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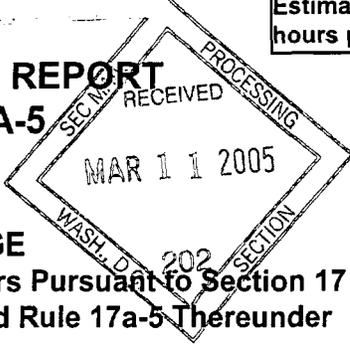
SECURITIES

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



SEC FILE NUMBER
8-35381

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:
BOSC, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
One Williams Center, 9 NE

Tulsa	OK	74103
<small>(City)</small>	<small>(State)</small>	<small>(Zip Code)</small>

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Dawn Michelle Davidson **918-588-6429**
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*
Ernst & Young, LLP

One Williams Center, Suite 1700	Tulsa,	OK 74172
<small>(Address)</small>	<small>(City)</small>	<small>(State) (Zip Code)</small>

CHECK ONE:

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

PROCESSED

MAR 29 2005 B

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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).

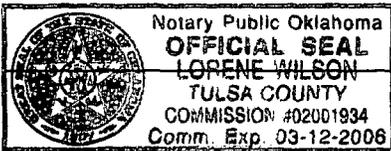
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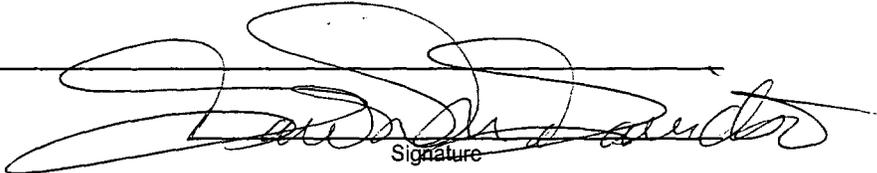
BB

3/28/05
S.S

OATH OR AFFIRMATION

I, Dawn Michelle Davidson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statements and supporting schedules pertaining to the firm of BOSC, 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:




Signature

Financial Operations Principal _____
Title


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) Independent auditor's report on internal control.
- (p) Schedule of segregation requirements and funds in segregation – customers' regulated commodity futures account pursuant to Rule 171-5.

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

FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
BOSC, Inc.

Year ended December 31, 2004

*with Report and Supplementary Report of Independent Registered
Public Accounting Firm*

BOSC, Inc.

Financial Statements
and Supplemental Information

Year ended December 31, 2004

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Report of Independent Registered Public Accounting Firm

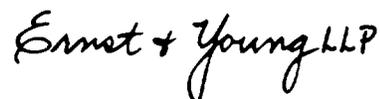
Board of Directors
BOSC, Inc.

We have audited the accompanying statement of financial condition of BOSC, Inc. (the Company) as of December 31, 2004, and the related statements of operations, changes in subordinated borrowings, changes in stockholder's equity, and cash flows 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 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and 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 the Company at December 31, 2004, 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 I, II, III, and IV 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 our 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.



Tulsa, Oklahoma
February 25, 2005

BOSC, Inc.

Statement of Financial Condition

December 31, 2004

Assets

Current assets:

Cash and cash equivalents, interest bearing, non-affiliate	\$ 2,080
Cash on deposit with affiliate	218,045
Cash and cash equivalents, customer reserve accounts	426,842
Cash and cash equivalents, money fund	1,541,796
Accounts receivable – broker/dealer	12,767,162
Commissions receivable – broker/dealer	1,016,208
Interest receivable	32,788
Prepaid expenses	146,847
Current portion of notes receivable – employees	527,659
Income taxes receivable from affiliate	81,528
Marketable securities owned, at market value	6,979,989
Total current assets	<u>23,740,944</u>

Fixed assets, at cost:

Furniture, fixtures, and equipment	756,373
Software	652,659
	<u>1,409,032</u>
Accumulated depreciation and amortization	(740,012)
	<u>669,020</u>

Notes receivable – employees	1,190,336
Deferred tax asset	621,884
Security deposits	100,000
Margin deposits	1,500,000
Total assets	<u>\$ 27,822,184</u>

Liabilities and stockholder's equity

Current liabilities:

Accrued operating expenses	\$ 1,621,125
Due to affiliate	556,076
Accounts payable – broker/dealer	15,074,222
Securities sold, not yet purchased	728,573
Total current liabilities	<u>17,979,996</u>

Stockholder's equity:

Common stock, \$10 par value – authorized and issued 2,500 shares	25,000
Additional paid-in capital	9,711,773
Retained earnings	105,415
Total stockholder's equity	<u>9,842,188</u>
Total liabilities and stockholder's equity	<u>\$ 27,822,184</u>

See accompanying notes.

