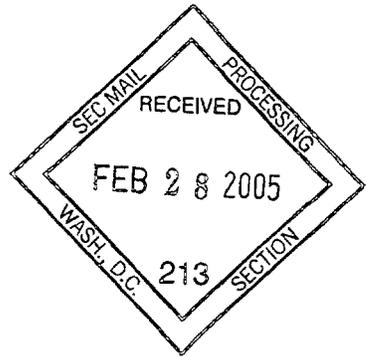


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ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

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: **Meridien Financial Group, Inc.**

PROCESSED
MAR 17 2005
THOMSON FINANCIAL

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

10 Dorrance Street
(No. and Street)
Providence R.I. 02903
(City) (State) (Zip Code)

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

Michael L. Balasco 401-272-4700
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Batchelor, Frechette, McCrory, Michael & Co.
(Name - if individual, state last, first, middle name)
40 Westminster Street Providence R.I. 02903
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

* 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)

THA
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OATH OR AFFIRMATION

I, Michael L. Balasco, Principal & President, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Meridien Financial Group, 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:

[Handwritten Signature]

Signature

Principal + President

Title

Susan Cascone

Notary Public
Comm Expires 6/19/2005

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 15c33.
- (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) Independent Auditor's Report on Internal Control

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

MERIDIEN FINANCIAL GROUP, INC.

STATEMENTS OF FINANCIAL CONDITION
December 31, 2004 and 2003

ASSETS	2004	2003
Cash and cash equivalents	\$ 126,269	\$ 125,651
Commissions receivable	61,454	79,170
Prepaid expenses	485	485
Refundable income taxes	-	350
Furniture and office equipment, at cost, less accumulated depreciation of \$64,583 and \$56,123, respectively	17,036	7,706
	\$ 205,244	\$ 213,362

LIABILITIES AND STOCKHOLDERS' EQUITY

LIABILITIES

Accounts payable and accrued expenses	\$ 41,015	\$ 39,132
Accrued M Securities fees	14,915	5,350
Commissions payable	67,562	112,230
Income taxes payable	5,517	450
	129,009	157,162

STOCKHOLDERS' EQUITY

Common stock, no par value; authorized 400 shares; issued 374 shares	20,125	20,125
Additional paid-in capital	41,378	41,378
Retained earnings (deficit)	14,732	(5,303)
	76,235	56,200
	\$ 205,244	\$ 213,362

See Notes to Financial Statements

MERIDIEN FINANCIAL GROUP, INC.

STATEMENTS OF INCOME
Years Ended December 31, 2004 and 2003

	2004	2003
REVENUES	\$ 1,147,672	\$ 911,770
EXPENSES		
Compensation costs	758,972	612,762
Secretarial services:		
Affiliate	183,938	157,000
Other	36,142	26,050
Office supplies and expense	27,237	20,374
Depreciation	8,460	6,539
Rent expense	10,800	10,800
Postage and printing	4,431	7,158
Telephone	7,513	8,006
Maintenance	700	-
Travel and entertainment	19,354	19,416
Professional fees	14,770	10,825
Dues, subscriptions and licenses	6,746	8,791
Insurance	17,983	10,220
Management fees	12,000	12,000
M Securities fees	9,565	5,350
Continuing education	2,735	1,357
Utilities	1,200	1,200
Advertising	125	-
Charitable contributions	100	-
	1,122,771	917,848
Operating income (loss)	24,901	(6,078)
OTHER INCOME		
Interest income	1,001	1,155
	1,001	1,155
Income (loss) before income taxes	25,902	(4,923)
INCOME TAXES (BENEFIT)	5,867	(700)
Net income (loss)	\$ 20,035	\$ (5,623)

See Notes to Financial Statements

MERIDIEN FINANCIAL GROUP, INC.

STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Years Ended December 31, 2004 and 2003

	Common Stock	Additional Paid-in Capital	Retained Earnings (Deficit)
Balances at January 1, 2003	\$ 20,125	\$ 41,378	\$ 320
Net loss	-	-	(5,623)
Balances at December 31, 2003	<u>\$ 20,125</u>	<u>\$ 41,378</u>	<u>\$ (5,303)</u>
Balances at January 1, 2004	\$ 20,125	\$ 41,378	\$ (5,303)
Net income	-	-	20,035
Balances at December 31, 2004	<u>\$ 20,125</u>	<u>\$ 41,378</u>	<u>\$ 14,732</u>

See Notes to Financial Statements

MERIDIEN FINANCIAL GROUP, INC.

STATEMENTS OF CASH FLOWS
Years Ended December 31, 2004 and 2003

	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss)	\$ 20,035	\$ (5,623)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	8,460	6,538
Changes in assets and liabilities:		
(Increase) decrease in:		
Commissions receivable	17,716	(47,212)
Prepaid expenses	-	400
Refundable income taxes	350	-
Increase (decrease) in:		
Accounts payable and accrued expenses	1,883	23,173
Accrued M Securities fees	9,565	5,350
Commissions payable	(44,668)	17,446
Income taxes payable	5,067	550
Net cash provided by operating activities	18,408	622
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of property and equipment	(17,790)	(5,984)
Net cash used in investing activity	(17,790)	(5,984)
Net increase (decrease) in cash and cash equivalents	618	(5,362)
CASH AND CASH EQUIVALENTS		
Beginning	125,651	131,013
Ending	\$ 126,269	\$ 125,651
SUPPLEMENTAL DISCLOSURE		
Cash payments for:		
Income taxes	\$ -	\$ 150

See Notes to Financial Statements

MERIDIEN FINANCIAL GROUP, INC.

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of business: Meridien Financial Group, Inc. (the Company) is a Rhode Island broker/dealer regulated by the National Association of Securities Dealers and a member of the Securities Investors Protection Corporation. The Company's principal business activity consists of the generation of commission income from the sale of mutual funds, variable life insurance, variable annuities and shares in registered investment companies.

The Company operates under the provisions of Paragraph (k)(1) – Limited business (mutual funds and/or variable annuities only) of Rule 15c3-3 of the Securities and Exchange Commission and, accordingly, is exempt from the remaining provisions of that Rule.

A summary of the Company's significant accounting policies follows:

Cash equivalents: For purposes of reporting cash flows, the Company considers all highly liquid short-term investments purchased with a maturity of three months or less to be cash equivalents. Cash equivalents consist of a money market fund.

Property, equipment and depreciation: Property and equipment are stated at cost. Depreciation is computed using both straight-line and accelerated methods for financial reporting purposes and is based on estimates of useful lives, ranging from 5 to 10 years.

Income taxes: Income taxes are provided for the tax effect of transactions reported in the financial statements and consist of taxes currently due.

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.

Note 2. CASH

The Company maintains its cash accounts in one commercial bank. At times, the amount in the accounts may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

MERIDIEN FINANCIAL GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

Note 3. RELATED PARTY TRANSACTIONS

The Company rents space from a company affiliated through common ownership on a month-to-month basis. In addition, the Company is charged monthly for administrative services provided by the affiliate.

Amounts charged to expense as a result of transactions with the related party during the years ended December 31, 2004 and 2003 consisted of the following:

	2004	2003
Rent and utilities	\$ 12,000	\$ 12,000
Secretarial services	183,938	157,000
	<u>\$ 195,938</u>	<u>\$ 169,000</u>

In addition, the Company paid commissions and management fees of \$519,377 and \$391,000 to the stockholders of the Company during 2004 and 2003, respectively.

