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

SEC FILE NUMBER  
8- 45039

**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 01/01/2003 AND ENDING 12/31/2003  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: Sevia Virgin Islands Securities Inc

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

TA Crystal Gate  
(No. and Street)  
St. Thomas USVI 00802  
(City) (State) (Zip Code)

**PROCESSED**  
MAR 29 2004

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

Thomas Cook 973 744 3307  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

O'Dell & Associates LLC  
(Name - if individual, state last, first, middle name)  
PO Box 24775 Christsted St Croix USVI 00824  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

SEC. FILE NO. RECEIVED  
MAR 1 2004  
SECTION

**FOR OFFICIAL USE ONLY**

\*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, Thomas E. Cook, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Seasia Virgin Islands Securities Inc, as of 31 December, 20 03, 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

*Edward Enginger*  
EDWARD ENGINGER  
NOTARY PUBLIC OF NEW JERSEY  
My Commission Expires Oct. 19, 2004

Notary Public

*Thomas E. Cook*  
Signature  
Finance & Operations Principal  
Title

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).

Seslia Virgin Islands Securities, Inc.

FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION

Years Ended December 31, 2003 and 2002



O'Neill & Associates, LLC

CERTIFIED PUBLIC ACCOUNTANTS



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Pablo O'Neill, MBA, CPA  
Claudette J. Anderson, CPA  
June Y. Harley, CPA

INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Seslia Virgin Islands Securities, Inc.

We have audited the accompanying balance sheets of Seslia Virgin Islands Securities, Inc. (a Virgin Islands corporation) as of December 31, 2003 and 2002 and the related statements of income and retained earnings, changes in stockholder's equity, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in 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 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 Seslia Virgin Islands Securities, Inc. as of December 31, 2003 and 2002 and the results of its operations and cash flows for the years then ended, in conformity with accounting principles generally accepted in United States of America.

*O'Neill & Associates, LLC*

St. Croix, Virgin Islands  
February 16, 2004

Seslia Virgin Islands Securities, Inc.

BALANCE SHEETS

December 31,

	<u>2003</u>	<u>2002</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 256,312	\$ 112,987
Accounts receivable	17,378	72,382
Prepaid expenses	15,459	14,575
Due from shareholders	16,323	-
Due from affiliate	<u>46,007</u>	<u>40,804</u>
Total current assets	<u>351,479</u>	<u>240,748</u>
PROPERTY AND EQUIPMENT		
Equipment	51,462	45,613
Furniture	26,499	17,982
Leasehold improvements	<u>-</u>	<u>8,517</u>
	77,961	72,112
Less accumulated depreciation	<u>( 47,498)</u>	<u>( 38,171)</u>
Net property and equipment	<u>30,463</u>	<u>33,941</u>
OTHER ASSETS		
Investments	66,856	158,129
Deposits	<u>-</u>	<u>700</u>
Total other assets	<u>66,856</u>	<u>158,829</u>
	<u>\$ 448,798</u>	<u>\$ 433,518</u>

See accompanying notes.

Seslia Virgin Islands Securities, Inc.

BALANCE SHEETS

December 31,

LIABILITIES AND STOCKHOLDER'S EQUITY

	<u>2003</u>	<u>2002</u>
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 2,038	\$ 1,926
Accounts payable	17,811	33,514
Accrued income taxes	8,700	6,800
Accrued liabilities	<u>35,971</u>	<u>49,298</u>
Total current liabilities	<u>64,520</u>	<u>91,538</u>
LONG-TERM LIABILITIES		
Long-term debt, less current maturities	<u>13,388</u>	<u>15,700</u>
Total long-term liabilities	<u>13,388</u>	<u>15,700</u>
STOCKHOLDER'S EQUITY		
Common stock - 10,000 shares authorized, 1,081 shares issued and outstanding of no par value	49,471	25,000
Additional paid-in capital	182,000	182,000
Retained earnings	<u>139,419</u>	<u>119,280</u>
Total stockholder's equity	<u>370,890</u>	<u>326,280</u>
	<u>\$ 448,798</u>	<u>\$ 433,518</u>

See accompanying notes.

