



SEC

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COMMISSION

VF 3-23-05

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

SEC FILE NUMBER
8-102440

FACING PAGE

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

8-52131

REPORT FOR THE PERIOD BEGINNING 01/01/04 AND ENDING 12/31/04
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Jet Trade, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

1060 Nimitzview Drive, Suite 205

(No. and Street)

Cincinnati

Ohio

45230-4351

(City)

(State)

(Zip Code)

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

H. Garrett Frey

(513) 232-2800

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PROCESSED

Cohen McCurdy, Ltd.

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

APR 04 2005

826 Westpoint Parkway, Suite 1250, Westlake, Ohio 44144

THOMSON FINANCIAL

(Address)

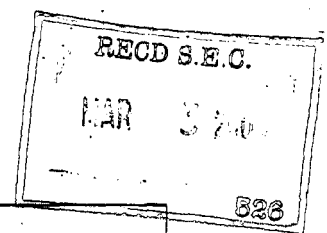
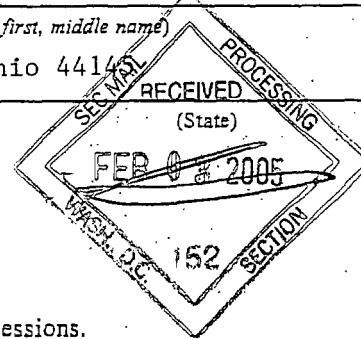
(City)

(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)

VF 3-25-05

OATH OR AFFIRMATION

H. GARRETT FREY

I, H. GARRETT FREY, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Jet Trade, 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:

[Handwritten Signature]

Signature

CEO

Title



[Handwritten Signature]

Notary Public

Exp. 10/24/04

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 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).

JET TRADE, INC.

DECEMBER 31, 2004

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SHAREHOLDER
JET TRADE, INC.

Independent Auditors' Report

We have audited the accompanying statement of financial condition of Jet Trade, Inc. as of December 31, 2004, and the related statements of operations, changes in shareholder's equity, changes in liabilities subordinated to claims of general creditors 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 Jet Trade, Inc. as of 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 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, II, and III 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.

Cohen McCurdy

January 19, 2005
Westlake, Ohio

STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2004

ASSETS

CASH AND CASH EQUIVALENTS	\$ 52,705
COMMISSIONS RECEIVABLE	10,469
SECURED DEMAND NOTE	50,000
DEFERRED TAX ASSET - NET	<u>2,850</u>
	<u>\$ 116,024</u>

LIABILITIES

COMMISSIONS PAYABLE	\$ 5,568
SUBORDINATED DEBT	50,000

SHAREHOLDER'S EQUITY

COMMON STOCK, NO PAR VALUE, 500 shares authorized, 100 shares issued and outstanding	\$ 50,000	
ADDITIONAL PAID-IN CAPITAL	47,688	
DEFICIT	<u>(37,232)</u>	<u>60,456</u>
		<u>\$ 116,024</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2004

COMMISSION INCOME	\$ <u>400,675</u>
EXPENSES	
Commissions and clearing fees	285,331
Payroll	78,755
Services fee	37,400
Interest expense	4,583
Other operating expenses	<u>1,382</u>
	<u>407,451</u>
LOSS BEFORE INCOME TAXES	(6,776)
BENEFIT FOR INCOME TAXES	<u>(2,850)</u>
NET LOSS	<u>\$ (3,926)</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY

YEAR ENDED DECEMBER 31, 2004

	<u>COMMON STOCK</u>	<u>DEFICIT</u>	<u>ADDITIONAL PAID-IN CAPITAL</u>	<u>TOTAL</u>
BALANCE – JANUARY 1, 2004	\$ 50,000	\$ (33,206)	\$ 47,688	\$ 64,482
NET LOSS		(3,926)		(3,926)
DIVIDENDS		(100)		(100)
BALANCE – DECEMBER 31, 2004	<u>\$ 50,000</u>	<u>\$ (37,232)</u>	<u>\$ 47,688</u>	<u>\$ 60,456</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CHANGES IN LIABILITIES
SUBORDINATED TO CLAIMS OF GENERAL CREDITORS

