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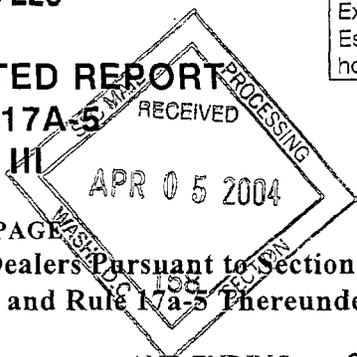
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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III



SEC FILE NUMBER

8- 44643

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: Shields Securities, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

150 Federal Street, 11th Floor
(No. and Street)
Boston MA 02110
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Janice L. Shields 617-946-2900
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Thomas C. Valorie & Company, P.C., CPA
(Name - if individual, state last, first, middle name)
253 Main Street Milford MA 01757
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

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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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SHIELDS SECURITIES, INC.

FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2003 AND 2002

SHIELDS SECURITIES, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2003 AND 2002

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Thomas C. Valorie & Company
Certified Public Accountants
A Professional Corporation

253 Main Street
Milford, Massachusetts 01757
Tel (508) 478-3000
Fax (508) 473-8321

Thomas C. Valorie, C.P.A.
Lisa A. Roche, C.P.A.

To the Directors of
Shields Securities, Inc.

We have audited the accompanying balance sheets of Shields Securities, Inc. as of December 31, 2003 and 2002, and the related statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 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 Shields Securities, Inc. as of December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules of other income and expenses are presented for purposes of additional analysis and is not a required part of the basic financial statements. 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.

Thomas C. Valorie, CPA, P.C.

Milford, Massachusetts
February 05, 2004

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SHIELDS SECURITIES, INC.
BALANCE SHEET
DECEMBER 31, 2003 AND 2002
(see accountants' report)

ASSETS

	<u>2003</u>	<u>2002</u>
Current assets:		
Cash	\$ 338	\$ 0
Marketable securities (Note 3)	33,161	41,319
Prepaid insurance	458	336
	<hr/>	<hr/>
Total assets	<u>\$ 33,957</u>	<u>\$ 41,655</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Current liabilities:		
Accounts payable	\$ 275	\$ 275
MA corporate excise tax payable	456	456
Current portion of note payable (Note 4)	50	688
	<hr/>	<hr/>
Total current liabilities	781	1,419
	<hr/>	<hr/>
Stockholder's equity:		
Common stock, .01 par; 200,000 shares authorized 10,000 shares issued and outstanding	100	100
Additional paid-in capital	9,900	9,900
Retained earnings	23,176	30,236
	<hr/>	<hr/>
Total stockholder's equity	33,176	40,236
	<hr/>	<hr/>
Total liabilities and stockholder's equity	<u>\$ 33,957</u>	<u>\$ 41,655</u>

(See notes to financial statements)

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SHIELDS SECURITIES, INC.
STATEMENT OF INCOME AND RETAINED EARNINGS
YEARS ENDED DECEMBER 31, 2003 AND 2002
(see accountants' report)

	<u>2003</u>	<u>2002</u>
Income	\$ 0	\$ 0
Operating expenses:		
Professional fees	3,125	3,165
Broker/Dealer fees	1,925	1,882
Reference materials	1,000	0
Insurance	427	261
Dues, licenses & fees	275	125
Bank charges	50	25
Miscellaneous	0	165
Office supplies and expenses	0	87
	<hr/>	<hr/>
Total operating expenses	6,802	5,710
	<hr/>	<hr/>
Operating income (loss)	(6,802)	(5,710)
Other income and expenses (see page 6)	198	(1,061)
	<hr/>	<hr/>
Net income before income taxes	(6,604)	(6,771)
Massachusetts corporate excise tax (Note 5)	(456)	(456)
	<hr/>	<hr/>
Net income (loss)	(7,060)	(7,227)
Retained earnings, beginning	30,236	37,463
S Distribution	0	0
	<hr/>	<hr/>
Retained earnings, ending	\$ 23,176	\$ 30,236
	<hr/> <hr/>	<hr/> <hr/>

(See notes to financial statements)

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SHIELDS SECURITIES, INC.
STATEMENT OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2003 AND 2002
(see accountants' report)

	<u>2003</u>	<u>2002</u>
Net cash flows from operating activities:		
Net income (loss)	\$ (7,060)	\$ (7,227)
Adjustments for differences between income flows and cash flows from operating activities:		
Increase in prepaid insurance	(122)	(142)
Increase in accounts payable	0	40
	<hr/>	<hr/>
Net cash flow used in operating activities	(7,182)	(7,329)
	<hr/>	<hr/>
Cash flows from investing activities:		
Decrease in marketable securities	8,158	12,757
	<hr/>	<hr/>
Net cash flow provided by investing activities	8,158	12,757
	<hr/>	<hr/>
Cash flows from financing activities:		
Decrease in note payable	(638)	688
Decrease in note payable-officer	0	(6,465)
	<hr/>	<hr/>
Net cash flow used in financing activities	(638)	(5,777)
	<hr/>	<hr/>
Net increase (decrease) in cash	338	(349)
Cash, beginning	0	349
	<hr/>	<hr/>
Cash, ending	\$ 338	\$ 0
	<hr/> <hr/>	<hr/> <hr/>

(See notes to financial statements)

SHIELDS SECURITIES, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 DECEMBER 31, 2003 AND 2002

- 1 - The company's principle business activity is as follows:

The company provides investment broker advisory, counseling and trading services.

- 2 - Summary of significant accounting policies:

The financial statements are prepared on the accrual basis with recognition given to accounts receivable, accounts payable, and items of accrued income and expenses.

- 3 - Marketable securities:

Marketable securities are carried at the lower of cost or market.

	<u>2003</u>	<u>2002</u>
Cost	\$ 33,161	\$ 44,185
Market value	\$ 33,161	\$ 41,319
Unrealized gain (loss)	\$ 0	\$ (2,866)

- 4 - Note Payable:

	<u>Current Portion</u>	<u>Long-term Portion</u>	<u>Total Notes Payable</u>
Demand note payable, monthly payments of interest only at 9.75%, unsecured.	\$ 50	\$ 0	\$ 50

- 5 - Massachusetts corporate excise tax:

Shields Securities, Inc. elected to become a S corporation at inception on April 19, 1991. S-corporations are not subject to federal or State income taxes as the stockholders report the income on their personal returns. The Commonwealth of Massachusetts assesses an excise tax on the asset balances as of year end.

SHIELDS SECURITIES, INC.
 SCHEDULES OF OTHER INCOME AND EXPENSES
 YEARS ENDED DECEMBER 31, 2003 AND 2002
 (see accountants' report)

	<u>2003</u>	<u>2002</u>
Other income:		
Interest income	\$ 344	\$ 679
Total other income	344	679
Other expenses:		
Unrealized capital losses	125	1,735
Interest expense	21	5
Total other expenses	146	1,740
Total other income and expenses	\$ 198	\$ (1,061)

(See notes to financial statements)