Seslia Virgin Islands Securities, Inc.  
STATEMENTS OF INCOME AND RETAINED EARNINGS

Years Ended December 31,

	<u>2003</u>	<u>2002</u>
Revenues	<u>\$ 1,268,427</u>	<u>\$ 1,482,839</u>
Operating expenses		
Fees and commissions	265,684	361,910
General and administrative	974,309	1,083,117
Depreciation	<u>9,327</u>	<u>11,784</u>
Total operating expenses	<u>1,249,320</u>	<u>1,456,811</u>
Income (Loss) from operations	<u>19,107</u>	<u>26,028</u>
Other income (deduction)		
Unrealized loss on securities	( 1,272)	( 1,918)
Investment income	<u>11,189</u>	<u>10,955</u>
Total other income	<u>9,917</u>	<u>9,037</u>
Income before provision for income taxes	29,024	35,065
Provision for income taxes	<u>8,885</u>	<u>6,800</u>
NET INCOME	20,139	28,265
Retained earnings, January 1,	<u>119,280</u>	<u>91,015</u>
Retained earnings, December 31,	<u>\$ 139,419</u>	<u>\$ 119,280</u>

See accompanying notes.

Seslia Virgin Islands Securities, Inc.  
 STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY  
 Years Ended December 31, 2003 and 2002

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Retained Earnings</u>
Balances at January 1, 2002	\$ 25,000	\$ 182,000	\$ 91,015
Net income	<u>-</u>	<u>-</u>	<u>28,265</u>
Balances at December 31, 2002	25,000	182,000	119,280
Issuance of 81 shares of Common Stock	24,471	-	-
Net income	<u>-</u>	<u>-</u>	<u>20,139</u>
Balances at December 31, 2003	<u>\$ 49,471</u>	<u>\$ 182,000</u>	<u>\$ 139,419</u>

See accompanying notes.

Seslia Virgin Islands Securities, Inc.

STATEMENTS OF CASH FLOWS

Years Ended December 31,

	<u>2003</u>	<u>2002</u>
Cash flows from operating activities:		
Net income	\$ 20,139	\$ 28,265
Adjustments to reconcile net income to net cash (used) provided by operating activities:		
Depreciation and amortization	9,327	11,784
Loss on sale of securities	738	-
Unrealized loss on securities	534	1,918
(Increase) Decrease in:		
Accounts receivable	55,003	44,063
Prepaid expenses	( 885)	( 2,743)
(Decrease) Increase in:		
Accounts payable	( 15,703)	18,643
Accrued income taxes	1,900	6,800
Accrued liabilities	( 13,326)	39,293
Net cash (used) provided by Operating activities	<u>57,727</u>	<u>148,023</u>
Cash flows from investing activities:		
Payments for the purchase of property and equipment	( 5,848)	( 7,875)
Investments, net	<u>90,700</u>	<u>2,747</u>
Net cash used by investing activities	<u>84,852</u>	<u>( 5,128)</u>
Cash flows from financing activities:		
Advances from (to) affiliate	( 5,204)	( 61,261)
Principal payments on long-term debt	( 2,198)	( 1,848)
Proceeds of common stock	<u>8,148</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>746</u>	<u>( 63,109)</u>
NET CASH (USED) PROVIDED BY ALL ACTIVITIES	143,325	79,786
Cash and cash equivalents, January 1,	<u>112,987</u>	<u>33,201</u>
Cash and cash equivalents, December 31,	<u>\$ 256,312</u>	<u>\$ 112,987</u>
Supplemental disclosure		
Interest paid	<u>\$ 662</u>	<u>\$ 572</u>

See accompanying notes.

Seslia Virgin Islands Securities, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Organization and purpose - Seslia Virgin Islands Securities, Inc. was incorporated April 30, 1992 to engage in and carry on a general securities brokerage, investment and financial consulting business.

Cash Equivalents - For purposes of reporting cash flow, cash and cash equivalents include money market accounts and any highly liquid debt instruments purchased with a maturity of three months or less.

Property and equipment - Property and equipment are carried at cost. Depreciation is computed principally on the straight-line method over the estimated useful lives of the respective assets.

Investments - The Company maintains cash and/or investments held for long term in a "good faith deposit account" to meet the NASD capital requirements. For financial reporting purposes, the investments are recorded at the lower of cost or market.

Use of 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.

Advertising Costs - The Company conducts nondirect response advertising. These costs are expensed as incurred. Advertising costs for the years ended December 31, 2003 and 2002 are \$4,413 and \$26,990, respectively.

Income taxes - Provision for income taxes are based on taxes payable or refundable for the current year and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements.

