasehold improvements, net	44 751
Other assets	<u>13 600</u>

<i>Total debits</i>	<u>251 998</u>
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<b>NET CAPITAL BEFORE HAIRCUTS</b>	436 042
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Haircuts on securities positions, includes undue concentration charge of \$195	<u>17 237</u>
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<b>NET CAPITAL</b>	418 805
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Minimum requirements of 6 2/3% of aggregate indebtedness of \$838,854 or \$100,000, whichever is greater	<u>100 000</u>
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<i>Excess net capital</i>	<u><u>\$ 318 805</u></u>
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**AGGREGATE INDEBTEDNESS:**

Accounts payable and accrued expenses	\$ 838 854
Securities sold, but not yet purchased	<u>9 890</u>

	848 744
Less liabilities adequately secured by assets	<u>9 890</u>

	<u><u>\$ 838 854</u></u>
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<b>RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL</b>	<u><u>2.00 to 1</u></u>
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NOTE: There are no material differences in the above computation of net capital with that included in the Company's corresponding unaudited Form X-17A-5 Part II Filing.



CERTIFIED PUBLIC ACCOUNTANTS

5251 SOUTH QUEBEC STREET • SUITE 200

GREENWOOD VILLAGE, COLORADO 80111

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## **INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17a-5**

To the Member  
Bathgate Capital Partners LLC

In planning and performing our audit of the financial statements and supplemental schedule of Bathgate Capital Partners LLC for the year ended December 31, 2003, we considered its internal control structure, including procedures 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 structure.

Also, as required by rule 17a5(g)(1) of the Securities and Exchange Commission, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by Bathgate Capital Partners LLC that we considered relevant to the objectives stated in rule 17a-5(g), (i) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3; and (ii) for safeguarding the occasional receipt of securities and cash until promptly transmitted to the Company's clearing organization. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of an internal control structure 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 any internal control structure 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. This report recognizes that it is not practicable in an organization the size of Bathgate Capital Partners LLC to achieve all the divisions of duties and cross-checks generally included in a system of internal accounting control and that alternatively greater reliance must be placed on surveillance by management.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements 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 the internal control structure, including procedures 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 Commission 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 Commission's objectives.

In addition, our review indicated that Bathgate Capital Partners LLC was in compliance with the conditions of exemption from rule 15c3-3 pursuant to paragraph k(2)(ii) as of December 31, 2003, and no facts came to our attention to indicate that such conditions had not been complied with during the year.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange, Inc. and other regulatory agencies which rely on rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.



Greenwood Village, Colorado  
January 29, 2004