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

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

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FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17(a) of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 09/01/02 AND ENDING 08/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: BUSADA ADVISORY SERVICES, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)
2860 CYPRESS CIRCLE

(No. and Street)

WICHITA

KS

67226

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
ERIC S. NAMEE (316) 267-2000

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

GUTSCHENRITTER & JOHNSON, L.L.C.

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

345 RIVERVIEW, STE 504

WICHITA

KS

67203

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED
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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)

Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

SEC 1410 (06-02)

OATH OR AFFIRMATION

I, ERIC S. NAMEE, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of BUSADA ADVISORY SERVICES, INC., as of AUGUST 31, 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:



[Signature]
Signature

PRESIDENT
Title

[Signature]
Notary Public

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

- (a) Facing Page.
(b) Statement of Financial Condition.
(c) Statement of Income (Loss).
(d) Statement of ~~Changes in Financial Condition~~ 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.
(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).



GUTSCHENRITTER & JOHNSON, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

Board of Directors
Busada Advisory Services, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Busada Advisory Services, Inc. (the Company), for the year ended August 31, 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 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 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 (or aggregate debits) 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 securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons.
2. 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.

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 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 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 the preparation of financial statements in

October 1, 2003

accordance 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 internal control 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 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 the specific internal control components does not reduce to a relatively low level the risk that error 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, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the 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 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 August 31, 2003, to meet the SEC's objectives.

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.

Antschennitter Johnson, L.L.C.

October 1, 2003



GUTSCHENRITTER & JOHNSON, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

345 RIVERVIEW, SUITE 504 WICHITA, KANSAS 67203-4265 (316) 267-9211 FAX (316) 267-9215

BUSADA ADVISORY SERVICES, INC.

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Year Ended August 31, 2003

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GUTSCHENRITTER & JOHNSON, L.L.C.
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Busada Advisory Services, Inc.

We have audited the accompanying statement of financial condition of Busada Advisory Services, Inc. as of August 31, 2003, and the related statements of income, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. 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 of America. 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 Busada Advisory Services, Inc. at August 31, 2003, 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 of America.

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 and II 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 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.

Gutschenritter & Johnson, L.L.C.

October 1, 2003

BUSADA ADVISORY SERVICES, INC.
STATEMENT OF FINANCIAL CONDITION
August 31, 2003

ASSETS

CURRENT ASSETS

Cash	\$ 13,086
Commissions receivable	<u>2,306</u>
TOTAL CURRENT ASSETS	15,392

PROPERTY AND EQUIPMENT

Office equipment and furniture	18,529
Less accumulated depreciation	<u>(12,336)</u>
	<u>6,193</u>
	<u>\$ 21,585</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES

Payroll taxes payable	\$ 2,653
Accrued expenses	4,256
Income taxes payable	<u>247</u>

TOTAL CURRENT LIABILITIES 7,156

DEFERRED INCOME TAXES

1,041

STOCKHOLDERS' EQUITY

Common stock, no par value, 500 shares authorized, 300 issued and outstanding	6,000
Retained earnings	<u>7,388</u>
	<u>13,388</u>
	<u>\$ 21,585</u>

See accompanying notes.

BUSADA ADVISORY SERVICES, INC.
STATEMENT OF INCOME
For the year ended August 31, 2003

REVENUES	
Commissions	\$ 40,148
Interest	<u>43</u>
	TOTAL REVENUES
	40,191
EXPENSES	
Depreciation	3,127
Other operating expenses	<u>42,587</u>
	<u>45,714</u>
	NET LOSS BEFORE INCOME TAXES
	(5,523)
	INCOME TAX BENEFIT
	<u>249</u>
	NET LOSS
	<u>\$ (5,274)</u>

See accompanying notes.

BUSADA ADVISORY SERVICES, INC.
 STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
 For the year ended August 31, 2003

	<u>Common Stock</u> <u>Shares</u>	<u>Amount</u>	<u>Retained</u> <u>Earnings</u>	<u>Total</u> <u>Stockholders'</u> <u>Equity</u>
Balance at September 1, 2002	300	\$ 6,000	\$ 12,662	\$ 18,662
Net Loss	_____	_____	____(5,274)	____(5,274)
Balance at August 31, 2003	<u>300</u>	<u>\$ 6,000</u>	<u>\$ 7,388</u>	<u>\$ 13,388</u>

See accompanying notes.

BUSADA ADVISORY SERVICES, INC.
STATEMENT OF CASH FLOWS
For the year ended August 31, 2003

CASH FLOWS USED BY OPERATING ACTIVITIES		
Net loss		\$ (5,274)
Adjustments to reconcile net loss to net cash provided by operating activities		
Depreciation		3,127
Decrease in commissions receivable		95
Increase in accrued expenses		5,149
Decrease in deferred income taxes		<u>(496)</u>
	NET CASH PROVIDED BY OPERATING ACTIVITIES	2,601
	NET INCREASE IN CASH	2,601
CASH AT BEGINNING OF YEAR		<u>10,485</u>
	CASH AT END OF YEAR	<u>\$ 13,086</u>
SUPPLEMENTAL DISCLOSURES		
Income taxes paid		\$ 247

See accompanying notes.

