

UP 3-10-04



SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Att 3/8/2004 **

OMB APPROVAL
OMB Number: 3235-0123
Expires: October 31, 2004
Estimated average burden
hours per response..... 12.00

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

SEC FILE NUMBER
8-16040

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
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: J. Bush & Company, Incorporated

OFFICIAL USE ONLY
FIRM I.D. NO.

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

55 Whitney Avenue

(No. and Street)

New Haven,

CT

06510

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Jonathan Bush (203) 777-5900

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Beers, Hamerman & Company, P.C.

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

234 Church Street, 14th Floor, New Haven, CT 06510

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

REC'D E.C.
FEB 27 2004
PROCESSED

FOR OFFICIAL USE ONLY MAR 12 2004
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)

JW

OATH OR AFFIRMATION

I, Jonathan J. Bush, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of J. Bush & Co., 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

B. MARIE MOOREHEAD
NOTARY PUBLIC
MY COMMISSION EXPIRES DEC. 31, 2005

Jonathan Bush
Signature
Chairman
Title

B. Marie Moorehead
Notary Public 2/26/04

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.
 - (o) Independent Auditor's Report on Internal Accounting Control.
- **For conditions of confidential treatment of certain portions of this filing, see section.240.17a-5(e)(3).
- (p) Focus Report - Part IIA

J. BUSH & CO., INCORPORATED
FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
YEARS ENDED DECEMBER 31, 2003 AND 2002

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Beers, Hamerman & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Officers and Directors of
J. Bush & Co., Incorporated

We have audited the accompanying statements of financial condition of J. Bush & Co., Incorporated as of December 31, 2003 and 2002, and the related statements of income, changes in shareholder's equity, and cash flows for the years then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. 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 of America. Those standards require that we plan and perform the audits 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 J. Bush & Co., Incorporated at December 31, 2003 and 2002 and the results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplemental schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Beers, Hamerman & Company, P.C.

New Haven, Connecticut
February 19, 2004



J. BUSH & CO., INCORPORATED
STATEMENTS OF FINANCIAL CONDITION

| <u>Assets</u> | December 31, | |
|--|---------------------|---------------------|
| | <u>2003</u> | <u>2002</u> |
| Cash and cash equivalents | \$ 1,234,772 | \$ 1,119,935 |
| Receivable from broker | 4,721 | 94,928 |
| Investment advisory fees receivable | 469,207 | 486,126 |
| Deferred tax asset | 29,062 | 10,716 |
| Furniture, equipment and leasehold improvements, net | 27,047 | 40,071 |
| Other assets | <u>17</u> | <u>17</u> |
| Total assets | <u>\$ 1,764,826</u> | <u>\$ 1,751,793</u> |
| <u>Liabilities and Shareholder's Equity</u> | | |
| Liabilities: | | |
| Accounts payable and accrued expenses | \$ 125,989 | \$ 33,264 |
| Accounts payable, parent | 4,233 | 59,096 |
| Accrued income taxes | <u>100,554</u> | <u>80,313</u> |
| Total liabilities | <u>230,776</u> | <u>172,673</u> |
| Shareholder's equity: | | |
| Common stock - \$.10 par value 175,000 shares authorized, 56,050 shares issued and outstanding | 5,605 | 5,605 |
| Paid-in capital | 327,281 | 327,281 |
| Retained earnings | <u>1,201,164</u> | <u>1,246,234</u> |
| Total shareholder's equity | <u>1,534,050</u> | <u>1,579,120</u> |
| Total liabilities and shareholder's equity | <u>\$ 1,764,826</u> | <u>\$ 1,751,793</u> |

See notes to financial statements.