Seslia Virgin Islands Securities, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -  
Continued**

Income taxes - Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled as prescribed in FASB Statement No. 109, Accounting for Income Taxes. As changes in tax laws or rate are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

**NOTE B - INVESTMENTS**

The Company invests in certificate of deposits and corporate bonds. At December 31, 2003 and 2002, these securities were classified as available for sale and are reported at fair value, with the unrealized gains and losses included in comprehensive income.

December 31,	<u>2003</u>	<u>2002</u>
Fair market value	\$ 66,857	\$ 158,129
Cost	\$ 67,391	\$ 160,047
Unrealized loss	\$ 534	\$ 1,918

**NOTE C - RELATED PARTY TRANSACTIONS**

Seslia Virgin Islands Securities, Inc. (the Company) is a subsidiary of Seslia & Company (the Parent). The Parent is a Pennsylvania corporation. The Company had received funds from Seslia & Company for organizational costs. The Company also pays a monthly management fee representing the use of Seslia & Company personnel and services. Management fees incurred for 2003 and 2002 totalled \$30,000 and \$120,000, respectively.

Balances arising from transactions with the parent company are as follows:

December 31,	<u>2003</u>	<u>2002</u>
Due from (to) parent	\$ 46,007	\$ 40,804

Seslia Virgin Islands Securities, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

**NOTE C - RELATED PARTY TRANSACTIONS - Continued**

Also, see note F with respect to operating lease agreement with parent company.

**NOTE D - STOCK PURCHASE ASSISTANCE PLAN**

In February 2003, the company initiated a stock purchase plan to encourage and assist its officers and key executives to make meaningful investments in the company's common stock. Employees who choose to participate will be granted an opportunity to purchase the company's common stock at fair market value. As of December 31, 2003, three participants have executed agreements to participate in the stock purchase plan by purchasing 81 shares of common stock in the amount of \$24,471. The unpaid balance related to that transaction as of December 31, 2003 is \$16,323.

**NOTE E - LONG-TERM DEBT**

Long-term debt consists of the following at December 31,

	<u>2003</u>	<u>2002</u>
4% loan payable to the SBA in monthly installments of \$220 which includes interest; collateralized by fixed assets; final installment due August 2010	\$ 15,426	\$ 17,626
Less current maturities	<u>2,038</u>	<u>1,926</u>
	<u>\$ 13,388</u>	<u>\$ 15,700</u>

Seslia Virgin Islands Securities, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

**NOTE E - LONG-TERM DEBT - Continued**

Based on market rates for similar loans, at December 31, 2003 and 2002, the fair value of the notes approximates their carrying amount. The aggregate maturities of long-term debt are as follows:

Year ending December 31,

2004	\$	2,038
2005		2,101
2006		2,269
2007		2,318
2008		2,402
Thereafter		<u>4,298</u>
	\$	<u>15,426</u>

**NOTE F - INCOME TAXES**

The company utilized net operating loss carry forwards for the years ending December 31, 2003 and 2002 of approximately \$17,875 and \$20,163, respectively. As of December 31, 2003 the Company has used all available net operating losses. In addition, the Company has available capital loss carryovers of approximately \$11,700 to offset future year's capital gains.

**NOTE G - COMMITMENTS**

The Company is obligated under operating lease agreement dated September 1998 for rent of \$2,900 per month until January 2001. Rent is fixed for the initial two years and will increase annually based upon Consumer Price Index until it expires December 2011. The agreement provides a ten-year renewal option to be negotiated based on the Consumer Price Index. The lease is with the parent company Seslia & Company.

The Company also leases office space under an operating lease agreement with monthly payments of \$1,100.

The Company leases storage facilities from an unrelated party at a monthly rate of \$95.

Rent expense for the years ended December 31, 2003 and 2002 amounted to \$61,010 and \$49,140 respectively.

Seslia Virgin Islands Securities, Inc.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003 and 2002

**NOTE H - EMPLOYEE BENEFIT PLANS**

The corporation maintains a defined contribution pension plan covering substantially all employees meeting minimum eligibility requirements. The pension contribution is determined using a specified formula applied to each eligible employee's contribution. Pension expense for the years ended December 31, 2003 and 2002 was \$9,548 and \$10,339, respectively.

