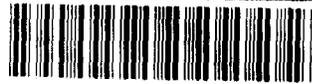


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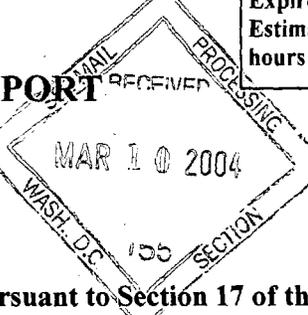
SECURITIES **04004859**  
Washington, D.C. 20547

MISSION

50 3/11/04

OMB Number:	
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**



<b>SEC FILE NUMBER</b>
8-65461

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:

Angeles Capital Group, LLC

<b>OFFICIAL USE ONLY</b>
<b>FIRM I.D. NO.</b>

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

611 West Sixth Street, Suite 1600  
(No. and Street)

Los Angeles, CA 90017

(City) (State) (Zip Code)

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

William Battison

(213) 861-7444

(Area Code - Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

BOROS & FARRINGTON

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

11770 Bernardo Plaza Court, Suite 210, San Diego, CA 92128

(Address) (City) (State) (Zip Code)

CHECK ONE:

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

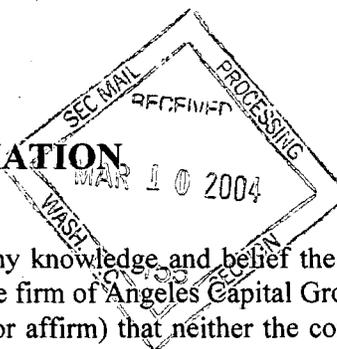
**PROCESSED**

MAR 31 2004

<b>FOR OFFICIAL USE ONLY</b>	
	<b>THOMSON FINANCIAL</b>

\* 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, William Battison, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Angeles Capital Group, 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:

None

STATE OF California  
COUNTY OF Los Angeles  
SUBSCRIBED AND SWORN TO

William Battison  
Signature

Managing Director  
Title

BEFORE ME  
THIS 9th DAY OF March, 2004

Renee S. Herscovici  
Notary Public  
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 Proprietor's Capital.
- (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- (g) Computation of Net Capital.
- (h) Computation of Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- (l) An Oath or Affirmation.
- (m) A copy of the SIPC Supplemental Report.
- (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

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

**ANGELES CAPITAL GROUP, LLC**

**Financial Statements  
and  
Independent Auditor's Report**

**Year Ended December 31, 2003**

# ANGELES CAPITAL GROUP, LLC

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# Boros & Farrington

CERTIFIED PUBLIC ACCOUNTANTS  
A Professional Corporation

11770 Bernardo Plaza Court, Suite 210  
San Diego, CA 92128-2424  
(858) 487-8518 Fax (858) 487-6794

## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Angeles Capital Group, LLC

We have audited the accompanying statement of financial condition of Angeles Capital Group, LLC as of December 31, 2003, and the related statements of income, changes in members' 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 Angeles Capital Group, LLC at 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 conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplemental Schedule, Computation of Net Capital, 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 of the Securities and Exchange Commission. Such information has been subjected to the auditing procedures applied in the audit 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.



March 5, 2004

# ANGELES CAPITAL GROUP, LLC

## Statement of Financial Condition

December 31, 2003

### ASSETS

Cash	\$30,139
Receivables	4,032
Deposits	<u>26</u>
	<u>\$34,197</u>

### LIABILITIES AND MEMBERS' EQUITY

Liabilities	
Accrued expenses	\$ 3,665
Members' equity	<u>30,532</u>
	<u>\$34,197</u>

*See notes to financial statements.*

**ANGELES CAPITAL GROUP, LLC**

**Statement of Income**

**Year Ended December 31, 2003**

Revenues	
Investment banking fees	\$321,115
Reimbursed expenses and other income	<u>5,171</u>
Total revenues	<u>326,286</u>
Expenses	
Commissions	289,565
Outside services	8,913
Rent	4,500
Licenses and registrations	4,124
Supplies and printing	2,517
Telephone and postage	1,201
Other	<u>1,891</u>
Total expenses	<u>312,711</u>
Income before income taxes	13,575
Income tax expense	<u>(800)</u>
Net income	<u>\$ 12,775</u>

*See notes to financial statements.*

**ANGELES CAPITAL GROUP, LLC**

**Statement of Changes in Members' Equity**

**Year Ended December 31, 2003**

Balance, January 1, 2003	\$ 9,757
Capital contribution	8,000
Net income	<u>12,775</u>
Balance, December 31, 2003	<u>\$30,532</u>