J. BUSH & CO., INCORPORATED

STATEMENTS OF INCOME

| | Year Ended December 31, | |
|---|----------------------------|------------------|
| | <u>2003</u> | <u>2002</u> |
| Revenues: | | |
| Investment advisory fees | \$1,800,000 | \$2,270,501 |
| Commissions, net of clearing charges | 84,999 | 120,479 |
| Interest and dividends | 7,081 | 19,367 |
| Total revenues | <u>1,892,080</u> | <u>2,410,347</u> |
| Expenses: | | |
| Salaries and employee benefits | 584,975 | 1,045,242 |
| Legal fees | 469,130 | 54,274 |
| Corporate services | 426,040 | 875,831 |
| General and administrative | 338,175 | 279,793 |
| Occupancy | 98,291 | 89,015 |
| Depreciation and amortization | 15,594 | 27,648 |
| Loss reimbursements | <u>2,794</u> | <u>21,585</u> |
| Total expenses | <u>1,934,999</u> | <u>2,393,388</u> |
| Net (loss) income before provision for income taxes | (42,919) | 16,959 |
| Provision for income taxes | <u>2,151</u> | <u>4,275</u> |
| Net (loss) income | <u>\$ (45,070)</u> | <u>\$ 12,684</u> |

See notes to financial statements.



J. BUSH & CO., INCORPORATED
STATEMENTS OF CHANGES IN SHAREHOLDER'S EQUITY

| | <u>Common Stock</u> | <u>Paid-in Capital</u> | <u>Retained Earnings</u> | <u>Total Shareholder's Equity</u> |
|-----------------------------|-------------------------|----------------------------|------------------------------|---|
| Balance - December 31, 2001 | \$ 5,605 | \$ 327,281 | \$ 1,233,550 | \$ 1,566,436 |
| Net income | <u>-</u> | <u>-</u> | <u>12,684</u> | <u>12,684</u> |
| Balance - December 31, 2002 | 5,605 | 327,281 | 1,246,234 | 1,579,120 |
| Net loss | <u>-</u> | <u>-</u> | <u>(45,070)</u> | <u>(45,070)</u> |
| Balance - December 31, 2003 | <u>\$ 5,605</u> | <u>\$ 327,281</u> | <u>\$ 1,201,164</u> | <u>\$ 1,534,050</u> |

See notes to financial statements.



J. BUSH & CO., INCORPORATED

STATEMENTS OF CASH FLOWS

| | Year Ended December 31, | |
|---|----------------------------|---------------------|
| | <u>2003</u> | <u>2002</u> |
| Cash flows from operating activities: | | |
| Net (loss) income | \$ (45,070) | \$ 12,684 |
| Adjustments to reconcile net (loss) income to net cash provided (used) in operating activities: | | |
| Depreciation and amortization | 15,594 | 27,648 |
| Decrease (increase) in operating assets: | | |
| Investment advisory fees receivable | 16,919 | 136,462 |
| Receivable from broker | 90,207 | (37,887) |
| Security deposit | - | 3,700 |
| Increase (decrease) in operating liabilities: | | |
| Accrued income taxes | 1,895 | 2,429 |
| Accounts payable, parent | (54,863) | (44,004) |
| Accounts payable and accrued expenses | 92,725 | (303,792) |
| Net cash provided (used) in operating activities | <u>117,407</u> | <u>(202,760)</u> |
| Cash flows from investing activity - | | |
| Purchase of furniture, equipment and leasehold improvements | <u>(2,570)</u> | <u>(14,954)</u> |
| Change in cash and cash equivalents | 114,837 | (217,714) |
| Cash and cash equivalents, beginning | <u>1,119,935</u> | <u>1,337,649</u> |
| Cash and cash equivalents, ending | <u>\$ 1,234,772</u> | <u>\$ 1,119,935</u> |
| Supplemental information - | | |
| Cash paid for interest | <u>\$ 208</u> | <u>\$ 346</u> |

See notes to financial statements.



J. BUSH & CO., INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

J. Bush & Co., Incorporated (Company) is a wholly owned subsidiary of Riggs Bank, NA of Washington, DC (Riggs).

Business activity

The Company engages in the securities business as a broker/dealer and investment advisor. The Company operates under the provisions of paragraph (K)(2)(ii) of Rule 15c3-1 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that rule. The requirements of paragraph (K)(2)(ii) provide that the Company clears all transactions on behalf of customers on a fully disclosed basis with a clearing broker/dealer, and promptly transmits all customer funds and securities to the clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker/dealer.

