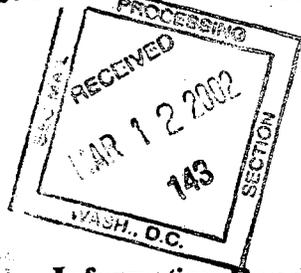




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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

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

OMB APPROVAL OMB Number: 3235-0123 Expires: September 30, 1998 Estimated average burden hours per response . . . 12.00

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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 01/01/01 AND ENDING 12/31/01 MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: John James Futures Group Ltd. DBA: JOHN JAMES INVESTMENTS LTD

OFFICIAL USE ONLY FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.) 8463 SHERIDAN DRIVE

(No. and Street) WILLIAMSVILLE NY 14221 (City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT YVONNE PILICHOWSKI (Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

JEROME E BRYK & ASSOCIATES

(Name - if individual, state last, first, middle name) 823 ENGLEWOOD AVE BUFFALO NY 14223 (Address) (City) (State) (Zip Code)

- CHECK ONE: [] Certified Public Accountant [X] Public Accountant [] Accountant not resident in United States or any of its possessions.

PROCESSED APR 01 2002

FOR OFFICIAL USE ONLY THOMSON FINANCIAL

*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).

Handwritten date 3/29/02

OATH OR AFFIRMATION

I, YVONNE PILICHOWSKI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of JOHN JAMES INVESTMENTS LTD, as of DECEMBER 31, 2001, 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:

Yvonne S. Pilichowski
Signature
PRESIDENT
Title

Melissa Starr

Notary Public

MELISSA STARR
Notary Public, State of NY
Qualified in Erie County
My Comm. Exp. June 20, 2003

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).

JOHN JAMES INVESTMENTS, LTD.

**AUDITED
FINANCIAL STATEMENTS**

DECEMBER 31, 2001

FINANCIAL STATEMENTS:

Consolidated Statement of Financial Condition
Consolidated Statement of Income and Retained Earnings
Consolidated Statements of Cash Flows
Notes to Financial Statements

SUPPLEMENTARY INFORMATION:

SCHEDULE I	Net Capital Computation
SCHEDULE II	Reserve Requirement Determination

JOHN JAMES INVESTMENTS, LTD
AUDITED
CONSOLIDATED STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2001

ASSETS

Cash in Bank	\$52,435	
Accounts Receivable	159,424	
Proprietary Futures	21,420	
Clearing Firm Deposit	15,371	
Furniture and Equipment	\$94,417	
Improvements	35,000	
Other	7,157	
Repairs	21,704	
Less: Accumulated Depreciation	66,782	91,496
Land		20,000
TOTAL ASSETS		\$360,146

LIABILITIES & STOCKHOLDERS' EQUITY

LIABILITIES

Accounts Payable - Trade	\$8,672	
Commissions Payable	72,185	
Loans Payable	12,781	\$93,638
Income Taxes Payable	\$28,000	
Payroll Taxes Payable	1,650	\$29,650
TOTAL LIABILITIES		\$123,288

STOCKHOLDERS' EQUITY

Capital Stock	\$2,000	
Paid-in-Capital	38,357	
Retained Earnings	196,501	
TOTAL STOCKHOLDERS' EQUITY		\$236,858

TOTAL LIABILITIES & STOCKHOLDERS' EQUITY		\$360,146
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The accompanying Notes are an integral part of these Financial Statements.

JOHN JAMES INVESTMENTS, LTD.
AUDITED
CONSOLIDATED STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2001

REVENUES

Commissions - Income	\$414,275
Commissions - Insurance/Mutual Funds	<u>99,505</u>
TOTAL REVENUES	<u><u>\$513,780</u></u>

EXPENSES

Salary - Officers	\$24,758
Commissions	266,925
Advertising	3,852
Contract Labor	3,108
Professional Services	3,223
Equipment Rental - Quotes	8,992
Insurance	10,534
Bank Charges	355
Licenses	110
Depreciation	15,828
Postage & Delivery Expense	3,195
Office Expense	4,578
Dues & Subscriptions	1,815
Printing & Production Expense	724
Rent	11,299
Utilities	15,909
Travel Expense	3,776
Vehicle Expense	3,719
Repairs	2,445
Landscaping	5,628
Registrations - Bonding	5,583
Seminars	3,156
Cleaning & Janitorial Expense	1,230
Taxes - Property	3,014
Taxes - Payroll	<u>2,687</u>

TOTAL EXPENSES \$406,443

INCOME BEFORE INCOME TAXES \$107,337

OTHER INCOME

Interest \$2,193

INCOME TAXES

Federal	\$20,000
State	<u>8,000</u>

TOTAL INCOME TAXES \$28,000

NET INCOME \$81,530

The accompanying Notes are an integral part of these Financial Statements.

