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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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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 April 1, 2005 AND ENDING March 31, 2006  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: DAE Enterprises, LTD

OFFICIAL USE ONLY  
118286  
FIRM ID. NO.

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

9725 SE 36th St., #300

(No. and Street)

Mercer Island

WA

98040

(City)

(State)

(Zip Code)

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

Donald Ellis

(206) 795 0395

(Area Code -- Telephone No.)

**B. ACCOUNTANT IDENTIFICATION**

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

Jack W. Brown, Inc., PC

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

40 Lake Bellevue Drive, #260

Bellevue

WA

98005

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

**JUN 22 2006**

THOMSON  
FINANCIAL

FOR OFFICIAL USE ONLY

\*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).

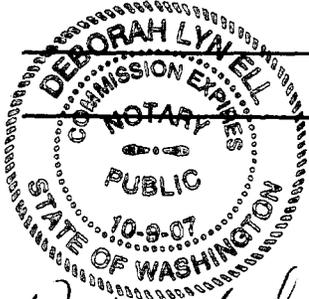
SEC 1410 (3-91)

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am  
KAT  
C. H. L. S.

OATH OR AFFIRMATION

I, Donald A. Ellis, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of DAE Enterprises, LTD, as of March 31, ~~19~~ 2006 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:



Deborah Lyn Ell  
Notary Public

[Signature]  
Signature  
President  
Title

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).

**DAE ENTERPRISES, LTD**

Financial Statements  
and Supplementary Information

March 31, 2006

Jack W. Brown Inc., P.C.

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# JACK W. BROWN INC., P.C.

Accountants & Consultants 40 Lake Bellevue Drive., Suite 260 Bellevue, Washington 98005 (425) 467-1074 FAX (425) 454-7984 CELLULAR (425) 829-3800 E-MAIL jjmusic@jps.net

April 26, 2006

To the Board of Directors  
DAE Enterprises, LTD  
Mercer Island, WA

We have audited the accompanying balance sheet of DAE Enterprises, LTD, as of March 31, 2006, and the related statements of income and retained earnings and cash flows for those periods. 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 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 principals 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 DAE Enterprises, LTD, as of March 31, 2006, and the results of its operations and cash flows for the year and month then ended, in conformity with 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 the supplementary schedules is presented for the purpose 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.

  
Jack W. Brown Inc., P.C.  
Seattle, WA  
April 26, 2006

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DAE ENTERPRISES, LTD  
BALANCE SHEET

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ASSETS	<u>March 31, 2006</u>
<u>Current</u>	
Cash	\$ 7,585
Certificates of deposit	<u>7,113</u>
Total current assets	<u>14,698</u>
 <u>Property &amp; Equipment (Note 1)</u>	
Office equipment	13,914
Less accumulated depreciation	<u>(8,771)</u>
Total property & equipment	<u>5,143</u>
 TOTAL ASSETS	 <u><u>\$19,841</u></u>
 <b>LIABILITIES &amp; STOCKHOLDER'S EQUITY</b>	
<u>Current Liabilities</u>	
Accounts Payable	\$ 4,334
 <u>Stockholder's Equity</u>	
Common stock, \$1 par value, 10,000 shares authorized, and 7,000 shares issued and outstanding	7,000
Additional paid in capital	72,440
Retained earnings (deficit)	<u>(63,933)</u>
 Stockholder's Equity	 <u>15,507</u>
 TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	 <u><u>\$19,841</u></u>

DAE ENTERPRISES, LTD  
STATEMENT OF INCOME & RETAINED EARNINGS

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Year Ended  
March 31, 2006

**INCOME**

Concessions \$ 2,738

**OPERATING EXPENSES**

Professional Services 2,940

Office Expenses 1,960

Taxes & Licenses 586

Telephone 3,403

Travel & Entertainment 5,745

Automobile Expense 3,091

Employee Benefits 6,774

Dues & Subscriptions 3,033

Depreciation 1,860

Maintenance & Repairs 4,250

Postage & Delivery 163

Bank Service Charges 80

Parking 45

Contributions 110

Total Operating Expenses 34,040

Loss from Operations (31,302)