Cash and cash equivalents

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

Revenue recognition

Commissions and related clearing expenses are recorded on a settlement date basis. Transactions are reviewed on a trade date basis and adjustments are made if unsettled transactions have a material effect on the financial statements.

Investment advisory fees are received quarterly but are recognized as earned on a pro-rata basis over the term of the contract.

Investment advisory fees receivable

Management believes that all investment advisory fees receivable as of December 31, 2003 and 2002 are collectible; therefore, no allowance for doubtful accounts has been reflected in the financial statements.



J. BUSH & CO., INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

Furniture, equipment and leasehold improvements

Furniture, equipment and leasehold improvements are stated at cost. Depreciation on furniture and equipment is computed using accelerated methods over estimated useful lives of five to seven years. Leasehold improvements are amortized over the lesser of the economic useful life of the improvement or the term of the lease.

Deferred income taxes

Deferred income taxes are provided to account for differences between the basis of assets and liabilities, principally relating to the calculation of depreciation and amortization of furniture, equipment and leasehold improvements for financial and tax reporting purposes.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 - NET CAPITAL REQUIREMENT

The Company is subject to the Securities and Exchange Commission Uniform Net Capital 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, shall not exceed 15 to 1. At December 31, 2003, the Company had net capital of \$536,610, which was \$523,162 in excess of the \$13,448 minimum required. The Company's net capital ratio was 0.38 to 1.

NOTE 3 - INCOME TAXES

The Company is included in the consolidated federal income tax return filed by its parent. Federal income taxes are calculated as if the Company filed a separate federal income tax return. The Company files its own state and local tax returns. The income tax provision included in the statement of income represents current federal and state income taxes due. The federal tax obligation of the Company is paid by Riggs. Included in the obligation reflected in the balance sheet is prior years' income taxes due to Riggs.



J. BUSH & CO., INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 4 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET CREDIT RISK

As a securities broker/dealer, the Company is engaged in buying and selling securities for a diverse group of institutional and individual investors. The Company's transactions are collateralized and are executed with, and on behalf of, banks, brokers and dealers, and other financial institutions. The Company introduces these transactions for clearance to another broker/dealer on a fully disclosed basis.

The Company's exposure to credit risk associated with the nonperformance of customers in fulfilling their contractual obligations pursuant to securities transactions can be directly impacted by volatile trading markets that may impair customers' ability to satisfy their obligations to the Company and the Company's ability to liquidate the collateral at an amount equal to the original contracted amount.

The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to such non-performance by its customers.

The Company seeks to control the aforementioned risks by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, and requiring customers to deposit additional collateral, or reduce positions, when necessary.

NOTE 5 - FURNITURE, EQUIPMENT AND LEASEHOLD IMPROVEMENTS

Furniture, equipment and leasehold improvements are stated at cost and consist of the following:

| | December 31, | |
|--|------------------|------------------|
| | <u>2003</u> | <u>2002</u> |
| Furniture | \$ 39,992 | \$ 39,993 |
| Equipment | 290,837 | 288,266 |
| Leasehold improvements | <u>51,843</u> | <u>51,843</u> |
| | 382,672 | 380,102 |
| Less - accumulated depreciation and amortization | <u>355,625</u> | <u>340,031</u> |
| | <u>\$ 27,047</u> | <u>\$ 40,071</u> |



J. BUSH & CO., INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 6 - RETIREMENT PLAN

The Company participates in the 401(k) plan of its parent, allowing eligible employees to elect to contribute up to 15% of their compensation to the plan. The Company makes a matching contribution of 100% of the first \$100 contributed plus 50% of additional contributions up to a maximum of 6% of eligible employee compensation. For the years ended December 31, 2003 and 2002, the Company's contributions were \$19,964 and \$23,632 respectively.

