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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

OMB APPROVAL
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hours per response..... 12.00

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

SEC FILE NUMBER
8- 28114

**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 07/01/02 AND ENDING 06/30/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Harding/Hall, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
8676 Bow Street

(No. and Street)

Elk Grove

California

95624

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
Patricia Hall (916) 423-3033

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

LOCKWOOD & BORN, An Accountancy Corporation

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

2380 Professional Drive

Roseville

California

95661-7745

(Address)

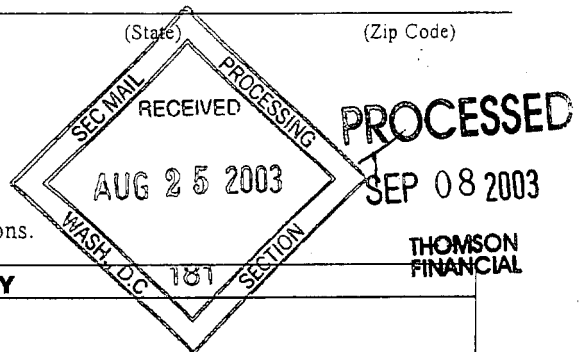
(City)

(State)

(Zip Code)

CHECK ONE:

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



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)

OATH OR AFFIRMATION

I, Patricia Hall, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Harding/Hall, Inc., as of June 30, 2003, 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:

Patricia Hall

Signature

President

Title

Diane Sakakihara

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 Proprietors' 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 15c3-3 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. Waived
(n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.
(O) Auditors Report on Internal Control Structure.

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

**FORM
X-17A-5**

FOCUS REPORT

OMB No. 3235-0123
(5-31-87)

(Financial and Operational Combined Uniform Single Report)

PART IIA 12

3/91

(Please read instructions before preparing Form.)

This report is being filed pursuant to (Check Applicable Block(s)):

- 1) Rule 17a-5(a) 15 2) Rule 17a-5(b) 17 3) Rule 17a-11 18
 4) Special request by designated examining authority 19 5) Other 26

NAME OF BROKER-DEALER

HARDING/HALL, INC. 13

SEC FILE NO.

8-28114 14

FIRM ID. NO.

012959 15

ADDRESS OF PRINCIPAL PLACE OF BUSINESS (Do Not Use P.O. Box No.)

8676 BOW STREET 20

FOR PERIOD BEGINNING (MM/DD/YY)

07/01/02 24

(No. and Street)

AND ENDING (MM/DD/YY)

ELK GROVE 21

CA 22

95624 23

06/30/03 25

(City)

(State)

(Zip Code)

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

(Area Code)—Telephone No.

PATRICIA HARDING-HALL, PRESIDENT 30

(916) 423-3033 31

NAME(S) OF SUBSIDIARIES OR AFFILIATES CONSOLIDATED IN THIS REPORT:

OFFICIAL USE

32

33

34

35

36

37

38

39

DOES RESPONDENT CARRY ITS OWN CUSTOMER ACCOUNTS? YES 40 NO 41

CHECK HERE IF RESPONDENT IS FILING AN AUDITED REPORT 42

EXECUTION:

The registrant/broker or dealer submitting this Form and its attachments and the person(s) by whom it is executed represent hereby that all information contained therein is true, correct and complete. It is understood that all required items, statements, and schedules are considered integral parts of this Form and that the submission of any amendment represents that all unamended items, statements and schedules remain true, correct and complete as previously submitted.

Dated the 21st day of August 19 2003
Manual signatures of:

- 1) Patricia Harding Hall
Principal Executive Officer or Managing Partner
- 2) Diane Smalukar
Principal Financial Officer or Partner
- 3) Patricia Harding Hall
Principal Operations Officer or Partner

ATTENTION—Intentional misstatements or omissions of facts constitute Federal Criminal Violations. (See 18 U.S.C. 1001 and 15 U.S.C. 78:(a))

TO BE COMPLETED WITH THE ANNUAL AUDIT REPORT ONLY:

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report

Name (If individual, state last, first, middle name)

LOCKWOOD & BORN, AN ACCOUNTANCY CORPORATION

70

ADDRESS Number and Street City State Zip Code

2380 PROFESSIONAL DRIVE 71 ROSEVILLE 72 CA 73 95661-7745 74

Check One

- (X) Certified Public Accountant 75
- () Public Accountant 76
- () Accountant not resident in United States or
any of its possessions 77

FOR SEC USE

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WORK LOCATION	REPORT DATE MM/DD/YY	DOC. SEQ. NO.	CARD				
50	51	52	53				

Independent Auditors' Report

Board of Directors
Harding/Hall, Inc.