YEAR ENDED DECEMBER 31, 2004

SUBORDINATED BORROWINGS – JANUARY 1, 2004	\$ 50,000
INCREASE – ADDITIONAL SUBORDINATED BORROWINGS	
DECREASE – PAYMENT OF SUBORDINATED BORROWINGS	<u> </u>
SUBORDINATED BORROWINGS – DECEMBER 31, 2004	<u>\$ 50,000</u>

The accompanying notes are an integral part of these statements.

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2004

CASH FLOW USED IN OPERATING ACTIVITIES	
Net loss	\$ (3,926)
Noncash items included in net loss	
Deferred tax benefit	(2,850)
Increase (decrease) in cash resulting from changes in operating assets and liabilities	
Commissions receivable	2,576
Commissions payable	<u>(2,030)</u>
Net cash used in operating activities	<u>(6,230)</u>
CASH FLOW USED IN FINANCING ACTIVITY	
Dividends paid	<u>(100)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(6,330)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	<u>59,035</u>
CASH AND CASH EQUIVALENTS – END OF YEAR	<u>\$ 52,705</u>
SUPPLEMENTAL CASH FLOW DISCLOSURE	
Interest paid	<u>\$ 4,583</u>

The accompanying notes are an integral part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

1. ORGANIZATION

Jet Trade, Inc. (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and the State of Ohio and is a member of the National Association of Securities Dealers, Inc. (NASD), specializing in selling investment securities. The Company maintains an office in Cincinnati, and is a wholly-owned subsidiary of Jet Trade Holdings, LLC.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Commissions

Commission income, commission expense, and related clearing expenses are recorded on a trade-date basis as securities transactions occur.

Cash and Cash Equivalents

At times during the year, the Company may maintain cash accounts with financial institutions in excess of the Federal Deposit Insurance Corporation insurance. The Company considers financial instruments with a maturity of less than 90 days to be cash equivalents.

Included in cash and cash equivalents, the Company has \$51,250 in an interest-bearing deposit account with its clearing broker pursuant to its clearing agreement.

Receivables and Credit Policies

Commissions receivable represent uncollateralized clearing broker obligations due under normal trade terms requiring payments within 30 days from the report date. The Company generally collects receivables within 30 days and does not charge interest on receivables.

Commissions receivable are stated at the amount billed. Payments of commissions are allocated to the specific transactions identified on the clearing broker statement or, if unspecified, are applied to the earliest unpaid amounts.

The carrying amount of commission receivables is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all commissions receivable balances that exceed 60 days from the invoice date and based on an assessment of current credit worthiness, estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining commissions receivable based on historical collectibility. In the opinion of management, at December 31, 2004, all commissions were considered collectible and no allowance was necessary.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for the amount of deferred tax assets that management believes will not be realized.

Accounting Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

3. SUBORDINATED DEBT

At December 31, 2004, subordinated debt consisted of a subordinated demand note collateral agreement with a member of the Company's parent in the amount of \$50,000, with interest at 10%, due on August 31, 2006. Interest on borrowings amounted to \$5,000 during the year ended December 31, 2004.

The subordinated debt is available in computing net capital under the SEC's uniform net capital rule. To the extent that such borrowings are required for the Company's continued compliance with minimum net capital requirements, they may not be repaid.

The Company has accepted collateral for the secured demand note with a fair value of \$71,574 at December 31, 2004, that the Company is permitted by contract to sell or repledge.

NOTES TO THE FINANCIAL STATEMENTS

4. FEDERAL INCOME TAXES

The Company has available approximately \$36,000 of unused operating loss carryforwards that may be applied against future taxable income and that expire between 2021 and 2024. At December 31, 2004, deferred tax assets consisted of the following:

Deferred tax assets	\$ 5,700
Valuation allowance	<u>(2,850)</u>
	<u>\$ 2,850</u>

The valuation allowance increased by \$2,850 in 2004.