NOTE 7 - OPERATING LEASES

The Company leases its office space, certain office equipment and vehicles under several non-cancelable operating leases, which expire over the next five years. The Company's office rent is adjusted annually for its share of the increase in certain operating expenses and real estate taxes. The cost of all operating leases included in the statements of income for the year ended December 31, 2003 and 2002 was \$114,954 and \$105,009, respectively.

The minimum annual lease payments under all non-cancelable leases are:

| <u>Year Ending</u> <u>December 31,</u> | |
|---|-------------------|
| 2004 | \$ 114,127 |
| 2005 | 102,295 |
| | <u>\$ 216,422</u> |

NOTE 8 - BOOK VALUE PER SHARE

The book value per share of \$27.37 and \$28.17 for the years ended December 31, 2003 and 2002, respectively, was determined by dividing the total shareholder's equity by the total number of common shares outstanding at that date.

NOTE 9 - INTERCOMPANY AGREEMENT/ACCOUNTS PAYABLE, PARENT

The Company has an intercompany operating and servicing agreement with Riggs, whereby Riggs is to provide corporate and operational support to the Company. In recognition of these services the company pays a fee based on its gross operating revenues and direct costs. In September 2003, the operating and servicing agreement was amended to eliminate the portion of the payment based on gross operating revenue. The cost of the corporate and operational support was \$426,040 and \$875,831 for the years ended December 31, 2003 and 2002, respectively. At December 31, 2003 and 2002, the amount owed to Riggs was \$4,233 and \$59,096, respectively.



J. BUSH & CO., INCORPORATED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2003 AND 2002

NOTE 9 - INTERCOMPANY AGREEMENT/ACCOUNTS PAYABLE, PARENT - (CONTINUED)

The Company also has a referral agreement with Riggs under which the Company pays referral fees for certain new accounts referred by Riggs. There were no referral fees pursuant to this arrangement for the year ending December 31, 2003. The referral fees charged for the year ending December 31, 2002 was \$16,533.

NOTE 10 - CONTINGENCIES

The Company has been named as a respondent in two arbitration proceedings that allege misrepresentation, negligence and breach of fiduciary duty. On February 10, 2004, the Company reached a settlement in principle with one of the claimants in which the Company will obtain a complete release of all current and future claims in return for a payment of \$50,000 for attorney's fees. The \$50,000 settlement has been recorded as an accrued expense at December 31, 2003.

The second claimant is seeking damages of at least \$2,000,000 plus interest and costs. An arbitration hearing date has not yet been set and the Company's outside legal counsel can not offer an opinion as to a probable outcome of this claim. The Company believes the claim is without merit, and intends to vigorously defend its position.

NOTE 11 - CASH CONCENTRATION

The Company had cash deposits of \$366,921 in excess of amounts insured by the Federal Deposit Insurance Corporation as of December 31, 2003.



J. BUSH & CO., INCORPORATED
COMPUTATION OF NET CAPITAL
UNDER RULE 15c3-1 OF THE SECURITIES
AND EXCHANGE COMMISSION

DECEMBER 31, 2003

| | | |
|---|------------|-------------------|
| Net capital: | | |
| Total shareholder's equity | | \$1,534,050 |
| Deductions and/or charges: | | |
| Non-allowable assets: | | |
| Cash equivalents | \$ 792,173 | |
| Investment advisory fees receivable | 177,203 | |
| Furniture, equipment and leasehold improvements, net | 27,047 | |
| Other | <u>17</u> | (996,440) |
| Net capital before haircuts on securities | | 537,610 |
| Haircuts on securities (pursuant to Rule 15c3-1) - | | |
| Debt securities | | <u>(1,000)</u> |
| Net capital | | <u>\$ 536,610</u> |
| Aggregate indebtedness: | | |
| Accounts payable and accrued expenses | | \$ 125,989 |
| Accounts payable, parent | | 4,233 |
| Income taxes, net of deferred taxes | | <u>71,492</u> |
| Total aggregate indebtedness | | <u>\$ 201,714</u> |
| Computation of basic net capital requirement: | | |
| Net capital | | \$ 536,610 |
| Minimum net capital required | | <u>(13,448)</u> |
| Excess net capital at 1500 percent | | <u>\$ 523,162</u> |
| Excess net capital at 1000 percent | | <u>\$ 516,439</u> |
| Ratio: Aggregate indebtedness to net capital | | <u>0.38 to 1</u> |
| Reconciliation with Company's computation: | | |
| Net capital, as reported in Company's | | |
| Part IIA (unaudited) FOCUS report | | \$ 572,326 |
| Allowable assets erroneously reported as nonallowable - | | |
| Investment advisory fees receivable | | 14,284 |
| Audit adjustment to record additional accrued expenses | | <u>(50,000)</u> |
| Net capital per above | | <u>\$ 536,610</u> |