We have audited the accompanying statement of financial condition of Harding/Hall, Inc. as of June 30, 2003, and the related statements of income (loss), cash flows, changes in stockholders' equity, and changes in liabilities subordinated to claims of 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 Harding/Hall, Inc. as of June 30, 2003, and the results of its operations, cash flows, changes in stockholders' equity and changes in liabilities subordinated to claims of 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.



Roseville, California
August 4, 2003

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER	HARDING/HALL, INC.	N3		
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**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING AND
CERTAIN OTHER BROKERS OR DEALERS**

as of (MM/DD/YY)	06/30/03	99
SEC FILE NO.	8-28114	98
	Consolidated	198
	Unconsolidated	199

ASSETS

	<u>Allowable</u>		<u>Non-Allowable</u>		<u>Total</u>
1. Cash	\$ 19,633	200			\$ 19,633 750
2. Receivables from brokers or dealers:					
A. Clearance account	563	295			
B. Other	1,120	300	14,136	550	15,819 810
3. Receivables from non-customers		355		600	0 830
4. Securities and spot commodities owned, at market value:					
A. Exempted securities	97,739	418			
B. Debt securities		419			
C. Options		420			
D. Other securities	140,635	424			
E. Spot commodities		430			238,374 850
5. Securities and/or other investments not readily marketable:					
A. At cost	\$ 5,900	130			
B. At estimated fair value		440	5,900	610	5,900 860
6. Securities borrowed under subordination agreements and partners' individual and capital securities accounts, at market value:					
A. Exempted securities	\$ 150				
B. Other securities	160				
7. Secured demand notes:		470		840	0 880
market value of collateral:					
A. Exempted securities	\$ 170				
B. Other securities	180				
8. Memberships in exchanges:					
A. Owned, at market	\$ 190				
B. Owned, at cost				650	
C. Contributed for use of the company, at market value				680	900
9. Investment in and receivables from affiliates, subsidiaries and associated partnerships		480		570	910
10. Property, furniture, equipment, leasehold improvements and rights under lease agreements, at cost-net of accumulated depreciation and amortization		490	844	680	844 920
11. Other assets		535	6,338	735	6,338 930
12. TOTAL ASSETS	\$ 259,690	540	\$ 27,218	740	\$ 286,908 940

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER **HARDING/HALL, INC.**

as of **06/30/03**

**STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING, NONCLEARING
AND CERTAIN OTHER BROKERS OR DEALERS**

LIABILITIES AND OWNERSHIP EQUITY

<u>Liabilities</u>	<u>A.I. Liabilities</u>	<u>Non-A.I. Liabilities</u>	<u>Total</u>
13. Bank loans payable.....	\$ 1045	\$ 1255	\$ 0 1470
14. Payable to brokers or dealers:			
A. Clearance account.....	1114	1315	0 1560
B. Other.....	1115	1305	0 1540
15. Payable to non-customers.....	1155	1365	0 1610
16. Securities sold not yet purchased, at market value.....		1360	0 1620
17. Accounts payable, accrued liabilities, expenses and other.....	15,785 1205	1385	15,785 1685
18. Notes and mortgages payable:			
A. Unsecured.....	1210		0 1690
B. Secured.....	1211	1390	0 1700
19. Liabilities subordinated to claims of general creditors:			
A. Cash borrowings:		1400	0 1710
1. from outsiders \$.....	970		
2. Includes equity subordination (15c3-1 (d)) of.....	980		
B. Securities borrowings, at market value:...		1410	0 1720
from outsiders \$.....	990		
C. Pursuant to secured demand note collateral agreements:.....		1420	0 1730
1. from outsiders \$.....	1000		
2. Includes equity subordination (15c3-1 (d)) of.....	1010		
D. Exchange memberships contributed for use of company, at market value.....		1430	0 1740
E. Accounts and other borrowings not qualified for net capital purposes.....	1220	1440	0 1750
20. TOTAL LIABILITIES.....	\$ 15,785 1230	\$ 0 1450	\$ 15,785 1760