BOSC, Inc.

Statement of Operations

Year ended December 31, 2004

Revenue:	
Trading gains and losses	\$10,372,851
Brokerage fees and commissions	11,533,343
Public finance fees and commissions	3,090,868
Interest income	225,590
	<hr/>
	25,222,652
Expenses:	
Interest	30,964
Personnel expense	17,662,291
Business promotion	1,081,468
Safekeeping expense	864,877
Data processing	507,316
Professional fees	77,125
Professional fees – investment banking	279,543
Administrative expense	429,772
Occupancy costs	227,605
Communication cost	35,470
Equipment	1,136,220
Depreciation and amortization	221,278
Recruiting expenses	16,188
Miscellaneous, insurance and license expense	300,582
Loss recovery and other expenses	99,678
Affiliate allocated expenses	4,924,823
	<hr/>
	27,895,200
Net loss before income taxes	(2,672,548)
Income tax benefit	952,648
Net loss	<hr/> <hr/>
	\$(1,719,900)

See accompanying notes.

BOSC, Inc.

Statement of Changes in Subordinated Borrowings

Year ended December 31, 2004

Subordinated borrowings at January 1, 2004	\$	—
Increases		—
Decreases		—
Subordinated borrowings at December 31, 2004	\$	<u>—</u>

See accompanying notes.

BOSC, Inc.

Statement of Changes in Stockholder's Equity

Year ended December 31, 2004

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Par Value			
Balance at December 31, 2003	2,500	\$ 25,000	\$ 9,560,070	\$1,825,315	\$11,410,385
Net loss	-	-	-	(1,719,900)	(1,719,900)
Capital provided by stock based compensation	-	-	35,174	-	35,174
Tax benefit on exercise of stock options	-	-	116,529	-	116,529
Balance at December 31, 2004	2,500	\$ 25,000	\$ 9,711,773	\$ 105,415	\$ 9,842,188

See accompanying notes.

BOSC, Inc.

Statement of Cash Flows

Year Ended December 31, 2004

Cash flows from operating activities

Net loss	\$ (1,719,900)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	221,278
Tax benefit on exercise of stock options	116,529
Stock-based compensation	35,174
(Increase) decrease in operating assets:	
Accounts receivable – broker/dealer	(2,458,243)
Commissions receivable – broker/dealer	200,596
Interest receivable	21,374
Prepaid expenses	196,292
Marketable securities owned, at market value	(1,682,725)
Income taxes receivable from affiliate	(62,432)
Notes receivable – employees	(540,479)
Deferred tax asset	50,423
Margin deposits	(1,500,000)
Increase (decrease) in operating liabilities:	
Accrued operating expenses	(2,808,581)
Due to affiliate	(2,719,463)
Accounts payable – broker/dealer	11,179,504
Securities sold, not yet purchased	372,476
Net cash used in operating activities	<u>(1,098,177)</u>

Cash flows from investing activities

Purchases of furniture, fixtures, and equipment	<u>(143,716)</u>
Net cash used in investing activities	<u>(143,716)</u>
Net decrease in cash and cash equivalents	(1,241,893)
Cash and cash equivalents at January 1, 2004	<u>3,430,656</u>
Cash and cash equivalents at December 31, 2004	<u>\$ 2,188,763</u>

Supplemental disclosure of cash flow information

Cash paid for interest	<u>\$ 30,964</u>
Cash received for taxes	<u>\$ 689,573</u>

See accompanying notes.

BOSC, Inc.

Notes to Financial Statements

December 31, 2004

1. Organization and Description of Business

BOSC, Inc. (BOSC or the Company) is a wholly owned subsidiary of BOK Financial Corporation (BOKF), a financial holding company. BOSC is registered as a broker/dealer with the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the Act) and is a member of the National Association of Securities Dealers, Inc. (NASD). BOSC is also registered as a broker/dealer and regulated by all fifty states, and exercises authority under Section 4(k) of the Bank Holding Company Act.