SUPPLEMENTARY INFORMATION

O'Neill & Associates, LLC  
CERTIFIED PUBLIC ACCOUNTANTS



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Pablo O'Neill, MBA, CPA  
Claudette J. Anderson, CPA  
June Y. Harley, CPA

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

Board of Directors  
Seslia Virgin Islands Securities, Inc.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole, which are presented in the preceding section of this report. The supplementary information contained in Schedules I, II and III is presented for purposes of additional analysis and is not a required part of the basic financial statements; but Schedules II and III contain information required by Rule 17a-5 of the Securities and Exchange Commission. 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.

*O'Neill & Associates, LLC*

St. Croix, Virgin Islands  
February 16, 2004

Seslia Virgin Islands Securities, Inc.

SCHEDULE I  
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES

Years Ended December 31,

	<u>2003</u>	<u>2002</u>
Salaries and wages	\$ 499,516	\$ 495,856
Management fees	30,000	120,000
Employee benefits	84,410	73,105
Gross receipts taxes	47,342	57,315
Rent	61,010	49,140
Professional fees	34,945	46,510
Payroll taxes	37,059	40,918
Travel	30,558	35,580
Telephone	29,568	30,587
Advertising	4,413	26,990
Dues and subscription	20,504	21,093
Supplies	5,184	12,975
Postage	10,205	11,032
Repairs and maintenance	16,112	10,419
Pension plan	9,549	10,339
Meals and entertainment	9,762	7,175
Board meetings	10,725	6,509
Utilities	6,921	6,128
Training and education	3,337	5,619
Insurance	6,801	5,010
Contributions	6,400	4,400
Equipment lease	3,307	3,057
Promotion	2,472	1,414
Bank fees	530	1,405
Franchise taxes	310	310
Miscellaneous	<u>3,369</u>	<u>231</u>
	<u>\$ 974,309</u>	<u>\$ 1,083,117</u>

Seslia Virgin Islands Securities, Inc.

SCHEDULE II  
SCHEDULES OF COMPUTATION OF NET CAPITAL

Years Ended December 31,

	<u>2003</u>	<u>2002</u>
NET CAPITAL		
Total stockholder's equity qualified for net capital	\$ 370,890	\$ 326,280
Deductions and/or charges		
A. Non-allowable assets		
Furniture, equipment and leasehold improvements	( 30,462)	( 33,941)
Other assets	( 15,459)	( 15,275)
Due from parent company	( 46,007)	( 40,804)
Due from shareholders	( 16,323)	-
Receivables over 30 days old	<u>( 10,313)</u>	<u>( 9,760)</u>
Net capital before haircuts on securities positions	252,326	226,500
Haircuts on securities (computed where applicable), pursuant to Rule 15c-3-1(f)		
A. Trading and investment securities		
1. Other securities	( 3,428)	( 5,771)
B. Other	<u>( - )</u>	<u>( 2,199)</u>
	<u>\$ 248,898</u>	<u>\$ 218,530</u>
AGGREGATE INDEBTEDNESS		
Items included in consolidated statement of financial condition	\$ -	\$ -
Other liabilities	<u>77,910</u>	<u>107,237</u>
	<u>\$ 77,910</u>	<u>\$ 107,237</u>
COMPUTATION OF BASIC NET CAPITAL REQUIREMENT		
Minimum net capital required	<u>\$ 100,000</u>	<u>\$ 100,000</u>
Excess net capital at 100%	<u>\$ 148,898</u>	<u>\$ 118,530</u>
Ratio: Aggregate indebtedness to net capital	<u>31%</u>	<u>49</u>

Seslia Virgin Islands Securities, Inc.

SCHEDULE III  
SCHEDULES OF COMPLIANCE ITEMS

December 31, 2003 and 2002

- No material inadequacies were found during the audits of Seslia Virgin Islands Securities, Inc.
- A Statement of Changes in Liabilities Subordinated to General Creditors was not included in the financial statement presentation, as Seslia Virgin Islands Securities, Inc. did not have any subordinated liabilities to General Creditors at December 31, 2003 and 2002 or during those calendar years.
- Reconciliation of unaudited computation of net capital to audited computation of net capital at December 31,

	<u>2003</u>	<u>2002</u>
Unaudited net capital		
- Focus - IIS Report	<u>\$ 370,890</u>	<u>\$ 326,280</u>

- A statement concerning reserve requirements and information relating to possession or control requirements was not included in the financial statements presentation since Seslia Virgin Islands Securities, Inc. is exempt from this requirement.