



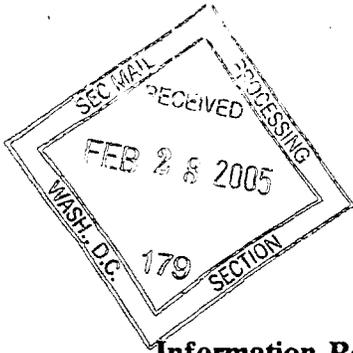
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ANNUAL AUDITED REPORT  
FORM X-17A-5  
PART III

|                 |
|-----------------|
| SEC FILE NUMBER |
| 8-42786         |

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 01-01-2004 AND ENDING 12-31-2004  
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

ELLIOTT FINANCIAL SERVICES, INC.

|                   |
|-------------------|
| OFFICIAL USE ONLY |
| FIRM ID. NO.      |

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

7037 CANAL BLVD., STE. 205  
(No. and Street)

NEW ORLEANS, LA 70124  
(City) (State) (Zip Code)

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

WILLIAM T. ELLIOTT 504-282-3457  
(Area Code -- Telephone No.)

B. ACCOUNTANT IDENTIFICATION

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

LE GLUE AND CO., CPAs  
(Name -- if individual, state last, first, middle name)

400 POYDRAS ST., NEW ORLEANS, LA 70163-2850  
(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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PROCESSED  
MAR 17 2005

|                       |
|-----------------------|
| FOR OFFICIAL USE ONLY |
| THOMSON FINANCIAL     |

\*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)

50  
3/16/05

SEC 1410 (3-91)

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03-16

OATH OR AFFIRMATION

I, WILLIAM T. ELLIOTT, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of ELLIOTT FINANCIAL SERVICES, INC., as of 12-31, ~~19~~<sup>2004</sup>, 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:

NO EXCEPTIONS

William T. Elliott  
Signature

PRESIDENT  
Title

2-22-2005

Thania S. Elliott

THANIA S. ELLIOTT Bar #20799

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 Changes in Financial Condition.
- (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.

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

# LeGlue & Company, CPAs

(A Professional Corporation)

Energy Centre

1100 Poydras Street, Suite 2850

New Orleans, LA 70163-2850

Telephone (504) 586-0581

Fax (504) 561-5040

[www.leglue.com](http://www.leglue.com)

February 10, 2005

To the Board of Directors  
Elliott Financial Services, Inc.  
New Orleans, Louisiana

## INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL REQUIRED BY SECURITIES AND EXCHANGE COMMISSION RULE 17a-5

In planning and performing our audit of the financial statements of Elliott Financial Services, Inc. for the year ended December 31, 2004, we considered its internal control structure, including procedures 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 the internal control structure.

We also made a study of the practices and procedures followed by the Company in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a)(11) and the procedures for determining compliance with the exemptive provisions of rule 15c3-3. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures 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 Commission's above-mentioned objectives. Two of the objectives of the internal control structure 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 preparation of financial statements in conformity with U. S. generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of the inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities 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.

Members of American Institute of Certified Public Accountants, and  
Securities and Exchange Practice Section  
Society of Louisiana Certified Public Accountants

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level the risk that errors or irregularities 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 the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses 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 Commission to be adequate for its purpose 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, 2004 to meet the Commission's objectives.

This report is intended solely for the use of management, the Securities and Exchange Commission, the New York Stock Exchange and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 and should not be used for any other purpose.

Respectfully submitted,

A handwritten signature in cursive script, likely reading "PricewaterhouseCoopers", written in black ink.

(A Professional Corporation)

Elliott Financial Services, Inc.

New Orleans, Louisiana

December 31, 2004

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# LeGlue & Company, CPAs

(A Professional Corporation)

Energy Centre

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February 10, 2005

To the Board of Directors  
Elliott Financial Services, Inc.  
New Orleans, Louisiana

## Independent Auditors' Report

We have audited the accompanying statement of financial condition of Elliott Financial Services, Inc. as of December 31, 2004 and the related statements of income, changes in stockholders' equity, cash flows and changes in liabilities subordinated to claims of general creditors for the year 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 audit.

We conducted our audit in accordance with U. S. 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 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 Elliott Financial Services, Inc. as of December 31, 2004, and the results of its operations, cash flows and changes in liabilities subordinated to claims of general creditors for the year then ended in conformity with U. S. generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 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 of the Securities and Exchange Commission. 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.