Ownership Equity

21. Sole proprietorship.....		\$ 1770
22. Partnership (limited partners.....)	\$ 1020	\$ 1780
23. Corporation:		
A. Preferred stock.....		1791
B. Common stock.....	11,250	1792
C. Additional paid-in capital.....	18,663	1793
D. Retained earnings.....	241,210	1794
E. Total.....	271,123	1795
F. Less capital stock in treasury.....		1796
24. TOTAL OWNERSHIP EQUITY.....	\$ 271,123	\$ 1800
25. TOTAL LIABILITIES AND OWNERSHIP EQUITY.....	\$ 286,908	\$ 1810

OMIT PENNIES

**FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA**

BROKER OR DEALER **HARDING/HALL, INC.**

For the period (MMDDYY) from 7/07/01/02 3932 to 06/30/03 393
 Number of months included in this statement 12 393

STATEMENT OF INCOME (LOSS)

REVENUE

1. Commissions:			
a. Commissions on transactions in exchange listed equity securities executed on an exchange	\$	13,360	393
b. Commissions on listed option transactions	\$	1,616	393
c. All other securities commissions			393
d. Total securities commissions		14,976	394
2. Gains or losses on firm securities trading accounts			
a. From market making in options on a national securities exchange			3948
b. From all other trading			3948
c. Total gain (loss)		0	3950
3. Gains or losses on firm securities investment accounts		1,198	3952
4. Profit (loss) from underwriting and selling groups	\$		3955
5. Revenue from sale of investment company shares		141,188	3970
6. Commodities revenue			3990
7. Fees for account supervision, investment advisory and administrative services		16,444	3975
8. Other revenue		2,550	3985
9. Total revenue	\$	176,356	4030

EXPENSES

10. Salaries and other employment costs for general partners and voting stockholder officers	\$	47,400	4120
11. Other employee compensation and benefits	\$	24,566	4118
12. Commissions paid to other broker-dealers			4140
13. Interest expense			4075
a. Includes interest on accounts subject to subordination agreements		4070	
14. Regulatory fees and expenses		3,304	4195
15. Other expenses		116,791	4100
16. Total expenses	\$	192,061	4200

NET INCOME

17. Net income (loss) before Federal income taxes and items below (Item 9 less Item 16)	\$	(15,705)	4210
18. Provision for Federal income taxes (for parent only)	\$	NOL BENEFIT (2,220)	4220
19. Equity in earnings (losses) of unconsolidated subsidiaries not included above			4222
a. After Federal income taxes of		4238	
20. Extraordinary gains (losses)			4224
a. After Federal income taxes of		4239	
21. Cumulative effect of changes in accounting principles			4225
22. Net income (loss) after Federal income taxes and extraordinary items	\$	(13,485)	4230

MONTHLY INCOME

23. Income (current month only) before provision for Federal income taxes and extraordinary items	\$	5,104	4211
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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER	HARDING/HALL, INC.	as of	06/30/03
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Exemptive Provision Under Rule 15c3-3

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based (check one only)

- | | | | | |
|---|------|--|-------------------------------------|--|
| A. (k) (1)—\$2,500 capital category as per Rule 15c3-1 | | | <input type="checkbox"/> | |
| B. (k) (2)(A)—“Special Account for the Exclusive Benefit of customers” maintained | | | <input type="checkbox"/> | |
| C. (k) (2)(B)—All customer transactions cleared through another broker-dealer on a fully disclosed basis. Name of clearing firm is 8-11922; EMMETT A. LARKIN COMPANY, INC.; ALL | 4335 | | <input checked="" type="checkbox"/> | |
| D. (k) (3)—Exempted by order of the Commission | | | <input type="checkbox"/> | |

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER HARDING/HALL, INC.