5. NET CAPITAL PROVISION OF RULE 15c3-1

Pursuant to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital balance, as defined, under such provisions.

The Company's minimum capital requirement is the greater of \$50,000 or 6⅔% of aggregate indebtedness, as defined, under Securities and Exchange Commission Rule 15c3-1(a)(1), as it does not maintain customer accounts. Net capital may fluctuate on a daily basis. At December 31, 2004, the Company had net capital of \$107,606, which was \$57,606 in excess of its required net capital of \$50,000.

In addition to the minimum net capital provisions, Rule 15c3-1 requires that the Company maintain a ratio of aggregate indebtedness, as defined, to net capital, of not more than 15 to 1. At December 31, 2004, the ratio was .05 to 1.

6. EXEMPTION FROM RULE 15c3-3

The Company acts as an introducing broker or dealer, promptly transmitting all funds and delivering all securities received in connection with its activities as a broker or dealer and does not otherwise hold funds or securities for or owe money or securities to customers. The Company operates under Section (k)(2)(ii) of Rule 15c3-3 of the Securities Exchange Act of 1934 and is, therefore, exempt from the requirements of Rule 15c3-3.

7. FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK

In the normal course of business, the Company's customer activities involve the execution, settlement, and financing of various customer securities transactions. These activities may expose the Company to off-balance-sheet risk in the event the customer or other broker is unable to fulfill its contracted obligations and the Company has to purchase or sell the financial instrument underlying the contract at a loss.

SUPPLEMENTAL INFORMATION
PURSUANT TO RULE 17a-5 OF THE
SECURITIES EXCHANGE ACT OF 1934

DECEMBER 31, 2004

SCHEDULE I - COMPUTATION OF NET CAPITAL
PURSUANT TO RULE 15c3-1 OF THE
SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2004

NET CAPITAL	
Total shareholder's equity from statement of financial condition	\$ 60,456
Add: Subordinated debt	50,000
Less: Non-allowable assets	
Deferred federal income taxes	<u>(2,850)</u>
NET CAPITAL	<u>\$ 107,606</u>
AGGREGATE INDEBTEDNESS:	
Commissions payable	<u>\$ 5,568</u>
COMPUTATION OF NET CAPITAL REQUIREMENTS:	
Greater of net minimum capital requirements of \$50,000 or 6 2/3% of total aggregate indebtedness	<u>\$ 50,000</u>
EXCESS NET CAPITAL	<u>\$ 57,606</u>
RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	<u>.05 to 1</u>

A reconciliation of the computation of net capital under Rule 15c3-1 as included in the Company's unaudited Form X-17a-5 as of December 31, 2004 filed with the Securities and Exchange Commission and the amount included in the above computation is not required as there were no net audit adjustments.

SCHEDULES II AND III – COMPUTATION FOR
DETERMINATION OF RESERVE REQUIREMENTS AND
INFORMATION RELATING TO POSSESSION OR CONTROL
REQUIREMENTS PURSUANT TO RULE 15c3-3 OF THE
SECURITIES AND EXCHANGE COMMISSION

DECEMBER 31, 2004

The Company is not required to present the schedules "Computation for Determination of Reserve Requirements Under Rule 15c3-3" and "Information for Possession or Control Requirements Under Rule 15c3-3" as it meets the exemptive provisions of Rule 15c3-3, under Section (k)(2)(ii) of the Rule.



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BOARD OF DIRECTORS
JET TRADE, INC.

Independent Auditors' Report on Internal Control
Required by SEC Rule 17a-5

In planning and performing our audit of the financial statements and supplemental schedules of Jet Trade, Inc. (the Company) for the year ended December 31, 2004, we considered its internal control, including control activities 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 the 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 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 preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. 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, error or fraud 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 December 31, 2004, to meet the SEC's objectives.

This report is intended solely for the information and use of the shareholder, 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 those specified parties.

Cohen McCurdy

January 19, 2005
Westlake, Ohio