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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

EXECUTION COPY

**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 January 1, 2002 AND ENDING December 31, 2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER - DEALER:
T. R. Winston & Company, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

376 Main Street
(No. and Street)

Bedminster New Jersey 07921
(City) (State) (Zip Code)

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

John W. Galuchie, Jr. (908) 234-0300
(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Amper, Politziner & Mattia P.A.
(Name - if individual, state last, first, middle name)

2015 Lincoln Highway Edison New Jersey 08818-0988
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

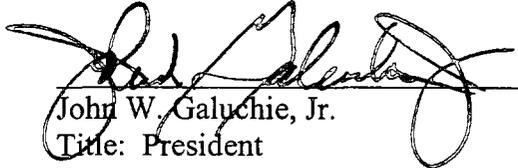
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

AFFIRMATION

I, John W. Galuchie, Jr. affirm that, to the best of my knowledge and belief, the accompanying financial statements and supplemental schedule pertaining to T.R. Winston & Company, Inc. for the year ended December 31, 2002, are true and correct. I further affirm that neither the Company nor any officer or director has any proprietary interest in any account classified solely as that of a customer.


John W. Galuchie, Jr.
Title: President

Date: February 26, 2003

Sworn to and subscribed before me
This 26th day of February, 2003

Kelly A Weber
Notary Public

T. R. WINSTON & COMPANY, INC.

Table of Contents

Page

This report contains (check all applicable boxes):

		Facing Page.	
<input checked="" type="checkbox"/>	(a)	Independent Auditors' Report	1
<input checked="" type="checkbox"/>	(b)	Statement of Financial Condition.	2
<input checked="" type="checkbox"/>	(c)	Statement of Operations.	3
<input checked="" type="checkbox"/>	(d)	Statement of Changes in Stockholder's Equity.	4
<input checked="" type="checkbox"/>	(e)	Statement of Cash Flows.	5
<input type="checkbox"/>	(f)	Statement of Changes in Liabilities Subordinated to Claims of General Creditors (not applicable)	
		Notes to Financial Statements.	6-11
<input checked="" type="checkbox"/>	(g)	Computation of Net Capital for Brokers and Dealers Pursuant to Rule 15c3-1 under the Securities Exchange Act of 1934.	12
<input type="checkbox"/>	(h)	Computation for Determination of Reserve Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934.	
<input type="checkbox"/>	(i)	Information Relating to Possession or Control Requirements for Brokers and Dealers Pursuant to Rule 15c3-3 under the Securities Exchange Act of 1934 (Not applicable).	
<input type="checkbox"/>	(j)	A Reconciliation, Including Appropriate Explanations, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Rule 15c3-2 (Not required).	
<input type="checkbox"/>	(k)	A Reconciliation Between the Audited and Unaudited Statements of Financial Condition with Respect to Methods of Consolidation (Not applicable).	
<input checked="" type="checkbox"/>	(l)	An Oath or Affirmation.	
<input type="checkbox"/>	(m)	A Copy of the SIPC Supplemental Report (Not applicable).	
<input checked="" type="checkbox"/>	(n)	A Report Describing any Material Inadequacies Found to Exist or Found to Have Existed Since the Date of the Previous Audit (Supplemental Report on Internal Control).	



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Independent Auditor's Report

To the Board of Directors and Stockholders of
T.R. Winston & Company, Inc.
Bedminster, New Jersey

We have audited the accompanying statement of financial condition of T.R. Winston & Company, Inc. (the "Company") as of December 31, 2002, and the related statements of operations, changes in stockholder's 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, such financial statements present fairly, in all material respects, the financial position of T.R. Winston & Company, Inc. at December 31, 2002, 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 supplemental schedule listed in the accompanying table of contents 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 under the Securities Exchange Act of 1934. This schedule is the responsibility of the Company's management. Such schedule 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 when considered in relation to the basic financial statements taken as a whole.

Amper, Politziner & Mattia P.C.

AMPER, POLITZINER & MATTIA P.C.

February 19, 2003
Edison, New Jersey

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

STATEMENT OF FINANCIAL CONDITION

December 31, 2002

ASSETS

Cash and cash equivalents	\$ 275,472
Securities owned	99,030
Receivable from clearing broker	84,055
Fixed assets, net	3,476
Other assets	<u>33,637</u>
Total assets	<u>\$ 495,670</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accounts payable	\$ 15,600
Accrued expenses	<u>105,264</u>
Total liabilities	<u>120,864</u>

Stockholder's equity:

Common stock - \$.01 par value; 100,000 shares authorized and outstanding	1,000
Additional paid-in capital	5,619,463
Accumulated deficit	<u>(5,245,657)</u>
Total stockholder's equity	<u>374,806</u>
Total liabilities and stockholder's equity	<u>\$ 495,670</u>

See accompanying notes to financial statements.

