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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  
8-48648

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

FEB 27 2004

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: A & M Securities, LLC

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

2475 Northwinds Parkway, Suite 200  
(No. and Street)

Alpharetta Georgia 30004-4808  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Hugh Albritton III 770-753-6166  
(Area Code - Telephone Number)

## B. ACCOUNTANT IDENTIFICATION

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

John A. Matthews, Jr., Certified Public Accountant, P.C.  
(Name - if individual, state last, first, middle name)

4484 Covington Highway, Suite 100-B Decatur Georgia 30035  
(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 23 2004

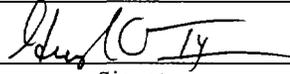
FOR OFFICIAL USE ONLY  
THOMSON FINANCIAL

\*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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

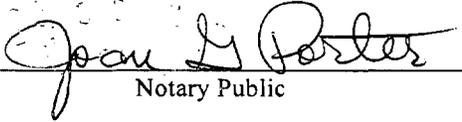
I, Hugh Albritton III, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of A & M Securities, LLC, as of December 31, 2003, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:



Signature

President and CEO

Title

  
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 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).

**A & M SECURITIES, LLC.  
SEC I.D. NO 8-48648**

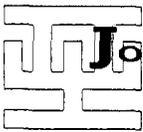
***FINANCIAL STATEMENTS AND  
SUPPLEMENTAL SCHEDULES FOR  
PERIOD ENDED DECEMBER 31, 2003  
AND OPINION OF INDEPENDENT  
CERTIFIED PUBLIC ACCOUNTANT AND  
SUPPLEMENTAL REPORT ON  
INTERNAL ACCOUNTING CONTROL***

***FILED IN ACCORDANCE WITH  
RULE 17A-5(E)(3) AS A  
PUBLIC DOCUMENT***

A & M SECURITIES, LLC.

TABLE OF CONTENTS

	Page
Annual Audited Report Form X-17A-5 Part III	
Independent Auditor's Report	
Statement of Financial Position .....	1
Statement of Income .....	2
Statement of Cash Flows .....	3
Statement of Changes in Shareholders Equity.....	4
Notes to Financial Statements.....	5-6
<b>Supplemental Data:</b>	
Schedule I – Computation of Net Capital .....	7
Schedule II – Computation for Determination of Reserve Requirements .....	8
Schedule III – Information Relating to Possession or Control Requirements.....	9
Internal Accounting Control Report .....	10-11



**JOHN A. MATTHEWS, JR., CPA, P.C.**

Certified Public Accountants

**Covington Corners Office Park**  
4484 Covington Highway, Suite 100B  
Decatur, Georgia 30035  
Telephone: 404-284-4646  
Facsimile: 404-284-3153

A & M Securities, LLC.  
2475 Northwinds Parkway  
Suite 200  
Alpharetta, GA 30004-4808

Independent Auditor's Report

I have audited the statement of financial condition of A & M Securities, LLC., as of December 31, 2003 and the related statements of income, cash flows, and changes in shareholders' equity for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on the audit.

I conducted the audit in accordance with generally accepted auditing standards. Those standards require that I 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. I believe that this audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly in all material respects, the financial position of A & M Securities, LLC. as of December 31, 2003, and the results of its operations and cash flows for the period then ended in conformity with generally accepted accounting principles.

My audit was made for the purpose of forming an opinion on the basic financial statements, taken as a whole. The information contained in Schedules I, II, and III is presented for the purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 of the Securities and Exchange Commission. This information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John A. Matthews, Jr.

Certified Public Accountant

February 13, 2004

*John A. Matthews, Jr.* CPA PC

**A & M SECURITIES**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2003**

**ASSETS**

CURRENT ASSETS

Cash	\$ 227,801
Restricted Cash (Note 4)	25,000
Commissions Receivable	11,565
Interest Receivable	<u>26</u>

TOTAL CURRENT ASSETS 264,392

Building, Furniture and Fixtures (Note 6)

Furniture & Fixtures	32,706
Leasehold Improvements	22,293
Less Accumulated Depreciation	<u>(22,504)</u>

NET BUILDING, FURNITURE AND FIXTURES 32,495

OTHER ASSETS

Investment	<u>6,500</u>
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TOTAL OTHER ASSETS 6,500

TOTAL ASSETS \$ 303,387

**LIABILITIES AND STOCKHOLDERS' EQUITY**

CURRENT LIABILITIES

Accounts Payable	<u>\$ 15,296</u>
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TOTAL CURRENT LIABILITIES 15,296

STOCKHOLDERS' EQUITY

Preferred Stock	299,763
Additional Paid-In Capital	280,842
Retained Earnings	<u>(292,514)</u>