BUSADA ADVISORY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

History and Business Activity

Busada Advisory Services, Inc. (The Company) was incorporated on November 15, 1985 in New Jersey. The Company is a broker-dealer registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD). The Company's main office is in Wichita, Kansas with a branch in Florida. The Company's primary source of revenue is commissions from selling mutual funds and annuities to middle to upper-income individuals in these states.

Revenue and Expense Recognition

Commission revenues are recorded on a trade date basis.

Cash and Cash Equivalents

For purposes of preparing the statement of cash flows, unrestricted currency, demand deposits, certificates of deposit, and money market accounts are considered cash, and unrestricted investments with an original maturity of three months or less are considered cash equivalents. For the year ended August 31, 2003, cash and cash equivalents consisted of a demand deposit account and a money market account.

Property and Equipment

Property assets are stated at cost. Depreciation of tangible assets is provided using the straight-line method over the estimated useful lives of the related assets.

For federal income tax purposes, depreciation is computed using the accelerated cost recovery system and the modified accelerated cost recovery system. Maintenance and repairs are charged to expense as incurred. Renewals and betterments extending the estimated lives of assets are capitalized.

BUSADA ADVISORY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

For the year ended August 31, 2003, provision for income taxes has been made in accordance with the Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes.

Use of Estimates in the Preparation of Financial Statements

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.

NOTE B - SUBORDINATED BORROWINGS

No subordinated liabilities existed at any time during the year ended August 31, 2003.

NOTE C - DEPRECIATION OF PROPERTY AND EQUIPMENT

Office equipment is depreciated using estimated useful lives of five years. Office furniture is depreciated using estimated useful lives of seven years. Depreciation expense for the year ended August 31, 2003 was \$3,127.

NOTE D - RETIREMENT PLAN

The Company maintains a simplified employee pension account for its employee. The Company contributes 25% of gross wages to the participating employee's IRA account. Contributions totaled \$4,125 for the year ended August 31, 2003.

BUSADA ADVISORY SERVICES, INC.
NOTES TO FINANCIAL STATEMENTS

NOTE E - INCOME TAXES

Deferred income taxes represents the tax liability related to the temporary differences for income and expense recognition between financial statement reporting and income tax reporting. A provision is made for the estimated taxes, at current rates, which will be paid or reduced in the future because of these temporary differences and has been classified as long-term.

The deferred tax liability results from the use of accelerated methods of depreciation of property and equipment for tax purposes and the straight-line method for book purposes.

Income tax expense (benefit) consists of the following as of August 31, 2003:

Current - State	\$ 247
Deferred - Federal	<u>(496)</u>
	<u>\$ (249)</u>

NOTE F - OPERATING LEASE AGREEMENTS

The Company leases office space from a former shareholder under a month-to-month lease. Total rent expense was \$12,000 for the year ended August 31, 2003.

NOTE G - SIGNIFICANT COMMISSION REVENUE

For the year ended August 31, 2003, commission revenue from two mutual fund companies accounted for 96.8% of total commission revenue.

NOTE H - 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 August 31, 2003, the Company had net capital of \$7,044, which was \$2,044 in excess of its required net capital of \$5,000. The Company's net capital ratio was 1.16 to 1.

SUPPLEMENTARY INFORMATION

BUSADA ADVISORY SERVICES, INC.
SCHEDULE I - COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1
OF THE SECURITIES AND EXCHANGE COMMISSION
As of August 31, 2003

Net capital	
Total stockholders' equity qualified for net capital	\$ 13,388
Deduct stockholders' equity not allowable for net capital	<u>6,193</u>
Net capital before haircuts	
Haircuts on securities	
Money market (\$7,528 at 2%)	<u>151</u>
Net capital	<u>\$ 7,044</u>
Aggregate indebtedness	
Accrued expenses	<u>\$ 8,197</u>
Total aggregate indebtedness	<u>\$ 8,197</u>
Computation of basic net capital requirement	
Minimum dollar requirement	<u>\$ 5,000</u>
Excess net capital	<u>\$ 2,044</u>
Excess net capital at 1000% (net capital - 10% of aggregate indebtedness)	<u>\$ 6,224</u>
Ratio: Aggregate indebtedness to net capital	<u>1.16</u>

There are no material differences from the Company's computation (included in Part II of Form X-17A-5 as of August 31, 2003), and therefore, a reconciliation is not presented.

BUSADA ADVISORY SERVICES, INC.
SCHEDULE II - EXEMPTION UNDER RULE 15c3-3
As of August 31, 2003

The Company claims exemption from Rule 15c3-3 under rule section (k)(1) - Limited business (mutual funds and/or variable annuities only).