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

STATEMENT OF OPERATIONS

For the Year Ended
December 31, 2002

Revenues:	
Brokerage commissions and fees	\$ 1,241,191
Principal transactions:	
Trading	412,132
Investing	1,856
Interest, dividends and other	310,814
Management fee income	<u>198,000</u>
Total revenues	<u>2,163,993</u>
Expenses:	
Commissions	728,959
Employee compensation and benefits	1,020,686
Clearing fees and charges	393,066
General and administrative	139,231
Interest	200,098
Occupancy costs	<u>147,491</u>
Total expenses	<u>2,629,531</u>
Loss before income taxes	(465,538)
Income tax benefit	<u>(540)</u>
Net loss	<u><u>(\$ 464,998)</u></u>

See accompanying notes to financial statements.

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Accumulated Deficit</u>	<u>Total</u>
	<u>Shares</u>	<u>Par Value</u>			
Balance at December 31, 2001	100,000	\$1,000	\$5,114,463	(\$4,780,659)	\$ 334,804
Contribution of capital from parent	-	-	505,000	-	505,000
Net loss	-	-	-	(464,998)	(464,998)
Balance at December 31, 2002	<u>100,000</u>	<u>\$1,000</u>	<u>\$5,619,463</u>	<u>(\$5,245,657)</u>	<u>\$ 374,806</u>

See accompanying notes to financial statements.

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

STATEMENT OF CASH FLOWS

For the Year Ended
December 31, 2002

Cash flows from operating activities:	
Net loss	(\$ 464,998)
Adjustments to reconcile net loss to net cash used in operating activities:	
Depreciation and amortization	10,000
Change in net receivable from clearing broker	110,927
Change in other assets	(4,980)
Change in securities owned	(80,410)
Change in accounts payable and accrued expenses	<u>30,978</u>
Net cash used in operating activities	(<u>398,483</u>)
Cash flows from investing activities-	
Purchase of fixed assets	(<u>786</u>)
Cash flows from financing activities-	
Contribution of capital from parent	<u>505,000</u>
Net increase in cash and cash equivalents	105,731
Cash and cash equivalents at beginning of year	<u>169,741</u>
Cash and cash equivalents at end of year	<u>\$ 275,472</u>
Supplemental disclosure of cash flow information:	
Cash paid for:	
Interest	<u>\$ 200,098</u>
Taxes	(<u>540</u>)

See accompanying notes to financial statements.

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

Notes to Financial Statements

1. Summary of Significant Accounting Policies

T. R. Winston & Company, Inc. (the "Company" or "Winston") is a licensed broker-dealer in all states (except Alaska) and the District of Columbia and is a member of the National Association of Securities Dealers, Inc. ("NASD") and the Securities Investor Protection Corporation. The Company is a wholly-owned subsidiary of Kent Financial Services, Inc. ("the Parent"), and conducts retail securities brokerage, trading and investment banking business.

The Company records securities transactions and the related revenues and expenses on a trade date basis. The effect of all unsettled transactions at December 31, 2002 is accrued in the statement of financial condition.

The Company takes proprietary trading securities positions to satisfy customer demand for Nasdaq market and over-the-counter securities. Realized and unrealized gains and losses from holding proprietary trading positions for resale to customers are included in principal transactions trading revenues. The Company also holds principal investment securities which are recorded at quoted market prices or at fair value as determined by management based on other relevant factors. The net change in market or fair value of investment securities owned is included in principal transactions investing revenues.

The Company receives interest income on its credit balances at the clearing broker and is charged interest expense on its debit balances at the clearing broker.

The Company records all fixed assets at cost. Depreciation of equipment and amortization of leasehold improvements is computed using the straight-line method over the estimated useful lives, generally two to seven years.

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

Notes to Financial Statements (Continued)

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred income taxes are recognized for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities.

The Company considers as cash equivalents all short-term investments which are highly liquid and are readily exchangeable for cash at amounts equal to their stated value. Cash equivalents consist entirely of U.S. Treasury bills that will mature in March 2003. Substantially all cash and cash equivalents are on deposit with the clearing broker.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

Substantially all assets and liabilities are stated at fair value or at amounts which approximate fair value.

2. Receivable from Clearing Broker

The Company conducts its business on a fully disclosed basis with one clearing broker, Bear, Stearns Securities Corp., on behalf of its customers and for its own proprietary accounts, pursuant to a clearance agreement. The Company is subject to credit risk should the clearing broker be unable to pay this balance or return the securities owned by the Company and held in custody by the clearing broker.

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

Notes to Financial Statements (Continued)

3. Minimum Net Capital

Pursuant to the net capital provisions of Rule 15c3-1 under the Securities Exchange Act of 1934, the Company is required to maintain minimum net capital and its ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. At December 31, 2002, the Company had net capital of \$316,013, which was \$216,013 in excess of the required minimum. The Company's ratio of aggregate indebtedness to net capital was .38 to 1.

