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

SEC FILE NUMBER

8 - 45624

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:

Delta Dividend Group, Inc.
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

222 Montgomery Street, Suite 426

San Francisco (No. and Street) **CA** **94104**
(City) (State) (Zip Code)

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

David Gale (415) 263-8908
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this report*

Harb, Levy & Weiland LLP

The Landmark @ One Market, 6th Floor **San Francisco** **CA** **94105**
(Address) (City) (Zip Code)

CHECK ONE:

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

PROCESSED
JAN 03 2006
THOMSON
FINANCIAL

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*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).

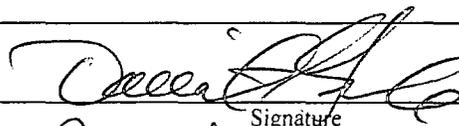
SEC 1410 (06-02) Potential persons who are to respond to the collection of information contained in this form are not required to respond unless this form displays a currently valid OMB control number.

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OATH OR AFFIRMATION

I, **David Gale**, swear (or affirm) that, to the best of my knowledge and belief, the accompanying financial statements and supporting schedules pertain to the firm of **Delta Dividend Group, Inc.** as of **December 31, 2004**, and 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:



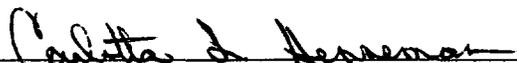
Signature

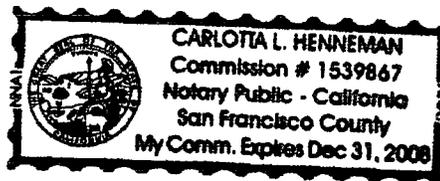
President

Title

State of California
County of San Francisco

Subscribed and sworn to before me
this 18 day of November 2005

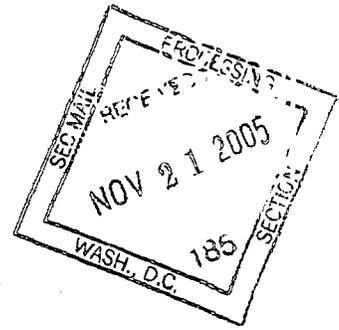

Notary Public



This report** contains (check all applicable boxes):

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Operations.
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholders' Equity.
- (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 required by SEC Rule 17a-5
- (p) Independent auditor's report on internal control required by SEC Rule 17a-5 for a Broker-Dealer claiming exemption from SEC Rule 15c3-3

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



DELTA DIVIDEND GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2004



Independent Auditors' Report

Board of Directors
Delta Dividend Group, Inc.

We have audited the accompanying statement of financial condition of Delta Dividend Group, Inc., including the schedule of investments, as of December 31, 2004. This financial statement is the responsibility of the management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position Delta Dividend Group, Inc. as of December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

San Francisco, California
October 31, 2005

Harb, Levy & Weiland LLP

Member of NEXIA International, A Worldwide Association of Independent Accounting Firms

The Landmark @ One Market, Sixth Floor, San Francisco, CA 94105 Tel: 415 974 6000 Fax: 415 974 5488
e-mail: hlw@hlwcpa.com www.hlwcpa.com

DELTA DIVIDEND GROUP, INC.
Statement of Financial Condition
December 31, 2004

Assets

Cash	\$ 248,820
Securities owned, at fair value	14,410,602
Cash surrender value of life insurance	131,917
Other assets	<u>28,373</u>

Total Assets \$ 14,819,712

Liabilities and Stockholders' Equity

Liabilities:

Securities sold short, at fair value	\$ 269,000
Payable to broker-dealer and clearing organization	4,409,138
Notes payable - shareholder	1,613,547
Accrued expenses	92,988
Deferred tax liability	<u>1,389,442</u>

Total Liabilities 7,774,115

Stockholders' Equity:

Common stock	5,500
Preferred stock	6
Additional paid-in capital	899,418
Retained earnings	<u>6,140,673</u>

Total Stockholders' Equity 7,045,597

Total Liabilities and Stockholders' Equity \$ 14,819,712

See accompanying notes to the statement of financial condition

DELTA DIVIDEND GROUP, INC.
Schedule of Investments
December 31, 2004

Securities owned (205% of stockholders' equity)

Common stocks

United States

Telecommunications	\$ 675,010
Others	560,610
	1,235,620

Total United States (cost, \$702,423, 17.9% of stockholders' equity)

United Kingdom

Utilities

Scottish Power PLC (20,000 shares)	623,200
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Total United Kingdom (cost, \$488,028, 9% of stockholders' equity)	623,200
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Others (cost, \$15,347, 0.1% of stockholders' equity)	15,347
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Total common stocks (cost, \$1,205,798, 27% of stockholders' equity)	1,874,167
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Preferred stocks - United States

Services

Apartment Investment and Management Company (20,000 shares)	532,000
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Financial	928,620
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Consumer goods

Fleetwood Capital Trust (30,000 shares)	1,327,500
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Others	67,243
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Total consumer goods	1,394,743
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Utilities

Pacific Gas & Electric Co. (60,075 shares)	1,531,913
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Others	356,099
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Total utilities	1,888,012
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Industrial goods

Smurfit-Stone Container Corporation (62,900 shares)	1,603,950
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Others	43,320
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Total industrial goods	1,647,270
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Others	41,825
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Total preferred stocks (cost, \$5,794,797, 91% of stockholders' equity)	6,432,470
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See accompanying notes to the statement of financial condition