BOSC is a full-service securities firm with expertise in public and municipal finance and private placements. The Company engages in retail and institutional securities sales and municipal underwriting. BOSC, as a general securities broker/dealer, offers mutual funds, unit investment trust, variable annuities, fixed income, equity securities, and financial advisory services through financial consultants in a network of branch offices located primarily within affiliated banks in Oklahoma, Texas, Arkansas, New Mexico and Colorado. As a bank affiliated broker/dealer, BOSC discloses to clients and potential clients its relationship with BOKF and that investments (1) are not insured by the Federal Deposit Insurance Corporation (FDIC), (2) are not deposits or other obligations of, and are not guaranteed by any bank or bank affiliate, and (3) are subject to risks, including possible loss of principal invested.

BOSC does not maintain custody of customer funds and securities. While BOSC is a fully clearing broker/dealer, it currently uses two clearing firms (clearing broker/dealer): Pershing, LLC (Pershing), a wholly owned subsidiary of Bank of New York; and Bank of Oklahoma, N.A., a subsidiary of BOKF, for custody of customer funds and securities. BOSC's retail securities transactions are executed and customer accounts are carried on a fully disclosed basis with Pershing. Fixed income trades for institutional customers are cleared through Bank of Oklahoma, N.A on a fully clearing basis.

BOSC, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies

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 amounts reported in the financial statements and accompanying notes. Management believes that the estimates utilized in preparing the financial statements are reasonable and prudent. Actual results could differ from those estimates.

Cash Equivalents

BOSC considers all short-term, highly liquid investments with an original maturity when acquired of 90 days or less to be cash equivalents.

Cash and Cash Equivalents, Customer Reserve Accounts

As required by Rule 15c3-3 of the Act, BOSC segregates assets into special customer reserve accounts.

Depreciation and Amortization

Depreciation and amortization is computed on a straight-line basis over the estimated useful lives of the assets, which range from three years for most software to 10 years for furniture.

Accounts Receivable or Accounts Payable – Broker/Dealer

BOSC records securities transactions on the trade date. Accounts receivable from or payable to broker/dealer is recognized for these transactions pending settlement. These transactions may include sales of securities not yet owned by BOSC.

Commissions Receivable – Broker/Dealer

BOSC has receivables related to commissions earned from the sales of investment and insurance products. BOSC may provide a reserve for uncollectible accounts based on an aging analysis of those receivables. Amounts not collected after 90 days are generally written off.

BOSC, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Notes Payable to Affiliate

BOSC has two revolving lines of credit with Bank of Oklahoma, N.A. of \$30 million and \$50 million. As of December 31, 2004, no amounts had been drawn on either line of credit. Any outstanding amounts under the \$30 million line must be fully collateralized by qualifying securities. Any outstanding amounts under the \$50 million line must be fully collateralized by U.S. Treasuries. For both lines, interest is based on the 30-day LIBOR rate plus 1.23% and is paid monthly. Both lines expire on November 30, 2005.

Line of Credit

BOSC has an unlimited day loan line of credit with the Bank of New York bearing an interest rate of 1%. No amount was outstanding at December 31, 2004. Any outstanding amounts under this line are collateralized by securities underwritten and held by BOSC.

Marketable Securities Owned

The fair values of securities owned are based on quoted market prices or dealer quotes, when available.

Revenue Recognition

BOSC receives a percentage of commissions that the clearing broker/dealer charges the customers, as described in the clearing contract. The agreement requires BOSC to indemnify Pershing for uncollected amounts relating to customers introduced by BOSC. See Footnote 8, Commitments and Contingencies, for more information about the indemnification.

Fees and commissions earned for security trades are recorded on a trade-date basis.

Commissions on sales of annuities and insurance products are recorded when the contracts are accepted by the insurance companies.

Fees include gains, losses, and underwriting fees, net of syndicate expenses, arising from securities in which BOSC acts as underwriter. These are recognized at the time the underwriting is complete and the income is reasonably determinable.

BOSC, Inc.

Notes to Financial Statements (continued)

2. Summary of Significant Accounting Policies (continued)

Income Taxes

BOSC is included in the consolidated income tax return filed by the parent, BOKF. Income taxes are allocated to BOSC on a separate return basis, and the amount of current tax or benefit calculated is either remitted to or received from BOKF.

Notes Receivable – Employees

BOSC grants loans to certain employees as part of their compensation package. The loans are for periods up to five years and require annual payments of principal and interest. Interest is based on the prime rate. The annual principal and interest due may be forgiven if the employee meets predetermined performance criteria. The outstanding loan balances are reduced and compensation expense is recognized by an estimate of the amount of principal and interest that may be forgiven.