as of 06/30/03

COMPUTATION OF NET CAPITAL

1.	Total ownership equity from Statement of Financial Condition	\$ 271,123	3480
2.	Deduct ownership equity not allowable for Net Capital	()	3490
3.	Total ownership equity qualified for Net Capital	271,123	3500
4.	Add:		
A.	Liabilities subordinated to claims of general creditors allowable in computation of net capital	0	3620
B.	Other (deductions) or allowable credits (List)	0	3626
5.	Total capital and allowable subordinated liabilities	\$ 271,123	3530
6.	Deductions and/or charges:		
A.	Total nonallowable assets from Statement of Financial Condition (Notes B and C)	\$ 27,218	3540
B.	Secured demand note deficiency		3590
C.	Commodity futures contracts and spot commodities- proprietary capital charges		3600
D.	Other deductions and/or charges		3610
7.	Other additions and/or allowable credits (List)	0	3630
8.	Net capital before haircuts on securities positions	\$ 243,905	3640
9.	Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):		
A.	Contractual securities commitments		3660
B.	Subordinated securities borrowings		3670
C.	Trading and investment securities:		
1.	Exempted securities	1,955	3735
2.	Debt securities		3733
3.	Options		3730
4.	Other securities	21,095	3734
D.	Undue Concentration		3650
E.	Other (List)		3736
10.	Net Capital	\$ 220,855	3750

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FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER HARDING/HALL, INC. as of 06/30/03

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Part A

11. Minimum net capital required (6-2/3% of line 19)	\$ 1,052	3756
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$ 50,000	3758
13. Net capital requirement (greater of line 11 or 12)	\$ 50,000	3760
14. Excess net capital (line 10 less 13)	\$ 170,855	3770
15. Excess net capital at 1000% (line 10 less 10% of line 19)	\$ 219,276	3780

COMPUTATION OF AGGREGATE INDEBTEDNESS

16. Total A.I. liabilities from Statement of Financial Condition	\$ 15,785	3790
17. Add:		
A. Drafts for immediate credit	\$ 3800	
B. Market value of securities borrowed for which no equivalent value is paid or credited	\$ 3810	
C. Other unrecorded amounts (List)	\$ 0	3820
19. Total aggregate indebtedness	\$ 15,785	3840
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	%	7.1479% 3850
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	%	0 3860

COMPUTATION OF ALTERNATE NET CAPITAL REQUIREMENT

Part B

22. 2% of combined aggregate debit items as shown in Formula for Reserve Requirements pursuant to Rule 15c3-3 prepared as of the date of the net capital computation including both brokers or dealers and consolidated subsidiaries' debits	\$	3870
23. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries computed in accordance with Note (A)	\$	3880
24. Net capital requirement (greater of line 22 or 23)	\$	3760
25. Excess net capital (line 10 less 24)	\$	3910
26. Net capital in excess of:		
5% of combined aggregate debit items or \$120,000	\$	3920

OMIT PENNIES

NOTES:

- (A) The minimum net capital requirement should be computed by adding the minimum dollar net capital requirement of the reporting broker dealer and, for each subsidiary to be consolidated, the greater of:
1. Minimum dollar net capital requirement, or
 2. 6-2/3% of aggregate indebtedness or 2% of aggregate debits if alternative method is used.
- (B) Do not deduct the value of securities borrowed under subordination agreements or secured demand note covered by subordination agreements not in satisfactory form and the market values of memberships in exchanges contributed for use of company (contra to item 1740) and partners' securities which were included in non-allowable assets.
- (C) For reports filed pursuant to paragraph (d) of Rule 17a-5, respondent should provide a list of material non-allowable assets.

Ownership Equity and Subordinated Liabilities maturing or proposed to be withdrawn within the next six months and accruals, (as defined below), which have not been deducted in the computation of Net Capital.

Type of Proposed withdrawal or Accrual See below for code to enter	Name of Lender or Contributor	Insider or Outsider? (In or Out)	Amount to be Withdrawn (cash amount and/or Net Capital Value of Securities)	(MMDDYY) Withdrawal or Maturity Date	Expect to Renew (yes or no)
Y 31	4600 NONE	4601	4602	4603	4604 4605
Y 31	4610	4611	4612	4613	4614 4615
Y 34	4620	4621	4622	4623	4624 4625
Y 31	4630	4631	4632	4633	4634 4635
Y 34	4640	4641	4642	4643	4644 4645
Y 31	4650	4651	4652	4653	4654 4655
Y 31	4660	4661	4662	4663	4664 4665
Y 31	4670	4671	4672	4673	4674 4675
Y 31	4680	4681	4682	4683	4684 4685
Y 31	4690	4691	4692	4693	4694 4695
			TOTAL \$ ^Y ₃₁ 0	4699	

OMIT PENNIES

Instructions: Detail listing must include the total of items maturing during the six month period following the report date, regardless of whether or not the capital contribution is expected to be renewed. The schedule must also include proposed capital withdrawals scheduled within the six month period following the report date including the proposed redemption of stock and payments of liabilities secured by fixed assets (which are considered allowable assets in the capital computation pursuant to Rule 15c3-1(c)(2)(iv)), which could be required by the lender on demand or in less than six months.