DELTA DIVIDEND GROUP, INC.
Schedule of Investments
December 31, 2004

Securities owned - continued from previous page

Exchange traded funds - United States

Auction Pass Through Trust (5 shares)	1,250,000
Street Tracks Gold Trust (25,000 shares)	1,095,000
Thai Capital Fund Inc. (344,570 shares)	2,925,399
Others	<u>703,716</u>

Total exchange traded funds (cost, \$4,006,109, 85% of stockholders' equity) 5,974,115

Bonds - United States (cost, \$2,575, 2% of stockholders' equity) 129,850

Total securities owned (cost, \$11,009,279) \$ 14,410,602

Securities sold short (4% of stockholders' equity)

Preferred stocks

Consumer Goods	
Fleetwood Enterprises Inc. (20,000 shares)	<u>\$ 269,000</u>

Total securities sold short (proceeds, \$265,169) \$ 269,000

See accompanying notes to the statement of financial condition

Delta Dividend Group, Inc.
Notes to the Statement of Financial Condition
December 31, 2004

1. *Nature of Operations and Summary of Significant Accounting Policies*

Delta Dividend Group, Inc. (the "Company") is a Delaware corporation formed on December 2, 1992, primarily to hold and trade preferred stock and corporate debt instruments for the purposes of realizing interest and dividend income and gains from the trading of these securities. The Company is registered with the Securities and Exchange Commission as a fully disclosed securities broker-dealer and is a member of the Pacific Exchange.

Cash: The Company maintains its cash in bank deposit and money market accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts, and it believes it is not exposed to any significant credit risk on cash.

Securities transactions: Securities owned and securities sold short are recorded on a trade date basis. Securities traded on a national securities exchange (or reported on the NASDAQ national market) are stated at the last reported sales prices on the day of valuation; other securities traded in the over-the-counter market and listed securities for which no sales were reported on that date are stated at the latest quoted bid prices, except for short positions, for which the last quoted ask prices are used.

Cash surrender value of life insurance: This comprises the cash surrender value of various life insurance policies (including keyman) on two shareholders of the Company including one who is an officer of the Company.

Income taxes: The Company uses the liability method of accounting to record income taxes. Accordingly, deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for federal and state income tax purposes.

Use of estimates: The financial statements are prepared in accordance with accounting principles generally accepted in the United States of America that require that management make estimates and assumptions that affect reported amounts. Actual results could differ from those estimates.

2. *Payable to broker-dealer and clearing organization*

Payable to broker-dealer and clearing organization represents amounts due to the Company's custodian broker and consists of margin borrowings collateralized by the Company's investment in securities. Interest is charged on the outstanding balance at a rate approximately equal to the average broker call rate.

Delta Dividend Group, Inc.
Notes to the Statement of Financial Condition
December 31, 2004

3. *Notes payable to shareholder*

As of December 31, 2004, the Company had \$1,613,547 in outstanding notes payable to a shareholder and officer of the Company. The notes bear interest rates at 2.5% annually. They are unsecured and payable upon demand.

4. *Capital Stock*

The capital stock of the Company is comprised of the following securities as of December 31, 2004:

Preferred Stock – Series A
\$0.01 par value, 1,000 shares authorized, 600 shares issued and outstanding

Preferred Stock – Series B
\$0.01 par value, 1,100 shares authorized, 0 shares issued and outstanding

Preferred Stock – Series C
\$0.01 par value, 1,000 shares authorized, 0 shares issued and outstanding

Common Stock – Nonvoting
\$0.01 par value, 250,000 shares authorized, 0 shares issued and outstanding

Common Stock – Voting
\$0.01 par value, 1,000,000 shares authorized, 550,000 shares issued and outstanding

In event of any liquidation, the holders of preferred stock are entitled to receive a preference in the distribution of assets. The preference amount is \$1,750 per share for Series A and B shares.

5. *Income Taxes*

Deferred tax liabilities relate primarily to the recognition of unrealized market gains and losses of securities owned and securities sold short for financial statement purposes versus recognition of gains and losses for tax purposes.

Deferred tax liabilities at December 31, 2004 consist of the following:

Deferred tax liabilities	
Federal	\$ 1,083,322
State	<u>306,120</u>
Total	<u>\$ 1,389,442</u>

Delta Dividend Group, Inc.
Notes to the Statement of Financial Condition
December 31, 2004

6. ***Financial instruments with Off-Balance Sheet Risk***

The Company has sold securities that it does not currently own and will therefore be obligated to purchase such securities at a future date ("sold short"). The Company has recorded these obligations at fair value at December 31, 2004 and will incur a loss if the market value of the securities increases subsequent to December 31, 2004.

7. **Employee Profit Sharing Plan**

The Company maintains an employee profit sharing plan covering all of its eligible employees. The Company contributes to the plan at the discretion of the management.

8. **Related Party Transactions**

The Company is primarily managed by its largest shareholder and his wife who act as the officers of the Company.

9. **Financial Highlights**

Ratio of total expenses to average stockholders' equity	(11.19%)
Total return	8.63%

Financial highlights are computed on the basis of average stockholders' equity taken as a whole. An individual shareholder's expense ratios and total return statistics may vary from these based on the timing of capital transactions.

10. **Net Capital Requirements**

The Company 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 to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2004, the Company had a net capital of \$2,950,564, which was \$ 2,836,795 in excess of its required net capital of \$ 113,769. The Company's aggregate indebtedness to net capital ratio was 0.578 to 1.