Respectfully submitted,

  
(A Professional Corporation)

STATEMENT OF FINANCIAL CONDITION

Elliott Financial Services, Inc.

December 31, 2004

ASSETS

|  |                  |
|--|------------------|
| Cash   | \$ 23,297        |
| Deposit with clearing organization                       | 50,675           |
| Receivable from brokers and dealers                      | 4,105            |
| Furniture and equipment, net of accumulated depreciation | 769              |
| Prepaid expenses   | 612              |
| Other assets   | <u>1,200</u>     |
| Total  | <u>\$ 80,658</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

|  |                  |
|--|------------------|
| Accrued expenses   | \$ 1,828         |
| Payroll taxes accrued and withheld   | <u>1,931</u>     |
| Total liabilities  | <u>3,759</u>     |
| Liabilities subordinated to claims of general creditors                                | <u>40,000</u>    |
| Commitments and contingencies  | <u>-</u>         |
| Stockholders' equity (Exhibit C)   |                  |
| Common stock, no par value, 1,000 shares authorized, 200 shares issued and outstanding | 8,000            |
| Additional paid-in capital   | 37,000           |
| Retained earnings (Deficit)  | <u>(8,101)</u>   |
| Total stockholders' equity   | <u>36,899</u>    |
| Total  | <u>\$ 80,658</u> |

See accompanying notes to financial statement.

STATEMENT OF INCOME

Elliott Financial Services, Inc.

For the year ended December 31, 2004

|   |                   |
|---|-------------------|
| <u>Revenue</u>                                      |                   |
| Commissions   | \$ 57,133         |
| Interest  | <u>1,608</u>      |
| Total revenue                                       | <u>58,741</u>     |
| <br>  |                   |
| <u>Expenses</u>                                     |                   |
| Salaries  | 23,392            |
| Clearing expense                                    | 12,831            |
| Communications                                      | 8,736             |
| Depreciation  | 85                |
| Rent  | 8,456             |
| Regulatory fees                                     | 2,215             |
| Interest  | 3,600             |
| Taxes   | 2,968             |
| Other operating expense                             | <u>5,453</u>      |
| Total expenses                                      | <u>67,736</u>     |
| <br>  |                   |
| Income before income taxes                          | (8,995)           |
| <br>  |                   |
| <u>Provision for federal and state income taxes</u> | <u>-</u>          |
| <br>  |                   |
| Net income (Loss)                                   | <u>\$ (8,995)</u> |

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

Elliott Financial Services, Inc.

For the year ended December 31, 2004

|                                      | <u>Common stock</u> |                 | <u>Additional</u> | <u>Retained</u>   |
|--------------------------------------|---------------------|-----------------|-------------------|-------------------|
|                                      | <u>Shares</u>       | <u>Amount</u>   | <u>paid-in</u>    | <u>earnings</u>   |
|                                      |                     |                 | <u>capital</u>    |                   |
| Balance , January 1, 2004            | 200                 | \$ 8,000        | \$37,000          | \$ 894            |
| Net income (Loss)                    | <u>-</u>            | <u>-</u>        | <u>-</u>          | <u>(8,995)</u>    |
| Balance (Deficit), December 31, 2004 | <u>200</u>          | <u>\$ 8,000</u> | <u>\$37,000</u>   | <u>\$ (8,101)</u> |

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

Elliott Financial Services, Inc.

For the year ended December 31, 2004

|  |                  |
|--|------------------|
| <u>Cash flows from operating activities</u>  |                  |
| Net income (Loss)  | \$ (8,995)       |
| Adjustments to reconcile net income (Loss) to net cash provided by (Used in) operating activities: |                  |
| Depreciation   | 85               |
| Changes in assets - (Increase) Decrease  |                  |
| Deposit with clearing organization   | 276              |
| Receivable from brokers and dealers  | (3,764)          |
| Other assets   | 770              |
| Changes in liabilities - Increase (Decrease)   |                  |
| Accrued expenses   | (1,995)          |
| Payroll taxes accrued and withheld   | (11,576)         |
| Increase (decrease) in federal and state income taxes payable                                      | (167)            |
| Increase in interest payable   | -                |
| Total adjustments  | <u>(16,371)</u>  |
| Net cash provided by (Used in) operating activities  | <u>(25,366)</u>  |
| <u>Cash flows from investing activities</u>  |                  |
| Capital expenditures   | <u>(854)</u>     |
| <u>Cash flows from financing activities</u>  | <u>-</u>         |
| Net increase (Decrease) in cash  | (26,220)         |
| Cash, beginning of year  | <u>49,517</u>    |
| Cash, end of year  | <u>\$ 23,297</u> |

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED TO  
CLAIMS OF GENERAL CREDITORS

Elliott Financial Services, Inc.