- WITHDRAWAL CODE: DESCRIPTION
1. Equity Capital
 2. Subordinated Liabilities
 3. Accruals
 4. 15c3-1(c)(2)(iv) Liabilities

FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT
PART IIA

BROKER OR DEALER

HARDING/HALL, INC.

For the period (MMDDYY) from 07/01/02 to 06/30/03

STATEMENT OF CHANGES IN OWNERSHIP EQUITY
(SOLE PROPRIETORSHIP, PARTNERSHIP OR CORPORATION)

1. Balance, beginning of period	\$	284,608	4240
A. Net income (loss)		(13,485)	4250
B. Additions (Includes non-conforming capital of	\$	4262	4260
C. Deductions (Includes non-conforming capital of	\$	4272	4270
2. Balance, end of period (From item 1800)		271,123	4290

STATEMENT OF CHANGES IN LIABILITIES SUBORDINATED
TO CLAIMS OF GENERAL CREDITORS

3. Balance, beginning of period	\$		4300
A. Increases			4310
B. Decreases			4320
4. Balance, end of period (From item 3520)		0	4330

OMIT PENNIES

EXHIBIT C

HARDING/HALL, INC.

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED JUNE 30, 2003

	<u>Common Stock</u>	<u>Paid-In Capital</u>	<u>Retained Earnings</u>	<u>Total</u>
<u>Balances, July 1, 2002</u>	\$11,250	\$18,663	\$254,695	\$284,608
Net Income for period	<u>0</u>	<u>0</u>	<u>(13,485)</u>	<u>(13,485)</u>
 BALANCES, JUNE 30, 2003	 <u>\$11,250</u>	 <u>\$18,663</u>	 <u>\$241,210</u>	 <u>\$271,123</u>

See the accompanying Audit Opinion.
The accompanying notes are an
integral part of these financial statements.

EXHIBIT D

HARDING/HALL, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2003

<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Net Income (Exhibit B)	\$(13,485)
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation	1,096
Unrealized Gains on Firm Investments	746
Decrease in Commissions Receivable	2,735
Increase in Prepaid Expenses	(2,232)
Increase in Commissions Payable	563
Decrease in Accrued Liabilities	(378)
Total adjustments	2,530
Net cash provided (used) by operating activities	<u>\$(10,955)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Purchase of Office Equipment	(481)
Net cash provided (used) by investing activities	<u>\$(481)</u>
Net increase (decrease) in cash and equivalents	\$(11,436)
Cash and Cash Equivalents, July 1, 2002	128,808
Cash and Cash Equivalents, June 30, 2003	<u>\$ 117,372</u>
<u>Supplemental disclosures of cash flow information</u>	
Cash paid during the period for:	
Income Taxes	<u>\$ 800</u>

See the accompanying Audit Opinion.
The accompanying notes are an
integral part of these financial statements.

SCHEDULE 1

HARDING/HALL, INC.

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
SECURITIES AND EXCHANGE COMMISSION
JUNE 30, 2003

Total Stockholders' Equity (Exhibit A)		\$ 271,123
Less: Non-Allowable Assets:		
Office Equipment	\$(844)	
Other Assets - Prepaid Expenses	(6,338)	
Concessions Receivable over 30 days	(14,136)	
Non-Marketable Securities	<u>(5,900)</u>	
Total Non-Allowable Assets		<u>(27,218)</u>
Net Capital before Haircuts on Securities		\$ 243,905
<u>Haircuts on Securities</u>		
Trading and Investment Securities:		
Exempted Securities	\$(1,955)	
Other Securities	<u>(21,095)</u>	
Total Haircuts		<u>(23,050)</u>
AUDITED NET CAPITAL, JUNE 30, 2003		<u>\$ 220,855</u>
<u>AGGREGATE INDEBTEDNESS</u>		<u>\$ 15,785</u>
<u>MINIMUM NET CAPITAL REQUIREMENT</u>		<u>\$ 50,000</u>
<u>EXCESS NET CAPITAL AT 1000%</u>		<u>\$ 219,276</u>
PERCENTAGE OF AGGREGATE INDEBTEDNESS TO NET CAPITAL		.07147

See the accompanying Audit Opinion.
The accompanying notes are an
integral part of these financial statements.