Interest Income 113

NET LOSS (31,189)

RETAINED EARNINGS, (DEFICIT)

March 31, 2005 (32,744)

RETAINED EARNINGS (DEFICIT),

March 31, 2006 (\$63,933)

See accompanying notes to the financial statements

DAE ENTERPRISES, LTD  
STATEMENT OF CASH FLOWS

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Year Ended  
March 31, 2006

Cash flows from operating activities	
Net Loss	(\$31,189)
Depreciation expense	<u>1,860</u>
Total cash flow from operating activities	<u>(\$29,329)</u>
Adjustment to reconcile net income to net cash provided by operating activities	
Increase in accounts payable	4,334
Increase in additional paid in capital	<u>30,193</u>
	<u>34,527</u>
Net increase in cash & cash equivalents	5,198
Cash & cash equivalents at beginning of year	<u>9,500</u>
Cash & cash equivalents at end of year	<u>\$ 14,698</u>

See accompanying notes to the financial statements  
Page 6

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

- A. Nature of business: DAE Enterprises, LTD is a privately-held Broker-Dealer company which was incorporated in the State of Washington in 1983.
- B. Property & equipment: Property and equipment are recorded at cost. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in income during that year. The cost of maintenance and repairs is charged to expenses when incurred, whereas expenditures which substantially increase the useful lives of property and equipment are capitalized.
- C. Depreciation: The provision for depreciation for financial statement purposes is computed over five years using the straight line method. Depreciation expense for the year ended March 31, 2006 was \$1,860. For tax purposes, depreciation is computed using accelerated methods.
- D. Cash & cash equivalents: Cash and cash equivalents consist of cash in checking accounts and certificates of deposit with a maturity of less than 12 months.
- E. Income taxes: The Company reports income for financial statement purposes on the accrual basis whereby revenue is recognized as services are performed and expenses are incurred. For federal income tax purposes, the Company reports income on the cash basis whereby revenue is recognized as it is collected and expenses are recognized as paid. There was no deferred income tax at March 31, 2006.
- F. 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.

2. **NET CAPITAL REQUIREMENT:**

Pursuant to Rule 15c3-1(a)(2) under the Securities Exchange Act of 1934, the Company has a \$5,000 net capital requirement. For the year ended March 31, 2006 the Company's net capital balance was \$10,364.

SUPPLEMENTARY INFORMATION

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DAE ENTERPRISES, LTD  
COMPUTATION for DETERMINATION of RESERVE REQUIREMENTS for  
BROKER-DEALERS March 31, 2006

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UNDER RULE 15c3-3  
For the Year Ended March 31, 2006

Exemptive Provisions:

The Company is exempt from Rule 15c3-3 in that the Company does not receive any customer securities or cash.

DAE ENTERPRISES, LTD  
COMPUTATION of NET CAPITAL Under SEC. RULE 15c3-1

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Net Capital per audited Financial Statements, March 31, 2005	\$ 15,507
Less Non-Allowable Assets	<u>5,143</u>
Net Capital, March 31, 2006	<u>\$ 10,364</u>

See the Reconciliation of Audited and Unaudited Computation of Net Capital on the following page.

DAE ENTERPRISES, LTD

RECONCILIATION of AUDITED & UNAUDITED COMPUTATION of NET  
CAPITAL

March 31, 2006

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Unaudited  
Form X-17A-5  
Part II  
Prepared by  
DAE Enterprises LTD

Audited  
Form X17A

<u>Differences</u>	<u>Filed on</u>	<u>Part IIA</u>	<u>Differences</u>
Page 3 Lines 1 & 3	\$10,364	\$10,364	0