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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC FILE NUMBER  
36163

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: The Delaware Bay Company, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

680 Fifth Avenue

(No. and Street)

New York  
(City)

New York  
(State)

10019  
(Zip Code)

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

Stephanie Neiderfer

212.204.8600

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

Raich Ende Malter & Co. LLP

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

90 Merrick Avenue

East Meadow

New York

11554

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED  
APR 28 2004

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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(i)(2)

SEC 1410 (08-02)

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Handwritten signature/initials

OATH OR AFFIRMATION

I, T.K. Duggan, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Delaware Bay Company, 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:



T.K. Duggan  
Signature  
CEO  
Title

ANDY HUI  
Notary Public, State of New York  
No. 31-4990413  
Qualified in New York County  
Certificate filed in Kings County  
Commission Expires Dec. 30, 2005

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 240.17c-5(e)(3).

# THE DELAWARE BAY COMPANY, INC.

Statement of Financial Condition

December 31, 2003

## ASSETS

Cash and cash equivalents	\$ 534,131
Receivables from clearing broker - including clearing deposit of of \$50,862	154,672
Securities owned:	
Marketable securities	2,454
Not readily marketable - estimated fair value	3,402
Receivables from affiliated companies	25,733
Equipment, fixtures and improvements - net of accumulated depreciation and amortization of \$505,295	636,062
Other assets	<u>109,133</u>
	<u>\$ 1,465,595</u>

## LIABILITIES AND STOCKHOLDER'S EQUITY

Accrued expenses and other liabilities	\$ 282,453
Deferred income taxes	<u>17,607</u>
	<u>300,060</u>

### Stockholder's Equity

Common stock - no par value - 1,000 shares authorized, issued and outstanding	1,000
Additional paid-in capital	305,200
Retained earnings	<u>859,335</u>
	<u>1,165,535</u>
	<u>\$ 1,465,595</u>

See notes to financial statements.

# THE DELAWARE BAY COMPANY, INC.

Supplementary Information - Computation of Net Capital  
Under Rule 15c3-1 of the Securities and Exchange Commission  
For the Year Ended December 31, 2003

## COMPUTATION OF NET CAPITAL

Total Stockholder's Equity Qualified for Net Capital \$1,165,535

### Deductions

Non-allowable assets - assets not readily convertible to cash:  
Equipment, fixtures and improvements - net book value 636,062  
Receivables from non-customers 44,038  
Other assets 91,157  
Securities not readily marketable 3,402

774,659

Net capital before haircuts 390,881

### Haircuts on securities:

Trading and investment securities:  
Debt securities 13  
Other securities 355  
Other - money market account 9,080

9,454

Net Capital \$ 381,427

## COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

### Computation of Aggregate Indebtedness

Total liabilities \$ 300,060  
Exclusions from aggregate indebtedness - deferred income taxes 17,607

Aggregate indebtedness \$ 282,453

Minimum Net Capital Requirement - 6.67% of adjusted aggregate indebtedness \$ 18,840

Net Capital Requirement - greater of minimum net capital requirement or \$100,000 \$ 100,000

Net Capital in Excess of Requirement \$ 281,427

Ratio of Aggregate Indebtedness to Net Capital .74 to 1.00

There were no material differences noted between the computation of net capital under Rule 15c3-1 of the Securities Exchange Act of 1934 as reported above and as contained in the unaudited amended FOCUS report dated February 25, 2004 as filed by the Company.

See independent auditors' report.

# THE DELAWARE BAY COMPANY, INC.

## SUPPLEMENTARY INFORMATION

### RECONCILIATION OF THE COMPUTATION OF NET CAPITAL AS OF DECEMBER 31, 2003 REQUIRED PURSUANT TO SEC RULE 17a-5(d)(4)

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Reconciliation of the audited Computation of Net Capital as of December 31, 2003  
and the corresponding Computation of Net Capital included in  
the Unaudited Form X-17A-5 Part IIA filed by The Delaware Bay Company, Inc  
on January 27, 2004

Computation of Net Capital, per Form X-17A-5 Part IIA filed January 27, 2004	\$	468,088
Adjustments proposed by independent auditors which reduced net capital and approved by management subsequent to filing Form X-17A-5 Part IIA		
(i) Accrual of unbilled legal fees as of December 31, 2003 disclosed to auditors in audit confirmation response received from an attorney		(16,424)
(ii) Accrual of liability for compensated absences owed to employees as of December 31, 2003 as required by FASB 43		(17,800)
(iii) Accrual of deferred rent payable based on recognition of rent expense on a straight-line basis as required by FASB 13		(52,437)
Audited Computation of Net Capital	\$	<u>381,427</u>