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

SEC FILE NUMBER
8- 53649

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 March 1, 2003 AND ENDING February 29, 2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: DAE Enterprises, LTD
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
1919 - 15th Avenue NE

OFFICIAL USE ONLY
118286
FIRM I.D. NO.

Issaquah, WA 98029
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Donald A. Ellis 206 795 0395
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Jack W. Brown Inc., PC
(Name - if individual, state last, first, middle name)
419 Occidental Ave. So., #600 Seattle WA 98104
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

PROCESSED
MAY 06 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)

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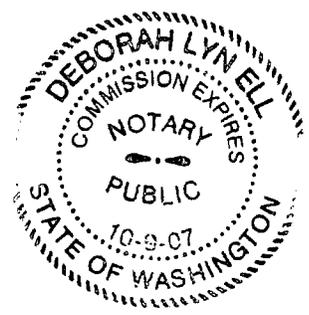
OATH OR AFFIRMATION

I, Donald A. Ellis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DAE Enterprises, LTD

, as of February 29, 20 04, 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]
Signature
Pres - CEO
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 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).

DAE ENTERPRISES, LTD

Financial Statements
and Supplementary Information

February 29, 2004

Jack W. Brown Inc., P.C.

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JACK W. BROWN INC., P.C.

Accountants & Consultants 419 Occidental Ave. S., Suite 600 Seattle, Washington 98104 (206) 343-0646 FAX (206) 682-3977

April 21, 2004

To the Board of Directors
DAE Enterprises, LTD
Mercer Island, WA

We have audited the accompanying balance sheet of DAE Enterprises, LTD, as of February 29, 2004, and the related statements of income and retained earnings 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 generally accepted auditing standards. 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 principals 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 DAE Enterprises, LTD, as of February 29, 2004, and the results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the supplementary schedules is presented for the purpose 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.


Jack W. Brown Inc., P.C.
Seattle, WA
April 21, 2004

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DAE ENTERPRISES, LTD
BALANCE SHEET

	Year Ended February 29, 2004
ASSETS	
<u>Current</u>	
Cash	\$ 5,757
Certificates of deposit	<u>6,230</u>
Total current assets	<u>11,987</u>
<u>Property & Equipment (Note 1)</u>	
Office equipment	12,195
Less accumulated depreciation	<u>(4,208)</u>
Total property & equipment	<u>7,987</u>
TOTAL ASSETS	<u>\$ 19,974</u>
LIABILITIES & STOCKHOLDER'S EQUITY	
<u>Current Liabilities</u>	
Shareholder notes payable	\$ <u>3,229</u>
Total current liabilities	<u>3,229</u>
<u>Stockholder's Equity</u>	
Common stock, \$1 par value, 10,000 shares authorized, and 7,000 shares issued and outstanding	7,000
Additional paid in capital	10,000
Retained earnings (deficit)	<u>(255)</u>
Stockholder's Equity	<u>16,745</u>
TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	<u>\$ 19,974</u>

DAE ENTERPRISES, LTD
STATEMENT OF INCOME & RETAINED EARNINGS

Year Ended
February 29, 2004

INCOME

Concessions \$ 83,661

OPERATING EXPENSES

Concession Expenses 30,724
Salaries 12,000
Employee Benefits 14,683
Travel & Entertainment 4,969
Professional Services 4,575
Office Expenses 3,462
Repairs & Maintenance 3,294
Telephone 2,987
Depreciation 2,508
Equipment Rental 2,000
Dues & Subscriptions 1,991
Auto Expense 1,642
Taxes & Licenses 977
Broker-Dealer Fees 826
Postage 563
Printing 550
Miscellaneous Expenses 568
Total Operating Expenses 88,319

Loss From Operations (4,658)

Other income, interest 76

Loss Before Provision for Federal Income Tax (4,582)

Reversal of deferred Income Tax 649

NET LOSS (3,933)

RETAINED EARNINGS, February 28, 2003 3,678

RETAINED EARNINGS (DEFICIT), February 29, 2004 \$ (255)

See accompanying notes to the financial statements

DAE ENTERPRISES, LTD
STATEMENT OF CASH FLOWS

Year Ended
February 29, 2004

Cash flows from operating activities	
Net Loss	\$ (3,933)
Depreciation expense	<u>2,508</u>
Total cash flow from operating activities	(1,425)
Adjustment to reconcile net income to net cash provided by operating activities	
Decrease in concession receivable	2,547
Increase in office equipment	(3,695)
Decrease in federal income tax payable	(649)
Decrease in stockholder loans	(15,672)
Increase in additional paid in capital	<u>10,000</u>
Net increase in cash & cash equivalents	(8,894)
Cash & cash equivalents at beginning of year	<u>20,881</u>
Cash & cash equivalents at end of year	<u><u>\$ 11,987</u></u>

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Nature of business: DAE Enterprises, LTD is a privately-held Broker-Dealer company which was incorporated in the State of Washington in 1983.
- B. Property & equipment: Property and equipment are recorded at cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income during that year. The cost of maintenance and repairs is charged to expenses when incurred, whereas expenditures which substantially increase the useful lives of property and equipment are capitalized.
- C. Depreciation: The provision for depreciation for financial statement purposes is computed over five years using the straight line method. Depreciation expense for the current year was \$2,508. For tax purposes, depreciation is computed using accelerated methods.
- D. Cash & cash equivalents: Cash and cash equivalents consist of cash in checking accounts and certificates of deposit with a maturity of less than 12 months.
- E. Income taxes: The Company reports income for financial statement purposes on the accrual basis whereby revenue is recognized as services are performed and expenses are incurred. For federal income tax purposes, the Company reports income on the cash basis whereby revenue is recognized as it is collected and expenses are recognized as paid.
- F. Estimates: The preparation of financial statements in conformity with generally accepted accounting principles 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.

SUPPLEMENTARY INFORMATION

2. **NET CAPITAL REQUIREMENT:**

Pursuant to Rule 15c3-1(a)(2) under the Securities Exchange Act of 1934, the Company has a \$5,000 net capital requirement. For the year ended February 29, 2004 the Company's net capital balance was \$8,758.

DAE ENTERPRISES, LTD
COMPUTATION for DETERMINATION of RESERVE REQUIREMENTS for
BROKER-DEALERS February 29, 2004

UNDER RULE 15c3-3
For the Year Ended February 29, 2004

Exemptive Provisions:

The Company is exempt from Rule 15c3-3 in that the Company does not receive any customer securities or cash.

DAE ENTERPRISES, LTD
COMPUTATION of NET CAPITAL Under SEC. RULE 15c3-1

Net Capital per audited Financial Statements, February 29, 2004	\$ 16,745
Less Non-Allowable Assets	<u>7,987</u>
Net Capital, February 29, 2004	<u><u>\$ 8,758</u></u>

See the Reconciliation of Audited and Unaudited Computation of Net Capital on the following page.

DAE ENTERPRISES, LTD
 RECONCILIATION of AUDITED & UNAUDITED COMPUTATION of NET
 CAPITAL February 29, 2004

<u>Differences</u>	Unaudited Form X-17A-5 Part II Prepared by DAE Enterprises LTD	Audited Form X17A	<u>Differences</u>
	<u>Filed on</u>	<u>Part IIA</u>	
Page 3			
Lines 1 & 3	\$10,387	\$ 8,758	(\$ 1,629)
 <u>Explanations</u>			
Lines 1 & 3	Overstated payable to non-customers		1,600
	Understated stockholder loans		<u>(3,229)</u>
			<u>(\$ 1,629)</u>