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

cm 3-23

SEC FILE NUMBER
8- 29798

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 January 1, 2003 ENDING December 31, 2003

A. REGISTRANT IDENTIFICATION

OFFICIAL USE ONLY
FIRM ID. NO.

NAME OF BROKER-DEALER: Financial Assets Corporation

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

30 Wall Street
(No. and Street)

New York	New York	10005
(City)	(State)	(Zip Code)

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

Ellen Kramer 212-269-6720
(Area Code – Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LILLING & COMPANY, LLP
(Name – if individual, state last, first, middle name)

10 CUTTER MILL ROAD	GREAT NECK	NY	11021
(Address)	(City)	(State)	(Zip Code)

CHECK ONE
- ✖ Certified Public Accountant
- ☐ Public Accountant
- ☐ Accountant not resident in United States or any of its possessions.

PROCESSED
MAR 29 2004
THOMSON FINANCIAL

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 exemption. See section 240,17a-5(e)(2).*

Sec 1410 (3-91)

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

BB

OATH OR AFFIRMATION

I, David Bottoms, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of

Financial Assets Corporation, 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:

DEIRDRE M. KEAG
Notary Public, State of New York
No. 43-4962879
Qualified in Richmond County
Certificate Filed in New York County
Commission Expires Feb. 26, 2006

David Bottoms
Signature

President
Title

Deirdre M Keag
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 Cash Flows.
- ✖ (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.
- ✖ (o) A report on internal control.

** For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FINANCIAL ASSETS CORPORATION

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

REPORT ON INTERNAL CONTROL

DECEMBER 31, 2003

Lilling & Company LLP

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

Board of Directors and Stockholders
Financial Assets Corporation
New York, New York

We have audited the accompanying statement of financial condition of Financial Assets Corporation as of December 31, 2003, and the related statements of operations, changes in stockholder's equity and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 auditing standards generally accepted in the United States. 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 financial statements referred to above present fairly, in all material respects, the financial position of Financial Assets Corporation. as of December 31, 2003, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. 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.

Lilling + Company

CERTIFIED PUBLIC ACCOUNTANTS

February 3, 2004

Ten Cutter Mill Road, Great Neck, NY 11021-3201 • (516) 829-1099 • Fax (516) 829-1065

STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2003

ASSETS

Cash	$	6,604
Cash-restricted		25,000
Due from clearing broker		50,307
Securities owned; not readily marketable, at estimated fair value		20,298
Prepaid expenses		5,025
Equipment, net of accumulated depreciation of $2,221		615
	$	107,849

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

Accrued expenses	$	10,555
Due to clearing broker		7,205
		17,760

Stockholders' equity

Common stock, $1 par value; 1,000 shares authorized, 83 shares issued and outstanding		83
Paid-in capital		59,600
Retained earnings		30,406
		90,089
	$	107,849

See notes to financial statements

FINANCIAL ASSETS CORPORATION

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2003

REVENUES		
Commissions and other income	$	428,817
Trading and other		5,340
		434,157
EXPENSES		
Commissions and clearing charges		91,998
Communications		15,384
Other expenses		401,955
		509,337
NET LOSS	$	(75,180)

See notes to financial statements

FINANCIAL ASSETS CORPORATION

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER, 31 2003

Cash flows from operating activities	
Net loss	$ (75,180)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	567
Decrease in due from clearing broker	52,801
Decrease in securities owned	17,325
Increase in prepaid expenses	(5,025)
Increase in accrued expenses	10,050
Decrease in due to clearing broker	(6,295)
Total adjustments	69,423
Net cash used in operating activities	(5,757)
NET DECREASE IN CASH	(5,757)
CASH - BEGINNING	12,361
CASH - END	$ 6,604

Supplemental disclosures of cash flow information:	
Cash paid during the year for:	
Interest expense	$ 129
Income Tax	$ -

See notes to financial statements

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
YEAR ENDED DECEMBER 31, 2003

	COMMON STOCK	ADDITIONAL PAID-IN CAPITAL	RETAINED EARNINGS	TOTAL
Balance - beginning	$ 83	$ 59,600	$ 105,586	$ 165,269
Net loss	-	-	(75,180)	(75,180)
Balance - end	$ 83	$ 59,600	$ 30,406	$ 90,089

See notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Financial Assets Corporation (the "Company") is primarily engaged in trading on behalf of its clientele. The Company was organized and incorporated under the laws of the State of Florida. The Company is a registered broker-dealer and registered with the National Association of Securities Dealers, Inc. and the Securities Exchange Commission. The Company is a wholly-owned subsidiary of Fiduciary Holdings, Inc. DBN Acquisition Corporation ("DBN") owns the majority share (90%) of Fiduciary Holdings. The Company is a non-clearing broker and does not handle funds or securities. There were no liabilities subordinated to claims of general creditors during the year ended December 31, 2003.