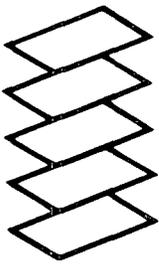
Note 4. INCOME TAXES

The components of the income tax provision for the years ended December 31, 2004 and 2003 are as follows:

	2004	2003
Current		
Federal	\$ 3,487	\$ -
State	2,380	(700)
	<u>\$ 5,867</u>	<u>\$ (700)</u>

Note 5. NET CAPITAL REQUIREMENTS

Pursuant to the net capital provision of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital of \$5,000 or 6 2/3% of total aggregate indebtedness, whichever is greater. In addition, the Company's ratio of aggregate indebtedness to net capital cannot exceed 15 to 1. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2004, the Company had net capital of \$48,709 which was in excess of its required net capital of \$8,601. At December 31, 2003, the Company had net capital of \$40,726, which was \$30,243 in excess of its required net capital of \$6,992. At December 31, 2004 and 2003, the Company's ratio of aggregate indebtedness to net capital was 2.65 to 1 and 3.85 to 1, respectively.



BATCHELOR
FRECHETTE
McCRORY
MICHAEL & CO.

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS CONSULTANTS

PAUL D. FRECHETTE
EDWARD F. MCCRORY
DAVID P. MICHAEL
JEAN SAYLOR
GEORGE F. WARNER
JOSEPH H. CONLEY

INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

To the Stockholders
Meridien Financial Group, Inc.
Providence, Rhode Island

We have audited the accompanying financial statements of Meridien Financial Group, Inc. as of and for the year ended December 31, 2004, and have issued our report thereon dated February 1, 2005. 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 I-IV is presented for the 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.

*Batchelor, Frechette,
McCrory, Michael & Co.*

Providence, Rhode Island
February 1, 2005

MERIDIEN FINANCIAL GROUP, INC.

SCHEDULE I

COMPUTATION OF AGGREGATE INDEBTEDNESS AND NET CAPITAL
UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2004

AGGREGATE INDEBTEDNESS	
Accounts payable and accrued expenses	\$ 41,015
Accrued M Securities fees	14,915
Commissions payable	67,562
Income taxes payable	5,517
Total aggregate indebtedness	<u>\$ 129,009</u>
Minimum required net capital	<u>\$ 8,601</u>
NET CAPITAL	
Stockholders' equity	\$ 76,235
Deductions:	
Furniture and office equipment, net	17,036
Prepaid expenses	485
Nonallowable receivables, 12b-1 fees	10,005
Net capital	<u>48,709</u>
Minimum required net capital	<u>8,601</u>
Capital in excess of minimum requirement	<u>\$ 40,108</u>
Ratio of aggregate indebtedness to net capital	<u>2.65 to 1</u>
Reconciliation with Company's computation (included in Part II of Form X-17A-5 as of December 31, 2004)	
Aggregate indebtedness as reported in Company's Part II (unaudited) FOCUS report	\$ 108,577
Liabilities erroneously not included in aggregate indebtedness	
Accrued M Securities fees	14,915
Income taxes payable	5,517
Total aggregate indebtedness	<u>\$ 129,009</u>

MERIDIEN FINANCIAL GROUP, INC.

SCHEDULE II

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2004**

The Company has been exempt from Rule 15c3-3 under paragraph (k)(1), limited business (mutual funds and /or variable annuities only).

MERIDIEN FINANCIAL GROUP, INC.

SCHEDULE III

**INFORMATION RELATING TO POSSESSION OR CONTROL REQUIREMENTS UNDER
RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION
December 31, 2004**

The Company does not handle any customer accounts. Thus, testing of the system and procedures to comply with the requirement to maintain physical possession or control of customers' fully paid and excess margin securities was not applicable.

MERIDIEN FINANCIAL GROUP, INC.

SCHEDULE IV

**SEGREGATION REQUIREMENTS AND FUNDS IN SEGREGATION FOR
CUSTOMERS' REGULATED COMMODITY FUTURES AND OPTIONS ACCOUNTS
December 31, 2004**

SEGREGATION REQUIREMENTS	N/A
FUNDS ON DEPOSIT IN SEGREGATION	N/A