Beers, Hamerman & Company, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON
INTERNAL ACCOUNTING CONTROL

To the Officers and Directors of
J. Bush & Co., Incorporated

In planning and performing our audits of the financial statements of J. Bush & Co., Incorporated for the year ended December 31, 2003 and 2002, 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 financial statements and not to provide assurance on the internal control.

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 J. Bush & Co., Incorporated, 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 an internal control structure 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 accordance 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 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 and 2002 to meet the SEC's objectives.

This report is intended solely for the information and use of Board of Directors, management, the SEC, and other regulatory agencies which 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 those specified parties.

Bens, Hamman & Company, PC

New Haven, Connecticut
February 19, 2004

**FORM
X-17A-5**

FOCUS REPORT

(Financial and Operational Combined Uniform Single Report)

Part IIA Quarterly 17a-5(a)

INFORMATION REQUIRED OF BROKERS AND DEALERS PURSUANT TO RULE 17

COVER

Select a filing method:

Basic Alternate [0011]

Name of Broker Dealer: J. BUSH & CO., INCORPORATED
[0013]

SEC File Number: 8- 16040
[0014]

Address of Principal Place of Business: 55 WHITNEY AVENUE
[0020]

NEW HAVEN CT 06510
[0021] [0022] [0023]

Firm ID: 5355
[0015]

For Period Beginning 10/01/2003 And Ending 12/31/2003
[0024] [0025]

Name and telephone number of person to contact in regard to this report:

Name: JONATHAN BUSH, CHMN Phone: (203) 777-5900
[0030] [0031]

Name(s) of subsidiaries or affiliates consolidated in this report:

Name: _____ Phone: _____
[0032] [0033]

Name: _____ Phone: _____
[0034] [0035]

Name: _____ Phone: _____
[0036] [0037]

Name: _____ Phone: _____
[0038] [0039]

Does respondent carry its own customer accounts? Yes [0040] No [0041]

Check here if respondent is filing an audited report [0042]

ASSETS

| Consolidated <input type="radio"/> [0198] | Unconsolidated <input checked="" type="radio"/> [0199] | Allowable | Non-Allowable | Total |
|--|--|-----------------------------|-----------------------------|----------------------------|
| 1. Cash | | <u>446,053</u> [0200] | | <u>446,053</u> [0750] |
| 2. Receivables from brokers or dealers: | | | | |
| A. Clearance account | | <u>267</u> [0295] | | |
| B. Other | | <u>277,720</u> [0300] | <u>983,661</u> [0550] | <u>1,261,648</u> [0810] |
| 3. Receivables from non-customers | | <u> </u> [0355] | <u> </u> [0600] | <u>0</u> [0830] |
| 4. Securities and spot commodities owned, at market value: | | | | |
| A. Exempted securities | | <u> </u> [0418] | | |
| B. Debt securities | | <u>1,000</u> [0419] | | |
| C. Options | | <u> </u> [0420] | | |
| D. Other securities | | <u> </u> [0424] | | |
| E. Spot commodities | | <u> </u> [0430] | | <u>1,000</u> [0850] |
| 5. Securities and/or other investments not readily marketable: | | | | |
| A. At cost | | <u> </u> [0130] | | |
| B. At estimated fair value | | <u> </u> [0440] | <u> </u> [0610] | <u>0</u> [0860] |