Cash-Restricted

Pursuant to the Company's clearing agreement, the Company is required to maintain a minimum $25,000 deposit of cash or securities with its clearing firm, Pershing LLC ("Pershing"), a BNY Securities Group Company.

Property and Equipment

Property and Equipment is stated at cost. Depreciation is computed using the straight line method over the estimated useful life of the respective assets, generally five years.

Income Taxes

DNB files consolidated federal tax returns including the accounts of the Company. For financial reporting purposes, income taxes are allocated to each subsidiary based upon the subsidiary's taxable income as if the subsidiary filed a separate tax return. All intercompany profits and losses are eliminated upon consolidation. For the year ended December 31, 2003, the Company had a net loss to be included in the consolidated tax return.

Related Party Transactions

The Company was allocated various overhead expenses from its parent and other affiliated entities aggregating approximately $363,000, which is included in other expenses in the statement of operations.

Securities Transactions and Commissions

Securities transactions are recorded on a trade date basis. Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Securities Owned

Securities owned, and not readily marketable are valued at fair value as determined by management.

Significant Credit Risk and Estimates

The Company executes, as agent, securities transactions on behalf of its customers. If either the customer or a counter-party fail to perform, the Company may sustain a loss if the market value of the security is different from the contract value of the transaction. The Company as a non-clearing broker does not handle any customer funds or securities. The responsibility for processing customer activity rests with Pershing LLC, the Company's clearing firm.

The Company is located in New York City and its customers are located throughout the United States.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management of the Company to use estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

2. SECURITIES OWNED

Securities not readily marketable include investment securities (a) for which there is no market on a security exchange or no independent publicly quoted market, (b) that cannot be publicly offered or sold unless registration has been in effected under the Securities Act of 1933, or (c) that cannot be offered or sold because of other arrangements, restrictions, or conditions applicable to the securities of the Company.

At December 31, 2003, securities at estimated values consist of Nasdaq stock and warrants.

3. NET CAPITAL REQUIREMENT

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c-3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1 (and that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1). At December 31, 2003, the Company had net capital of $64,151, which was $14,141 in excess of its required net capital of $50,000. The Company had a percentage of aggregate indebtedness to net capital of 28% as of December 31, 2003.

Supplementary Information
Pursuant to Rule 17a-5 of the
Securities Exchange Act of 1934

As of December 31, 2003

COMPUTATION OF NET CAPITAL UNDER RULE 15c-3-1 OF THE SECURITIES AND EXCHANGE COMMISSION DECEMBER 31, 2003

NET CAPITAL		
Stockholder's equity	$	90,089
Deductions and/or charges:		
Non-allowable assets		25,938
Net capital before haircuts on securities positions		64,151
Haircuts and undue concentration		-
NET CAPITAL	$	64,151
MINIMUM NET CAPITAL REQUIREMENT	$	50,000
EXCESS OF NET CAPITAL OVER MINIMUM REQUIREMENTS	$	14,151
AGGREGATE INDEBTEDNESS	$	17,760
PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL		28%

Note:
There were no material differences between the computation of net capital calculated above and the Company's computation included in Part IIA of Form X-17A-5 as of December 31, 2003.

COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS FOR BROKERS AND DEALERS PURSUANT TO RULE 15c3-3 DECEMBER 31, 2003

The Company is exempt from the provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraph (k) (2) (ii) of the Rule.

Lilling & Company LLP
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17a-5 FOR A BROKER- DEALER CLAIMING AN EXEMPTION FROM SEC RULE 15c3-3

Board of Directors and Stockholders
Financial Assets Corporation
New York, New York

In planning and performing our audit of the financial statements and supplemental schedules of Financial Assets Corporation (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 Exchange Commission (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 conformity with accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

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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 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 a material weakness 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 is intended solely for the information and use of the Board of Directors, management, the SEC, the NASD, 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.

Lilling + Company

CERTIFIED PUBLIC ACCOUNTANTS

February 3, 2004