HARDING/HALL, INC.

Notes to Financial Statements
JUNE 30, 2003

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Nature of Business:

Harding/Hall, Inc. was incorporated under the laws of the State of California on July 2, 1981. On November 1, 1982, the Company registered as an over-the-counter broker/dealer pursuant to Section 15(b) of the Securities Act of 1934.

Accounting Methods:

Harding/Hall, Inc. employs the accounting practices and policies required by the Securities and Exchange Commission for Brokers and Dealers in securities for this financial statement presentation. The accrual method is used for Federal and State income tax reporting purposes.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those assumptions.

Cash and cash equivalents used in reporting cash flows include cash on hand, cash in banks, and cash in short-term money market funds.

Marketable Securities are valued at market value and securities not readily marketable are valued at fair value as determined by the Board of Directors. The resulting difference between cost and market (or fair value) is included in income.

Deferred income taxes are provided when income and expenses, principally relating to the valuation of investment securities, are recognized in different years for financial and tax reporting purposes.

Depreciation is provided on a straight-line basis over an estimated useful life of seven years for financial statement presentation and state income tax reporting. For federal tax reporting, depreciation is computed using accelerated methods in accordance with current tax regulations.

The Company holds no customers' securities on account.

See the accompanying Audit Opinion.

HARDING/HALL, INC.

Notes to Financial Statements
JUNE 30, 2003

NOTE 2: INVESTMENT IN MARKETABLE SECURITIES

Investments in securities are reported at market values as required by the Securities and Exchange Commission for Brokers and Dealers. Exempt securities of \$97,739 consist entirely of a short-term investment in Franklin Money Fund and are considered cash equivalents. Other securities held for investment and their respective values at June 30, 2003 are as follows:

Putnam Vista Fund	10,044 Shares	\$ 69,306
Putnam Voyager Fund	3,630 Shares	51,151
WPS Resources Corporation	360 Shares	14,472
Sempra Energy	200 Shares	5,706
Nasdaq Stock Market, Inc.	500 Shares	5,900

Total Fair Market Value		\$146,535
		=====

Unrealized losses on marketable securities total \$12,007 at June 30, 2003. Unrealized losses of \$747 have been charged to current year income as losses on firm investments.

NOTE 3: INCOME TAX EXPENSE

Income tax for the year ended June 30, 2003 is composed of the following:

Federal Income Tax Benefit	\$- 2,220
California Franchise Tax	800

Total Income Tax Benefit	\$- 1,420
	=====

HARDING/HALL, INC.

Notes to Financial Statements

JUNE 30, 2003

NOTE 3: INCOME TAX EXPENSE (continued)

Deferred Income Taxes at June 30, 2003, resulting from timing differences in the reporting of unrealized gains from firm investments and accelerated depreciation methods, are as follows:

Deferred Federal Income Taxes	\$ 0
Deferred California Franchise Taxes	0

Total Deferred Taxes	\$ 0
	=====

Income taxes for the year include a tentative refund of \$2,220 resulting from the carryback of the current year net operating loss.

NOTE 4: RELATED PARTY TRANSACTIONS

The Company rents office space on a month-to-month basis from a partnership in which Patricia Harding Hall, an officer and shareholder of the Company, is a partner. The statement of income includes \$24,000 of rent expense paid to this partnership during the year.

INDEPENDENT AUDITORS' REPORT
ON INTERNAL CONTROL STRUCTURE

Board of Directors
Harding/Hall, Inc.

In planning and performing our audit of the financial statements of Harding/Hall, Inc. (the Company) for the year ended June 30, 2003, 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.

Also, as required by rule 17a-5(g) (1) of the Securities and Exchange Commission (the Commission), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under rule 17a-3(a) (11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer accounts, we did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications and comparisons, 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.

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 judgments 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 an 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 generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of 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.

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 the 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 purposes in accordance with the Securities Exchange Act of 1934 and the 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 June 30, 2003 to meet the Commission's objectives, and that the Company was in compliance with the exemptive provisions of rule 15c3-3 during the year then ended.

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



Roseville, California
August 4, 2003