3. Net Capital Requirements

BOSC is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness, defined as total money liabilities of a broker/dealer arising in connection with any transaction subject to certain exclusions, to net capital, shall not exceed 15 to 1.

At December 31, 2004, BOSC's net capital position was as follows:

Net capital	\$5,662,914
Net capital required	<u>569,896</u>
Excess capital	<u>\$5,093,018</u>
Net capital ratio	<u>151%</u>

BOSC does not maintain custody of customer funds and securities. While it is a fully clearing broker/dealer, it uses two clearing firms for custody of customer funds and securities.

BOSC, Inc.

Notes to Financial Statements (continued)

4. Security Deposits

Security deposits consist of cash on deposit with Pershing for the purpose of maintaining a fully disclosed clearing arrangement and good faith deposits for municipal issues.

5. Margin Deposits

Margin deposits consist of cash on deposit against margin with Pershing in the firm preferred stock trading account. In 2004, BOSC began buying and holding preferred stock in a Pershing firm account for the purpose of selling to BOSC customers. The preferred stock is held on margin and as such requires a 50% deposit against the margin balance.

6. Related Party Transactions

Due to affiliate primarily consists of amounts due Bank of Oklahoma, N.A. for reimbursement of BOSC operating expenses paid to third parties by Bank of Oklahoma, N.A. BOSC's performance is guaranteed by a pledge of cash collateral by BOKF.

In 2004, BOSC incurred \$4,924,823 of general and administrative expenses allocated to BOSC by, and reimbursable to, Bank of Oklahoma, N.A.

7. Securities Owned and Securities Sold, Not Yet Purchased

Securities owned and securities sold, not yet purchased are recorded at market value and consist of the following at December 31, 2004:

	<u>Owned</u>	<u>Sold, not yet Purchased</u>
Obligations of the U.S. Government or its agencies	\$ 25,292	\$ -
State and municipal obligations	2,421,142	-
Other corporate obligations	4,287,379	728,573
Preferred stock	246,176	-
	<u>\$ 6,979,989</u>	<u>\$ 728,573</u>

BOSC, Inc.

Notes to Financial Statements (continued)

7. Securities Owned and Securities Sold, Not Yet Purchased (continued)

Securities sold, not yet purchased, represent obligations of BOSC to deliver the specified security at the contract price and thereby, create a liability to purchase the security in the market at prevailing prices. Accordingly, these transactions result in market risk, as BOSC's ultimate obligation to satisfy the sale of securities sold, not yet purchased may exceed the amount reflected in the statement of financial condition.

8. Commitments and Contingencies

BOSC is an introducing broker to Pershing for retail equity investment transactions. As such, it has indemnified Pershing against losses due to a customer's failure to settle a transaction or to repay a margin loan. Equity transactions are settled within three business days of trade date. Margin loans are due on demand. All unsettled transactions are collateralized by the security being purchased. Margin loans are secured as required by the Board of Governors of the Federal Reserve Regulation T, Credit by Brokers and Dealers. The Company applies the provisions of the Financial Accounting Standards Board's Interpretation No. 45, *Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others* (FIN 45), which provides accounting and disclosure requirements for certain guarantees. At December 31, 2004, the total amount of customer balances subject to indemnification was approximately \$2,896,273. In accordance with applicable margin lending practices, customer balances are typically collateralized by customer securities or supported by other types of recourse provisions. The fair value of the guarantee is not significant and no amount was recorded on BOSC's statement of financial condition to reflect this contingent liability based on an assessment of probable loss.

BOSC, Inc.

Notes to Financial Statements (continued)

9. Income Taxes

Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The significant components of deferred income taxes principally relate to depreciation and amortization. The reconciliation of the income tax provision computed at the U.S. federal statutory tax rate to the effective income tax expense (benefit), for the year ended December 31, 2004 is as follows:

	<u>Amount</u>	<u>Percent</u>
Tax benefit at U.S. statutory rate	\$ (935,392)	(35)
State income tax, net of federal tax benefit	(92,414)	(3)
Tax exempt revenue	(33,893)	(1)
Meals and entertainment	47,983	1
Other	61,068	2
Total income tax benefit	<u>\$ (952,648)</u>	<u>(36)</u>

Significant components of the income tax provision for the year ended December 31, 2004 are as follows:

Current:	
Federal	\$ (925,175)
State	(61,976)
Total current	<u>(987,151)</u>
Deferred:	
Federal	31,044
State	3,459
Total deferred	<u>34,503</u>
Total income tax benefit	<u>\$ (952,648)</u>

BOSC, Inc.