For the year ended December 31, 2004

|   |                  |
|---|------------------|
| Subordinated liabilities at January 1, 2004   | \$ 40,000        |
| Increase                                      | -                |
| Decreases                                     | <u>-</u>         |
| Subordinated liabilities at December 31, 2004 | <u>\$ 40,000</u> |

See accompanying notes to financial statements.

## NOTES TO FINANCIAL STATEMENTS

Elliott Financial Services, Inc.

December 31, 2004

### Note 1

The following explanatory comments are submitted relative to the nature of operations and a summary of significant accounting policies of the corporation:

- (a) The company is an introducing broker and has a contractual agreement with clearing brokers. The clearing brokers, located in New York, New York, and Birmingham, Alabama carries the accounts of the company's customers on their books. The company also receives commissions for sales of various mutual funds. The company has a customer base limited to the greater New Orleans area.
- (b) The company maintains its records and reports its income to the taxing authorities on the accrual method.
- (c) For purposes of the statement of cash flows, the corporation considers all highly liquid debt instruments purchased with a maturity of three months or less, redeemable without penalty for early withdrawal, to be cash.
- (d) Furniture and equipment at December 31, 2004 was stated at cost and was being depreciated on the straight line method over a period of five years.

### Note 2

The deposit with a clearing organization at December 31, 2004 in the amount of \$50,675 is in accordance with the contractual obligation the company has entered into with the clearing brokers.

### Note 3

The borrowings under the subordination agreement at December 31, 2004 are as follows:

Subordinated note payable, due September 30,  
2006, 9% interest

The subordinated borrowings are covered by an agreement approved by the National Association of Security Dealers and are thus available in computing net capital under the Securities and Exchange Commission's uniform net capital rule.

### Note 4

During the year ended December 31, 2004 the corporation was involved in the following related party transactions:

Interest paid to William T. Elliott, an officer and shareholder of the company, during the year ended December 31, 2004 was \$3,600.

Note 6

Cash paid for interest expense and income taxes during the year ended December 31, 2004 was as follows:

|              |                |
|--------------|----------------|
| Interest     | <u>\$3,600</u> |
| Income taxes | <u>\$ -</u>    |

Note 7

The company was obligated under an operating lease for office facilities. Minimum lease payments under such lease is as follows:

| <u>Year ended</u><br><u>December 31</u> | <u>Amount</u> |
|---|---------------|
| 2005                                    | \$9,072       |
| 2006                                    | 8,316         |

Note 8

The preparation of financial statements in conformity with U. S. 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 9

The company is subject to the Securities and Exchange Commission's Uniform Net Capital Rule (rule 15c3-1), which requires the maintenance of minimum net capital. At December 31, 2004, the company had net capital of \$74,074, which was \$24,074 in excess of its required net capital of \$50,000.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1 OF THE  
SECURITIES AND EXCHANGE COMMISSION

Elliott Financial Services, Inc.

For the year ended December 31, 2004

|   |              |                  |
|---|--------------|------------------|
| <u>Net capital</u>  |              |                  |
| Total stockholders' equity  |              | \$ 36,899        |
| Liabilities subordinated to claims of general creditors<br>allowable in computation of net capital                    |              | <u>40,000</u>    |
|   |              | 76,899           |
| Deductions and/or charges   |              |                  |
| Prepaid expenses  | 612          |                  |
| Other assets  | 1,200        |                  |
| Haircuts on securities (computed, where<br>applicable, pursuant to 15c3-1(f) ):                                       |              |                  |
| Trading and investment securities:  |              |                  |
| Other securities  | <u>1,014</u> | <u>2,826</u>     |
| <u>Net capital</u>  |              | <u>\$ 74,074</u> |
| <u>Computation of Basic Net Capital Requirement</u>   |              |                  |
| Minimum net capital required (15c3-1(a)2)   |              | <u>\$ 50,000</u> |
| <u>Reconciliation with Company's Computation</u><br>(included in Part IIA of Form X-17A-5 as<br>of December 31, 2002) |              |                  |
| Net capital as reported in Company's Part II<br>(Unaudited) FOCUS report  |              | \$ 73,305        |
| Net audit adjustments   |              | <u>769</u>       |
| Net capital per above   |              | <u>\$ 74,074</u> |