TOTAL STOCKHOLDERS' EQUITY 288,091

TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY \$ 303,387

See accompanying notes

**A & M SECURITIES, LLC.**  
**STATEMENT OF INCOME**  
**FOR YEAR ENDED DECEMBER 31, 2003**

REVENUE	
Commissions	\$ 475,997
Interest Income	302
	<hr/>
TOTAL REVENUE	476,299
EXPENSES	
Accounting	3,200
Bank Charges	131
Clearing Charges	88,947
Commissions	237,985
Computer Software	2,095
Consulting Services	2,200
Data Vendors	16,677
Depreciation Expense (Note 6)	1,104
Dues and Publications	4,942
Insurance	519
Interest Expense	104
Licenses and Registration	1,768
Office Expenses	2,836
Office Supplies	761
Payroll Processing	887
Payroll Taxes	9,211
Postage	200
Promotion	2,996
Printing	840
Rent	29,810
Telephone/Communication	427
Training and Seminars	995
Travel and Entertainment	9,289
	<hr/>
TOTAL EXPENSES	417,924
	<hr/>
NET INCOME (LOSS)	\$ 58,375
	<hr/> <hr/>

See accompanying notes

**A & M SECURITIES, LLC.**  
**STATEMENT OF CASH FLOWS**  
**FOR YEAR ENDED DECEMBER 31, 2003**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Net Income	58,375
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation	1,104
Deposit Decrease	-
Interest Receivable Decrease	55
Commissions Receivable Decrease	11,095
Accounts Payable Decrease	(2,683)
Investment Increase	<u>-</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>67,946</u>
Investment in Fixed Assets Increase	<u>(6,675)</u>
<b>INCREASE IN CASH</b>	61,271
<b>CASH AND RESTRICTED CASH AT BEGINNING OF YEAR</b>	<u>191,529</u>
<b>CASH AND RESTRICTED CASH AT END OF YEAR</b>	<u><u>\$ 252,800</u></u>

See accompanying notes

**A & M SECURITIES, LLC.**  
**STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY**  
**FOR YEAR ENDED DECEMBER 31, 2003**

	<u>Preferred Stock</u>	<u>Additional Paid In Capital</u>	<u>Retained Earnings</u>	<u>Total Shareholder Equity</u>
Balance at December 31, 2002	\$ 299,763	\$ 280,842	\$ (350,889)	\$ 229,716
Transfer: Adjust to Actual	-	-	-	
Activity for Period Ended December 31, 2003	<u>-</u>	<u>-</u>	<u>58,375</u>	<u>58,375</u>
Balance at December 31, 2003	<u>\$ 299,763</u>	<u>\$ 280,842</u>	<u>\$ (292,514)</u>	<u>\$ 288,091</u>

See accountants report

**A & M SECURITIES, LLC.**  
**Notes to Financial Statements**  
**As of December 31, 2003**

Note 1 – Nature of Ownership of Business

A & M Securities, LLC. is a minority owned, registered broker dealer under Section 15(b) of the Securities Exchange Act of 1934. The company was formed in August, 1995, as a Limited Liability Corporation operating under the laws of the State of Georgia. The firm was formed to provide prudent national and international financial services to major corporations and individuals.

The firm is a fully disclosed, introducing broker/dealer that clears all transactions with an outside clearing agency that carries all accounts, prepares, and maintains all books and records pertaining thereto pursuant to SEC Rules 17a-3 and 17a-4, as are customarily made and kept by a clearing broker dealer. The firm operates pursuant to the \$5,000 minimum net capital requirement of SEC Rule 15c3-1(a)(2). The firm also operates pursuant to the subparagraph (k)(2)(ii) exemption from the full provision of SEC Rule 15c3-3. The firm does not carry any inventories or receive or hold any customer funds or securities.

The firm was granted effective registration by the SEC in September, 1995. The firm was registered as a securities dealer by the State of Georgia in March, 1996. The firm was approved for membership by the NASD in June, 1996.

The officers of the firm are Hugh Albritton, III, CFA, CPA, who serves as President & Chief Executive Officer.

Note 2 – Significant Accounting Policies

Customer securities transactions are recorded on a trade date basis with related commission income and expenses recorded on a settlement date basis.

Note 3 – Cash

The firm maintains cash accounts in two banks in the Atlanta, Georgia area. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$100,000 at each bank.

Note 4 – Restricted Cash

Restricted cash consists of a required deposit with a clearing broker.

Note 5 – Income Taxes

Income taxes are provided for the tax effects of transactions reported in the financial statements. The Company generated a net profit of \$58,375 for the year ending December 31, 2003. The company operates as a limited liability company that is treated as a partnership for federal tax purposes. Therefore, no provision for income taxes were recorded.

**A & M SECURITIES, LLC.**  
**Notes to Financial Statements - Continued**  
**As of December 31, 2003**

Note 6 – Building, Furniture and Fixtures

Fixed assets are carried at cost. Maintenance and repairs are charged to expense, whereas additions and improvements are capitalized. Depreciation is provided over the estimated useful lives of the assets, (furniture & fixtures – 5 years, leasehold improvements – 5 years,). The depreciation expense for the year ended December 31, 2003 is \$1,104 based on the straight line method.