JOHN JAMES INVESTMENTS, LTD.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2001

	CAPITAL STOCK	ADD'L PAID-IN CAPITAL	RETAINED EARNINGS
BALANCES AT JANUARY 1, 2000	\$2,000	\$38,357	\$114,971
NET INCOME (LOSS)			\$81,530
CAPITAL CONTRIBUTIONS (Additional Investments)	<u>\$0</u>	<u>\$0</u>	
BALANCES AT DECEMBER 31, 2000	<u>\$2,000</u>	<u>\$38,357</u>	<u>\$196,501</u>

JOHN JAMES INVESTMENTS, LTD.
AUDITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$81,530
Depreciation	15,828
Income Taxes Payable	16,924
Accounts Receivable	(126,838)
Proprietary Futures	(1,320)
Clearing Firm Deposit	(2,355)
Prepaid Expenses	0
Accounts Payable	5,003
Commissions Payable	56,255
	<hr/>
	\$45,027

CASH FLOWS FROM INVESTING ACTIVITIES

Investing Activities	
Purchase of Fixed Assets	(7,347)
Financing Activities	
Loans Payable	3,712

NET INCREASE IN CASH, PLUS EQUIVALENTS DURING 2000	\$41,392
Cash, plus Cash Equivalents - January 1, 2000	11,043
	<hr/>
Cash, plus Cash Equivalents - December 31, 2000	<u>52,435</u>

The accompanying Notes are an integral part of these Financial Statements.

JOHN JAMES INVESTMENTS, LTD.
AUDITED
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2001

1. *Significant Accounting Policies*

The consolidated financial statements include the accounts of the Company and all wholly owned subsidiaries. Such subsidiaries are engaged primarily in brokerage, investment advisory, and venture capital business. All material intercompany balances and transactions are eliminated in consolidation.

Customers' securities and commodities transactions are recorded on a settlement date basis with related commission income and expenses recorded on a trade date basis. Securities and commodities transactions of the Company are recorded on a trade date basis.

Depreciation is provided on a straight-line basis using estimated useful lives of five years.

2. Provision for Taxes

Taxes Currently Provided amounted to \$ 28,000. Provisions for said Taxes are as follows:

Federal	\$ 20,000
State	<u>8,000</u>
Total Income Tax Expense	<u>\$ 28,000</u>

SCHEDULE I

JOHN JAMES INVESTMENTS, LTD.

**COMPUTATION OF NET CAPITAL
UNDER RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION**

AS OF DECEMBER 31, 2001

TOTAL ASSETS	\$360,146	
LESS: TOTAL LIABILITIES	<u>(123,288)</u>	
TOTAL STOCKHOLDERS' EQUITY	\$236,858	
TOTAL NON-ALLOWABLE ASSETS	<u>111,496</u>	
NET CAPITAL BEFORE HAIRCUTS ON SECURITY POSITIONS	\$125,362	
HAIRCUTS ON SECURITIES	<u>(21,420)</u>	
NET CAPITAL		<u><u>\$103,942</u></u>

**RECONCILIATION WITH COMPANY'S COMPUTATION
(Included in Part II of From X-15A-5 as of December 31, 2001)**

NET CAPITAL AS REPORTED IN COMPANY'S PART II FOCUS REPORT		\$114,885
AUDIT ADJUSTMENTS:		
Current Assets	24,708	
Fixed Assets	37,144	
Accounts Payable, Accrued Liabilities, Expenses and Other	9,244 (82,039)	
Equity	<u>(23,824)</u>	<u>(10,943)</u>
NET CAPITAL, PER ABOVE		<u><u>\$103,942</u></u>

SCHEDULE II

JOHN JAMES INVESTMENTS, LTD.

**COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENT
UNDER RULE 15c3-3 OF THE SECURITIES AND EXCHANGE COMMISSION**

AS OF DECEMBER 31, 2001

MINIMUM NET CAPITAL REQUIRED	\$5,626
MINIMUM DOLLAR REQUIREMENT	<u>6,000</u>
NET CAPITAL REQUIREMENT	<u>\$6,000</u>
EXCESS NET CAPITAL	<u>\$97,942</u>
TOTAL AGGREGATE INDEBTEDNESS	<u>\$123,288</u>
RATIO OF AGGREGATE INDEBTEDNESS OVER NET CAPITAL	<u>79.45%</u>