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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
8- 50042

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 01/01/03 AND ENDING 12/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

KBC Peel Hunt Incorporated

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

111 Old Broad Street, 4th Floor

(No. and Street)

OFFICIAL USE ONLY

FIRM ID. NO.

London

United Kingdom

EC2N 1PH

(City)

(State)

(Zip Code)

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

Simon Chambers

44-207-418-8900

(Area Code- Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Goldstein Golub Kessler LLP

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

1185 Avenue of the Americas,

New York,

NY

10036

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

SEC MAIL RECEIVED
 PROCESSING
 PROCESSED
 MAR 01 2004
 MAR 31 2004
 THOMSON FINANCIAL
 SECTION 155
 WASH. D.C.

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* 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).

SW

OATH OR AFFIRMATION

I, Simon S. Chambers swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KBC Peel Hunt Incorporated, 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:

Simon S. Chambers

Signature

DIRECTOR

Title

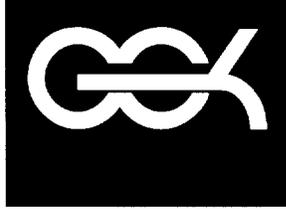
Notary Public

Notary Public London, England
(J. B. BURGESS)
My Commission Expires with Life

This report** contains (check all applicable boxes):

- (a) Facing Page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flow.
- (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 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 15c3-1 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).



KBC PEEL HUNT INCORPORATED
(a wholly owned subsidiary of KBC Peel Hunt Ltd)

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2003

GOLDSTEIN GOLUB KESSLER LLP

Certified Public Accountants and Consultants





GOLDSTEIN GOLUB KESSLER LLP

Certified Public Accountants and Consultants



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
KBC Peel Hunt Incorporated

We have audited the accompanying statement of financial condition of KBC Peel Hunt Incorporated (a wholly owned subsidiary of KBC Peel Hunt Ltd of London) as of December 31, 2003. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of KBC Peel Hunt Incorporated as of December 31, 2003, in conformity with accounting principles generally accepted in the United States of America.

Goldstein Golub Kessler LLP

GOLDSTEIN GOLUB KESSLER LLP

January 28, 2004

KBC PEEL HUNT INCORPORATED
(a wholly owned subsidiary of KBC Peel Hunt Ltd)

STATEMENT OF FINANCIAL CONDITION

December 31, 2003

ASSETS

Receivable from Clearing Broker	\$ 70,679
Deposit with Clearing Broker	100,000
Securities Owned, at fair value	74,175
Due from Affiliate	19,047
Cash	16,838
Other Assets	8,875
Total Assets	\$289,614

LIABILITY AND STOCKHOLDER'S EQUITY

Liability - accrued expenses	\$ 37,750
Stockholder's Equity:	
Common stock - \$.01 par value; authorized 3,000 shares, issued and outstanding 200 shares	2
Additional paid-in capital	299,998
Accumulated deficit	(48,136)
Stockholder's equity	251,864
Total Liability and Stockholder's Equity	\$289,614

See Notes to Statement of Financial Condition

KBC PEEL HUNT INCORPORATED
(a wholly owned subsidiary of KBC Peel Hunt Ltd)

NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2003

- 1. ORGANIZATION AND BUSINESS ACTIVITY:** KBC Peel Hunt Incorporated (the "Company") is a wholly owned subsidiary of KBC Peel Hunt Ltd of London, United Kingdom (the "Parent"). The Company is a registered broker-dealer with the Securities and Exchange Commission (the "SEC") and is a member of the National Association of Securities Dealers, Inc. (the "NASD"). Its principal business activity is brokering United Kingdom securities for its U.S. customers. The Company, which was incorporated in Delaware in 1996, began operating in April 1997 and was licensed as a broker-dealer in October 1997.

- 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:** Securities owned are stated at fair value with the resulting differences between cost and market included in change in unrealized depreciation of investments.

This financial statement has been prepared in conformity with accounting principles generally accepted in the United States of America which require the use of estimates by management.

- 3. RECEIVABLE FROM CLEARING BROKER AND CONCENTRATION OF CREDIT RISK:** The clearing and depository operations for the Company's and customers' securities transactions are provided by one broker pursuant to a clearance agreement.

The Company does not carry accounts for customers or perform custodial functions related to customers' securities. The Company introduces all of its customer transactions, which are not reflected in this financial statement, to its clearing broker, which maintains the customers' accounts and clears such transactions.

The Company has agreed to indemnify its clearing broker for losses that it may sustain from the customer accounts introduced by the Company. As of December 31, 2003, there were no unsecured amounts owed to the clearing broker by these customers in connection with normal margin, cash and delivery against payment transactions.

- 4. RELATED PARTY TRANSACTIONS:** The Company leases office space and facilities from the Parent under an operating lease at \$20,000 per annum.

- 5. DEFERRED TAXES:** The Company recorded a deferred income tax asset for the tax effect of net operating loss carryforwards and temporary differences, aggregating approximately \$13,500. In recognition of the uncertainty regarding the ultimate amount of income tax benefits to be derived, the Company has recorded a full valuation allowance as of December 31, 2003.

KBC PEEL HUNT INCORPORATED
(a wholly owned subsidiary of KBC Peel Hunt Ltd)

NOTES TO STATEMENT OF FINANCIAL CONDITION
December 31, 2003

**6. NET CAPITAL
REQUIREMENT:**

The Company is subject to the SEC's Uniform Net Capital rule 15c3-1 which requires that net capital, as defined, shall be the greater of \$5,000 or 1/15th of aggregate indebtedness, as defined. At December 31, 2003, the Company had net capital of \$206,350, which was \$201,350 in excess of the minimum net capital requirement. The ratio of aggregate indebtedness to net capital was .18 to 1.



KBC PEEL HUNT INCORPORATED

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

DECEMBER 31, 2003

GOLDSTEIN GOLUB KESSLER LLP

Certified Public Accountants and Consultants





GOLDSTEIN GOLUB KESSLER LLP

Certified Public Accountants and Consultants



INDEPENDENT AUDITOR'S SUPPLEMENTARY REPORT ON INTERNAL CONTROL

To the Board of Directors
KBC Peel Hunt Incorporated

In planning and performing our audit of the financial statements and supplemental schedule of KBC Peel Hunt Incorporated (the "Company") for the year ended December 31, 2003, 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 internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (the "SEC"), we have made a study of the practices and procedures followed by the Company 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 (or aggregate debits) 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 internal control 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 misstatements caused by 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 to meet the SEC's objectives.

This report recognizes that it is not practicable in an organization the size of KBC Peel Hunt Incorporated to achieve all the divisions of duties and cross-checks generally included in a system of internal control and that, alternatively, greater reliance must be placed on surveillance by management.

This report is intended solely for the information and use of the board of directors, management, the SEC, the National Association of Securities Dealers, Inc. and other regulatory agencies that 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 these specified parties.

Goldstein Golub Kessler LLP

GOLDSTEIN GOLUB KESSLER LLP

January 28, 2004