Notes to Financial Statements (continued)

10. Employee Benefits

BOSC employees participate in a BOKF defined benefit pension plan and BOKF thrift plans, defined contribution plans which incorporates certain retirement benefits. The pension plan is funded by employer contributions at a rate based upon base pay, years of service and employee age. Employees vest in the pension plan over five years, depending on date of hire. Benefits under this plan generally are based upon the employees' years of service and compensation during the years immediately preceding retirement. Since the assets contributed by the participating companies are not segregated or restricted to provide benefits for BOSC employees, the data available from the Plan's actuary is not sufficient to determine the accumulated benefit obligation nor the net assets attributable to BOSC. In the thrift plans, employer contributions match employee contributions of up to 5% of base pay, based on years of service. Employees vest in the employer contributions over five years of service and have a variety of investment options including BOKF common stock. BOSC incurred total expenses of approximately \$2,005,785 for the benefit plans for the year ended December 31, 2004.

BOSC's employees may participate in BOKF's employee stock option plans. The cost of stock options is recognized by the fair value method. The Company records its allocated share of stock-based compensation. BOKF's compensation cost was \$3,684,619 for the year ended December 31, 2004, of which the Company's allocated cost was \$57,723.

Supplemental Information

BOSC, Inc.

Computation of Net Capital Pursuant to Rule 15c3-1

Year ended December 31, 2004

Net Capital

Stockholder's equity	\$ 9,842,188
Deduct ownership equity not allowable for net capital	—
Total ownership equity qualified for net capital	<u>9,842,188</u>

Nonallowable assets:

Prepaid expenses	146,847
Notes receivable	1,717,995
Unsecured commissions receivable – broker/dealer	309,088
Fixed assets	669,020
Income taxes receivable from affiliate	81,528
Deferred tax asset	621,884
Total non-allowable assets	<u>3,546,362</u>
Net capital before haircuts	<u>6,295,826</u>

Haircuts on securities	632,912
Net capital	<u><u>\$ 5,662,914</u></u>

Computation of basic net capital requirement

Minimum net capital required (1/15 of aggregate indebtedness)	<u>\$ 569,896</u>
Minimum dollar net capital requirement	<u>\$ 250,000</u>
Net capital requirement	<u>\$ 569,896</u>
Excess net capital	<u><u>\$ 5,093,018</u></u>

Computation of aggregate indebtedness

Total aggregate indebtedness	\$ 8,548,436
Deduct adjustment based on deposits in Special Reserve Bank Accounts (15c3-1(c)(1)(vii)	—
Total aggregate indebtedness	<u>\$ 8,548,436</u>
Percentage of aggregate indebtedness to net capital	<u><u>151%</u></u>

BOSC, Inc.

Computation of Net Capital Pursuant to Rule 15c3-1 (continued)

Year ended December 31, 2004

Reconciliation with Company's computation

Net capital, as reported in Company's Part II (unaudited) FOCUS report	\$ 5,574,911
Post-closing adjustments	<u>88,003</u>
Net capital per above	<u>\$ 5,662,914</u>
Total aggregate indebtedness liabilities, as reported in Company's Part II (unaudited) FOCUS report	\$ 8,548,436
Post-closing audit adjustments	<u>-</u>
Total aggregate indebtedness per above	<u>\$ 8,548,436</u>

BOSC, Inc.

Computation for Determination of Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

Year ended December 31, 2004

Credit balances:

Free credit balances and other credit balances in customers' security accounts	\$	-
Monies borrowed collateralized by securities carried for the accounts of customers		-
Monies payable against customers' securities loaned		-
Customers' securities failed to receive		6,125,056
Credit balances in firm accounts that are attributable to principal sales to customers		9,997
Market value of short security count differences over thirty calendar days old		-
Market value of short securities and credits in all suspense accounts over 7 business days		-
Other		-
Total credits	<u>\$</u>	<u>6,135,053</u>
Debit balances:		
Debit balances in customers' accounts	\$	6,013,830
Securities borrowed to effectuate short sales by customers and securities borrowed to make delivery on customers' securities failed to deliver		-
Failed to deliver of customers' securities not older than 30 calendar days		69,667
Total debits	<u>\$</u>	<u>6,083,497</u>
Deficit of total debits over total credits	<u>\$</u>	<u>(51,556)</u>

BOSC, Inc.