| | | | | |
|-----|--|--------|-----------------|-----------------|
| 6. | Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value: | _____ | _____ | _____ |
| | | [0460] | [0630] | [0880] |
| | A. Exempted securities | | | |
| | | _____ | | |
| | | [0150] | | |
| | B. Other securities | | | |
| | | _____ | | |
| | | [0160] | | |
| 7. | Secured demand notes market value of collateral: | _____ | _____ | _____ |
| | | [0470] | [0640] | [0890] |
| | A. Exempted securities | | | |
| | | _____ | | |
| | | [0170] | | |
| | B. Other securities | | | |
| | | _____ | | |
| | | [0180] | | |
| 8. | Memberships in exchanges: | | | |
| | A. Owned, at market | | | |
| | | _____ | | |
| | | [0190] | | |
| | B. Owned, at cost | | _____ | |
| | | | [0650] | |
| | C. Contributed for use of the company, at market value | | _____ | _____ |
| | | | [0660] | [0900] |
| 9. | Investment in and receivables from affiliates, subsidiaries and associated partnerships | _____ | _____ | _____ |
| | | [0480] | [0670] | [0910] |
| 10. | Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization | _____ | 27,047 _____ | 27,047 _____ |
| | | [0490] | [0680] | [0920] |

| | | | |
|------------------|-------------------|---------------------|---------------------|
| 11. Other assets | [0535] | 17 [0735] | 17 [0930] |
| 12. TOTAL ASSETS | 725,040 [0540] | 1,010,725 [0740] | 1,735,765 [0940] |

LIABILITIES AND OWNERSHIP EQUITY

| Liabilities | A.I. Liabilities | Non-A.I. Liabilities | Total |
|--|-------------------|----------------------|-------------------|
| 13. Bank loans payable | [1045] | [1255] | 0 [1470] |
| 14. Payable to brokers or dealers: | | | |
| A. Clearance account | [1114] | [1315] | 0 [1560] |
| B. Other | [1115] | [1305] | 0 [1540] |
| 15. Payable to non-customers | [1155] | [1355] | 0 [1610] |
| 16. Securities sold not yet purchased, at market value | | [1360] | 0 [1620] |
| 17. Accounts payable, accrued liabilities, expenses and other | 151,714 [1205] | [1385] | 151,714 [1685] |
| 18. Notes and mortgages payable: | | | |
| A. Unsecured | [1210] | | 0 [1690] |
| B. Secured | [1211] | [1390] | 0 [1700] |
| 19. Liabilities subordinated to claims of general creditors: | | | |
| A. Cash borrowings: | | | |
| 1. from outsiders | [0970] | | |
| 2. Includes equity subordination (15c3-1(d)) of | [0980] | | |
| B. Securities borrowings, at market value: | | [1400] | 0 [1710] |
| | | [1410] | 0 [1720] |

from outsiders

| | | | |
|---|-------------------|-------------|-------------------|
| | [0990] | | |
| C. Pursuant to secured demand note collateral agreements: | | [1420] | 0 [1730] |
| 1. from outsiders | | | |
| | [1000] | | |
| 2. Includes equity subordination (15c3-1(d)) of | | | |
| | [1010] | | |
| D. Exchange memberships contributed for use of company, at market value | | [1430] | 0 [1740] |
| E. Accounts and other borrowings not qualified for net capital purposes | [1220] | [1440] | 0 [1750] |
| 20. TOTAL LIABILITIES | 151,714 [1230] | 0 [1450] | 151,714 [1760] |