Note 7 – Net Capital Requirements

The Company is subject to the Uniform Net Capital Rule (Rule 15c3-1) under the Securities and Exchange Commission Act of 1934 that requires that aggregate indebtedness, as defined, not exceed 1500% of net capital, as defined. At December 31, 2003 the Company had net capital and aggregate indebtedness of \$243,595 and \$15,296 respectively. The ratio of aggregate indebtedness to net capital was 0.06 to 1.

**A & M SECURITIES, LLC.**  
**COMPUTATION OF NET CAPITAL FOR**  
**BROKERS AND DEALERS**  
**PURSUANT TO RULE 15C3-1**  
**AS OF DECEMBER 31, 2003**

Shareholder Equity	\$ 288,091
Less: Non allowable Assets	<u>39,496</u>
Net Capital	<u>248,595</u>
Minimum Net Capital Required (greater of \$5,000 or 1/8 of aggregated indebtedness)	<u>5,000</u>
Net Capital in Excess of Requirement	<u><u>\$ 243,595</u></u>
Aggregated Indebtedness	<u><u>\$ 15,296</u></u>
Ratio of Aggregate Indebtedness to Net Capital	<u><u>.06 to 1</u></u>
Reconciliation of Net Capital to FOCUS Report	
Net Capital per unaudited FOCUS report of December 31, 2003	\$ 248,595
Adjustment per Audit	<u>-</u>
Adjusted Net Capital per audit report at December 31, 2003	<u><u>\$ 248,595</u></u>

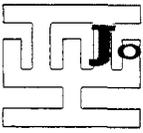
See accountants report

**A & M SECURITIES, LLC.**  
**Computation for Determination of Reserve**  
**Requirements for Brokers and Dealers**  
**Pursuant to Rule 15c3-3**  
**As of December 31, 2003**

The Company qualifies for exemption under Rule 15c3-3(k)(2)(ii) from the Securities and Exchange Commission Customer Protection Rule (Rule 15c3-3). Accordingly, the supplemental schedule of Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 is not applicable.

**A & M SECURITIES, LLC.**  
**Information Relating to Possession or**  
**Control Requirements for Brokers and Dealers**  
**Pursuant to Rule 15c3-3**  
**As of December 31, 2003**

The Company qualifies for exemption under Rule 15c3-3(k)(2)(ii) from the Securities and Exchange Commission Customer Protection Rule (Rule 15c3-3). Accordingly, the supplemental schedule of Information Relating to Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 is not applicable.



**JOHN A. MATTHEWS, JR., CPA, P.C.**

Certified Public Accountants

**Covington Corners Office Park**  
4484 Covington Highway, Suite 100B  
Decatur, Georgia 30035  
Telephone: 404-284-4646  
Facsimile: 404-284-3153

A & M Securities, LLC.  
2475 Northwinds Parkway  
Suite 200  
Alpharetta, GA 30004-4808  
Gentlemen:

I have audited the financial statements of A & M Securities, LLC. (the "Company") for the period ended December 31, 2003, and have issued a report thereon dated February 13, 2004. As part of the audit, I made a study and evaluation of the Company's system of internal accounting control to the extent I considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of the study and evaluation, which included obtaining an understanding of the accounting system, was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the financial statements.

I also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregated indebtedness and net capital under Rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of Rule 15c3-3. No facts came to my attention indicating that the exemption conditions had not been in compliance. I did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts and verifications, and recording of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 or 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.

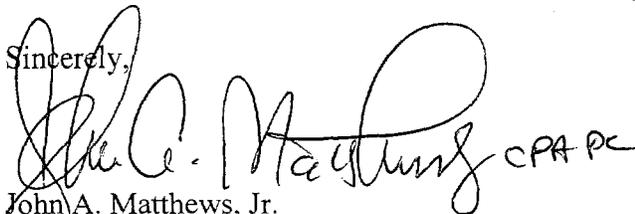
The management of the Company is responsible for establishing and maintaining a system of internal accounting control and the practices and procedures can be expected to achieve the Commission's objectives. The objectives of a system and the practices and procedures are to provide management with reasonable, 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 above paragraph.

Because of inherent limitation in any internal accounting control procedures or the practices and procedures referred to above, errors and irregularities may nevertheless 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 degree of compliance with them may deteriorate.

My 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 errors or irregularities 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, I noted no matters involving the internal control structure, including procedures for safeguarding securities, that I consider to be material weakness as defined above.

I understand that the 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 my study, I believe that the Company's practices and procedures were adequate at December 31, 2003 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the National Association of Securities Dealers, and any other regulatory agencies which rely on Rule 17a-5(g) under the Securities Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose

Sincerely,  
  
John A. Matthews, Jr.  
Certified Public Accountant