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

SEC FILE NUMBER
8- 50882

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, 2004 AND ENDING December 31, 2004  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER:

Charter New England Agency, Inc.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)  
90 North Main Street

OFFICIAL USE ONLY
44914
FIRM I.D. NO.

(No. and Street)

Concord New Hampshire 03301  
(City) (State) (Zip Code)

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

Cynthia W. Sanford 603 224-1350

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Wolf and Company, P.C.

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

99 High Street Boston MA 02110-2320  
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

**PROCESSED**

APR 04 2005

<b>FOR OFFICIAL USE ONLY</b>
<b>THOMSON FINANCIAL</b>

\*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)

SEC 1410 (06-02)

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*[Handwritten initials]*

*[Handwritten initials]*

OATH OR AFFIRMATION

I, Cynthia W. Sanford, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Charter New England Agency, Inc., as

of December 31, 2004, 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:

\_\_\_\_\_  
\_\_\_\_\_

Cynthia W. Sanford  
Signature  
CFO and Treasurer  
Title

[Signature]  
Notary Public  
My Commission expires 6/6/2006

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.

None found

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

**CHARTER NEW ENGLAND  
AGENCY, INC.**

**FINANCIAL STATEMENTS  
AND  
ACCOMPANYING INFORMATION**

**Years Ended December 31, 2004 and 2003**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors and Stockholder of  
Charter New England Agency, Inc.  
Concord, New Hampshire

We have audited the accompanying statements of financial condition of Charter New England Agency, Inc. as of December 31, 2004 and 2003, and the related statements of operations, changes in stockholder's equity and cash flows for the years 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 audits.

We conducted our audits 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 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 Charter New England Agency, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the financial statements taken as a whole. The information contained in Schedule 1 (Computation of Net Capital under Rule 15c3-1 at December 31, 2004 and 2003) is presented for purposes of additional analysis and is not a required part of the 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 audits of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

*Wolf & Company, P.C.*

Boston, Massachusetts  
January 19, 2005

**CHARTER NEW ENGLAND AGENCY, INC.**  
**(a Wholly-Owned Subsidiary of Charter Holding Corp.)**

**STATEMENTS OF FINANCIAL CONDITION**

**December 31, 2004 and 2003**

ASSETS	<u>2004</u>	<u>2003</u>
Cash and cash equivalents	\$ 161,563	\$ 85,234
Receivables from related parties	5,017	72,236
Furniture and equipment, net	916	446
Prepaid expenses and other assets	<u>7,546</u>	<u>7,111</u>
	<u>\$ 175,042</u>	<u>\$ 165,027</u>
<b>LIABILITIES AND STOCKHOLDER'S EQUITY</b>		
Accounts payable and accrued expenses	<u>\$ 31,553</u>	<u>\$ 16,582</u>
Total liabilities	<u>31,553</u>	<u>16,582</u>
Stockholder's equity:		
Common stock; \$1 par value, 5,000 shares authorized, 1,000 shares issued and outstanding	1,000	1,000
Additional paid-in capital	694,044	699,000
Accumulated deficit	<u>(551,555)</u>	<u>(551,555)</u>
Total stockholder's equity	<u>143,489</u>	<u>148,445</u>
	<u>\$ 175,042</u>	<u>\$ 165,027</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER NEW ENGLAND AGENCY, INC.**  
**(a Wholly-Owned Subsidiary of Charter Holding Corp.)**

**STATEMENTS OF OPERATIONS**

**Years Ended December 31, 2004 and 2003**

	<u>2004</u>	<u>2003</u>
Operating revenues:		
Underwriting fees and commissions	\$ 684,762	\$ 547,108
Interest income	2,201	910
Other income	507	1,005
Total operating revenue	<u>687,470</u>	<u>549,023</u>
Operating expenses:		
Commissions	460,338	392,013
Employment expenses	152,397	142,493
Regulatory and professional fees	11,070	8,185
General and administrative expenses	9,994	9,555
Other expenses	<u>13,360</u>	<u>7,863</u>
Total operating expenses	<u>647,159</u>	<u>560,109</u>
Income (loss) before income taxes	40,311	(11,086)
Income tax expense (benefit)	<u>14,341</u>	<u>(3,160)</u>
Net income (loss)	<u>\$ 25,970</u>	<u>\$ (7,926)</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER NEW ENGLAND AGENCY, INC.**  
**(a Wholly-Owned Subsidiary of Charter Holding Corp.)**

**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**

**Years Ended December 31, 2004 and 2003**

	<u>Common Stock</u>	<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
Balance, December 31, 2002	1,000	699,000	(543,629)	156,371
Net loss	<u>-</u>	<u>-</u>	<u>(7,926)</u>	<u>(7,926)</u>
Balance, December 31, 2003	1,000	699,000	(551,555)	148,445
Net income	-	-	25,970	25,970
Dividends paid	<u>-</u>	<u>(4,956)</u>	<u>(25,970)</u>	<u>(30,926)</u>
Balance, December 31, 2004	<u>\$ 1,000</u>	<u>\$694,044</u>	<u>\$ (551,555)</u>	<u>\$ 143,489</u>

The accompanying notes are an integral part of these financial statements.