Ownership Equity

| | Total |
|---|-------------------|
| 21. Sole proprietorship | [1770] |
| 22. Partnership (limited partners [1020]) | [1780] |
| 23. Corporations: | |
| A. Preferred stock | [1791] |
| B. Common stock | 5,605 [1792] |
| C. Additional paid-in capital | 327,281 [1793] |

| | |
|--|---------------------------------------|
| D. Retained earnings | <u>1,251,165</u> [1794] |
| E. Total | <u>1,584,051</u> [1795] |
| F. Less capital stock in treasury | <u> </u> [1796] |
| 24. TOTAL OWNERSHIP EQUITY | <u>1,584,051</u> [1800] |
| 25. TOTAL LIABILITIES AND OWNERSHIP EQUITY | <u>1,735,765</u> [1810] |

STATEMENT OF INCOME (LOSS)

Period Beginning 10/01/2003
[3932]

Period Ending 12/31/2003
[3933]

Number of months 3
[3931]

REVENUE

1. Commissions:

| | |
|---|-------------------------|
| a. Commissions on transactions in exchange listed equity securities executed on an exchange | <u>6,039</u> [3935] |
| b. Commissions on listed option transactions | <u>[3938]</u> |
| c. All other securities commissions | <u>19,672</u> [3939] |
| d. Total securities commissions | <u>25,711</u> [3940] |

2. Gains or losses on firm securities trading accounts

| | |
|--|----------------------|
| a. From market making in options on a national securities exchange | <u>[3945]</u> |
| b. From all other trading | <u>900</u> [3949] |
| c. Total gain (loss) | <u>900</u> [3950] |

3. Gains or losses on firm securities investment accounts

[3952]

4. Profit (loss) from underwriting and selling groups

[3955]

5. Revenue from sale of investment company shares

[3970]

6. Commodities revenue

[3990]

7. Fees for account supervision, investment advisory and administrative services

475,000
[3975]

8. Other revenue

-1,978
[3995]

9. Total revenue

499,633
[4030]

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers

125,279
[4120]

COMPUTATION OF NET CAPITAL

| | | | | | |
|----|--|---------|-----------|------------|--------|
| 1. | Total ownership equity from Statement of Financial Condition | | | 1,584,051 | |
| | | | | [3480] | |
| 2. | Deduct ownership equity not allowable for Net Capital | | | | [3490] |
| 3. | Total ownership equity qualified for Net Capital | | | 1,584,051 | [3500] |
| 4. | Add: | | | | |
| | A. Liabilities subordinated to claims of general creditors allowable in computation of net capital | | | | 0 |
| | | | | | [3520] |
| | B. Other (deductions) or allowable credits (List) | | | | |
| | | [3525A] | [3525B] | | |
| | | [3525C] | [3525D] | | |
| | | [3525E] | [3525F] | | 0 |
| | | | | | [3525] |
| 5. | Total capital and allowable subordinated liabilities | | | 1,584,051 | [3530] |
| 6. | Deductions and/or charges: | | | | |
| | A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) | | 1,010,725 | | |
| | | | [3540] | | |
| | B. Secured demand note deficiency | | | | [3590] |
| | C. Commodity futures contracts and spot commodities - proprietary capital charges | | | | [3600] |
| | D. Other deductions and/or charges | | | | [3610] |
| | | | | -1,010,725 | [3620] |
| 7. | Other additions and/or credits (List) | | | | |
| | | [3630A] | [3630B] | | |
| | | [3630C] | [3630D] | | |
| | | [3630E] | [3630F] | | 0 |
| | | | | | [3630] |

| | | | |
|-----|---|---------|--------|
| 8. | Net capital before haircuts on securities positions | 573,326 | [3640] |
| | | | |
| 9. | Haircuts on securities (computed, where applicable, pursuant to 15c3-1(f)): | | |
| A. | Contractual securities commitments | [3660] | |
| B. | Subordinated securities borrowings | [3670] | |
| C. | Trading and investment securities: | | |
| 1. | Exempted securities | [3735] | |
| 2. | Debt securities | 1,000 | [3733] |
| 3. | Options | [3730] | |
| 4. | Other securities | [3734] | |
| D. | Undue Concentration | [3650] | |
| E. | Other (List) | | |
| | [3736A] | [3736B] | |
| | [3736C] | [3736D] | |
| | [3736E] | [3736F] | |
| | | 0 | -1,000 |
| | | [3736] | [3740] |
| 10. | Net Capital | 572,326 | [3750] |