*See notes to financial statements.*

# ANGELES CAPITAL GROUP, LLC

## Statement of Cash Flows

Year Ended December 31, 2003

Cash flows from operating activities	
Net income	\$12,775
Adjustments to reconcile net income to net cash from operating activities	
Changes in operation assets and liabilities	
Receivables	(4,032)
Deposits	(26)
Accrued expenses	3,445
Net cash from operating activities	<u>12,162</u>
Cash flows from financing activities	
Capital contribution	<u>8,000</u>
Net increase in cash	20,162
Cash, beginning of year	<u>9,977</u>
Cash, end of year	<u>\$30,139</u>
Supplemental disclosure of cash flow information:	
Income taxes paid	<u>\$ -</u>
Interest paid	<u>\$ 800</u>

*See notes to financial statements.*

# ANGELES CAPITAL GROUP, LLC

## Notes to Financial Statements

### 1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

**The Company.** Angeles Capital Group, LLC (the "Company") is a registered broker-dealer licensed by the United States Securities and Exchange Commission ("SEC") and is a member of the National Association of Securities Dealers. The Company provides investment banking services for established and emerging companies. These services include consultation and assistance with private and public offerings of equity and debt securities, mergers, acquisitions, divestitures, joint ventures, and other corporate finance transactions.

**Accounting Estimates.** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**Revenue recognition.** Transaction fees are recognized as revenue upon completion of the transaction process. Advisory and consulting fees are recognized as the related services are rendered. Nonrefundable retainers are recognized when received. Costs connected with transaction fees are expensed as incurred.

**Income Taxes.** Income taxes, if any, are the liability of the individual members. Accordingly, no provision for income taxes is reflected in the accompanying financial statements.

### 2. NET CAPITAL REQUIREMENTS

Under Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital (as defined) and a ratio of aggregate indebtedness to net capital (as defined) not exceeding 15 to 1.

The Company's ratio at December 31, 2003 was 0.14 to 1. The basic concept of the Rule is liquidity, its object being to require a broker-dealer in securities to have at all times sufficient liquid assets to cover its current indebtedness. At December 31, 2003, the Company's net capital of \$26,474 was \$21,474 in excess of the amount required by the SEC.

### 3. RESERVE REQUIREMENT FOR BROKERS AND DEALERS IN SECURITIES

The Company is exempt from provisions of Rule 15c3-3 (per paragraph (k)(3) of such Rule) under the Securities Exchange Act of 1934 as a broker or dealer providing limited business services involving mutual funds and/or variable annuities only. The Company does not maintain physical custody of customer funds or securities. Because of such exemption the Company is not required to prepare a determination of reserve requirement for brokers and dealers in securities.

\*\*\*\*\*

## ANGELES CAPITAL GROUP, LLC

### Supplemental Schedule Computation of Net Capital Pursuant to Rule 15c3-1

December 31, 2003

Total members' equity	\$30,532
Less non-allowable assets	
Receivables	4,032
Deposits	<u>26</u>
Net capital	<u>\$26,474</u>
Total aggregate indebtedness	<u>\$ 3,665</u>
Ratio of aggregate indebtedness to net capital	<u>0.14</u>
Minimum net capital required	<u>\$ 5,000</u>

*Note: There are no differences between the net capital reported above and the net capital reported on Form FOCUS X-17A-5 Part IIA at December 31, 2003.*

**INDEPENDENT AUDITOR'S REPORT**  
**ON INTERNAL CONTROL STRUCTURE**

Board of Directors  
Angeles Capital Group, LLC:

In planning and performing our audit of the financial statements of Angeles Capital Group, LLC (the "Company") 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 17a-5(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 the Company 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 in complying with the conditions of exemption from Rule 15c3-3. 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 in complying with the requirements for prompt payment of securities under section 8 of 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 judgments 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, errors or irregularities 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 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, we noted no matters involving the internal control structure, including procedures for safeguarding securities, that we consider to be a material weakness as defined above.

We 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 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, the Company was in compliance with the exemptive provisions of Rule 15c3-3 at December 31, 2003, and, further, no facts came to our attention indicating that the Company was not in compliance with such conditions during the year ended December 31, 2003.

This report is intended solely for the use of management and the Securities and Exchange Commission 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.

*Baras & Farrington*

March 5, 2004