Computation for Determination of Reserve Requirements Under
Rule 15c3-3 of the Securities and Exchange Commission (continued)

Year ended December 31, 2004

Reserve computation –	
105% of excess of total credits over total debits	<u>\$ 54,134</u>
Amount on deposit	<u>\$ 426,842</u>

There are no material differences, between the Company's computation included in this report and the corresponding schedule included in the Company's unaudited December 31, 2004, Part II FOCUS report.

Note: BOSC does not maintain custody of customer funds and securities. While it is a fully clearing broker/dealer, it uses two clearing firms for custody of customer funds and securities.

BOSC, Inc.

Information Relating to Possession or Control Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

Year ended December 31, 2004

<p>1. Customers' fully paid and excess margin securities not in the respondent's possession or control as of the report date (for which instructions to reduce to possession or control had been issued as of the report date but for which the required action was not taken by respondent within the time frames specified under rule 15c3-3)</p>	<p><u>\$ -</u></p>
A. Number of items	<p><u>-</u></p>
<p>2. Customers' fully paid securities and excess margin securities for which instructions to reduce to possession or control had not been issued as of the report date, excluding items arising from "temporary lags which result from normal business operations" as permitted under rule 15c3-3</p>	<p><u>\$ -</u></p>
A. Number of items	<p><u>-</u></p>

There are no material differences, between the Company's computation included in this report and the corresponding schedule included in the Company's unaudited December 31, 2004, Part II FOCUS report.

Note: BOSC does not maintain custody of customer funds and securities. While it is a fully clearing broker/dealer, it uses two clearing firms for custody of customer funds and securities.

BOSC, Inc.

Schedule of Segregation Requirements and Funds in Segregation for
Customers' Regulated Commodity Futures and Options Accounts

Year ended December 31, 2004

Segregation Requirements

Net ledger balance:		
Cash	\$	—
Securities (at market)		—
Net unrealized loss in open futures contracts traded on a contract market		—
Exchange traded options:		
Add market value of open option contracts purchased on a contract market		—
Deduct market value of open option contracts granted (sold) on a contract market		—
Net equity		—
Accounts liquidating to a deficit and accounts with debit balances – gross amount		—
Less amount offset against U.S. Treasury obligations owned by particular customers		—
Amount required to be segregated	\$	—

Funds on Segregated Accounts

Deposited in segregated funds bank accounts:		
Cash	\$	—
Securities representing investments of customer funds (at market)		—
Securities held for particular customers or option customers in lieu of cash (at market)		—
Net equities with other FCMS:		
Net liquidating equity		—
Securities representing investments of customer funds (at market)		—
Securities held for particular customers or option customers in lieu of cash (at market)		—
Total amount in segregation		—
Excess funds in segregation	\$	—

BOSC, Inc.

Schedule of Segregation Requirements and Funds in Segregation for
Customers' Regulated Commodity Futures and Options Accounts
(continued)

Year ended December 31, 2004

There are no material differences, between the Company's computation included in this report and the corresponding schedule included in the Company's unaudited December 31, 2004, Part II FOCUS report.

Note: BOSC does not maintain custody of customer funds and securities. While it is a fully clearing broker/dealer, it uses two clearing firms for custody of customer funds and securities.

Supplementary Report

Supplementary Report of Independent Registered Public Accounting Firm on Internal Controls

Board of Directors
BOSC, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of BOSC, Inc. (the Company), for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, 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 and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the criteria stated in rule 17a-5(g), in the following:

1. Making the periodic computations of aggregate debits and net capital under rule 17a-3(a)(11) and the reserve required by rule 15c3-3(e),
2. Making the quarterly securities examinations, counts, verifications, and comparisons, and the 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,
4. Obtaining and maintaining physical possession of control of all fully paid and excess margin securities of customers as required by rule 15c3-3.

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 internal 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 criteria. 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 accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional criteria of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control or the practices and procedures referred to above, errors or fraud may occur and not be detected. Also, projection of any evaluation of internal control to future periods is subject to the risk that internal control may become inadequate because of changes in conditions, or that the effectiveness of its 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 one or more of the specific internal control components does not reduce to a relatively low level the risk that errors 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, and its operation that we consider to be material weaknesses as defined above.

We understand that practices and procedures that meet the criteria 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 meet such criteria 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 SEC's criteria.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, 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.

Ernst & Young LLP

February 25, 2005