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

| | | | |
|-----|---|--------|--------|
| 11. | Minimum net capital required (6-2/3% of line 19) | 10,114 | [3756] |
| | | | |
| 12. | Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with <u>Note(A)</u> | 5,000 | [3758] |

| | |
|---|-------------------|
| 13. Net capital requirement (greater of line 11 or 12) | 10,114 [3760] |
| 14. Excess net capital (line 10 less 13) | 562,212 [3770] |
| 15. Excess net capital at 1000% (line 10 less 10% of line 19) | 557,154 [3780] |

COMPUTATION OF AGGREGATE INDEBTEDNESS

| | |
|--|-------------------|
| 16. Total A.I. liabilities from Statement of Financial Condition | 151,714 [3790] |
| 17. Add: | |
| A. Drafts for immediate credit | [3800] |
| B. Market value of securities borrowed for which no equivalent value is paid or credited | [3810] |
| C. Other unrecorded amounts (List) | |
| _____ [3820A] | _____ [3820B] |
| _____ [3820C] | _____ [3820D] |
| _____ [3820E] | _____ [3820F] |
| | 0 [3820] |
| 19. Total aggregate indebtedness | 151,714 [3840] |
| 20. Percentage of aggregate indebtedness to net capital (line 19 / line 10) | % 27 [3850] |

OTHER RATIOS

| | |
|--|---------------|
| 21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1(d) | % 0 [3860] |
|--|---------------|

SCHEDULED WITHDRAWALS

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

| Type of Proposed Withdrawal or Accrual | Name of Lender or Contributor | Insider or Outsider | Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities) | Withdrawal or Maturity Date (MMDDYYYY) | Expect to Renew |
|--|-------------------------------|---------------------|---|--|-----------------|
| [4600] | | [4601] | [4602] | [4603] | [4604] [4605] |
| [4610] | | [4611] | [4612] | [4613] | [4614] [4615] |
| [4620] | | [4621] | [4622] | [4623] | [4624] [4625] |
| [4630] | | [4631] | [4632] | [4633] | [4634] [4635] |
| [4640] | | [4641] | [4642] | [4643] | [4644] [4645] |
| [4650] | | [4651] | [4652] | [4653] | [4654] [4655] |
| [4660] | | [4661] | [4662] | [4663] | [4664] [4665] |
| [4670] | | [4671] | [4672] | [4673] | [4674] [4675] |
| [4680] | | [4681] | [4682] | [4683] | [4684] [4685] |
| [4690] | | [4691] | [4692] | [4693] | [4694] [4695] |
| | | TOTAL | | 0 | |
| | | \$ | | [4699] | |

Omit Pennies

Instructions Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

| Withdrawal Code | Description |
|-----------------|------------------------------|
| 1 | Equity Capital |
| 2 | Subordinated Liabilities |
| 3 | Accruals |
| 4 | 15c3-1(c)(2)(iv) Liabilities |

STATEMENT OF CHANGES

STATEMENT OF CHANGES IN OWNERSHIP EQUITY (SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

| | | | |
|----|---|--------|-----------|
| 1. | Balance, beginning of period | | 1,586,030 |
| | | | [4240] |
| | A. Net income (loss) | | -1,979 |
| | | | [4250] |
| | B. Additions (includes non-conforming capital of | [4262] | [4260] |
| | C. Deductions (includes non-conforming capital of | [4272] | [4270] |
| | | | |
| 2. | Balance, end of period (From item 1800) | | 1,584,051 |
| | | | [4290] |

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

| | | | |
|----|---|--|--------|
| 3. | Balance, beginning of period | | [4300] |
| | A. Increases | | [4310] |
| | B. Decreases | | [4320] |
| | | | |
| 4. | Balance, end of period (From item 3520) | | 0 |
| | | | [4330] |