The Company is exempt from the customer protection provisions of Rule 15c3-3 under the Securities Exchange Act of 1934, in that the Company's activities are limited to those set forth in the conditions for exemption appearing in paragraphs (k) (2) (ii) of the Rule.

4. Income Taxes

The components of the income tax expense are as follows:

State current tax benefit	\$ 540
Federal current tax expense	-
Total income tax benefit	<u>\$ 540</u>

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

Notes to Financial Statements (Continued)

The components of the deferred tax asset at December 31, 2002 are as follows:

Deferred tax assets:	
Federal net operating loss carryforwards	\$ 425,944
Depreciation	2,186
Other temporary differences, net	<u>8,579</u>
	436,709
Valuation allowance	(<u>436,709</u>)
Net deferred tax asset	<u>\$ 0</u>

The deferred tax assets of the Company are composed principally of the tax effects of depreciation, current value accounting for securities owned, and net operating loss carryforwards. Due to the uncertainty of realizing these assets, a valuation allowance of an equal amount has been established.

The Parent files a federal income tax return which includes the Company. The Company has no formal tax sharing agreement with its Parent. The income tax provision and the deferred tax assets are calculated as if the Company were filing on a separate return basis.

5. Commitments and Contingencies

Leases

Future minimum rental requirements under terms of the Company's noncancellable leases are:

2003	\$ 89,500
2004	<u>5,600</u>
Total	<u>\$ 95,100</u>

T. R. WINSTON & COMPANY, INC.

(A Wholly-Owned Subsidiary of Kent Financial Services, Inc.)

Notes to Financial Statements (Continued)

The Company leases its main office facilities from its Parent under the terms of a noncancellable lease expiring in 2004. In addition to base rent and utilities, the lease requires the Company to pay its proportionate share of annual increases in certain of the lessor's building costs as defined in the lease agreement.

The Company leases certain office space from their clearing broker for a monthly rental of approximately \$7,400, however, this lease is cancelable with 90 day notice. Future minimum rental requirements under the terms of this lease are approximately \$22,000 for 2003. The Company sublicenses part of these premises to several subtenants under sublicense terms substantially equivalent to the Company's lease agreement. Rental income under these agreements in 2002 was approximately \$50,000.

Aggregate net rent expense for the year ended December 31, 2002 was approximately \$106,000, including \$67,500 paid to the Parent.

6. Related Party Transactions

During the year ended December 31, 2002, Katten Muchin Zavis Rosenman ("KMZ") provided legal services to the Company. Billings for such services amounted to approximately \$1,000 for 2002. The wife of the Chairman of the Company is of counsel to KMZ. At December 31, 2002, the Company had no legal fees payable to KMZ.

The Company reimburses an affiliate for the cost of certain group medical insurance and office supplies. Such reimbursements were approximately \$78,000 for the year ended December 31, 2002.

Affiliates of the Company maintained brokerage accounts with the Company and the Company received commissions from those affiliates totaling approximately \$53,000 during the year ended December 31, 2002.

An administrative fee of \$19,000 per month is paid to the Company by affiliates for management services performed by Winston on behalf of the affiliates. These services include corporate governance, financial management and accounting services.

Eligible employees can elect to participate in the Parent's qualified 401(k) Retirement Plan (the "Plan"). Employees may voluntarily contribute up to 15% of their compensation, not to exceed the Internal Revenue Service limit which was \$11,000 for 2002. The employees' contributions are 100% vested and the Company's contribution, if any, vests over a six-year period in accordance with the vesting schedule in the Plan. There was no employer matching contribution in 2002.

Also see Notes 4 and 5 for other related party items.

7. Securities Owned

Securities owned, which consisted entirely of proprietary trading securities positions held for resale to customers, consist of the following:

	<u>Owned</u>
Marketable equity securities	<u>\$ 99,030</u>

8. Off-balance Sheet Risk

As a securities broker-dealer, the Company is engaged in various trading and brokerage activities, on an agency and principal basis. The Company's exposure to off-balance sheet credit risk occurs if a customer, clearing agent or counterparty does not fulfill their obligations arising from a transaction.

The agreement between the Company and its clearing broker provides that the Company is obligated to assume any exposure related to nonperformance by its customers. The Company seeks to control the risk associated with nonperformance by requiring customers to maintain margin collateral in compliance with various regulatory requirements and the clearing broker's internal guidelines. The Company monitors its customer activity by reviewing information it receives from its clearing broker on a daily basis, requiring customers to deposit additional collateral, or reduce positions when necessary, and reserving for doubtful accounts when necessary.

Schedule I

T. R. WINSTON & COMPANY, INC.

SCHEDULE OF COMPUTATION OF AGGREGATE INDEBTEDNESS
AND NET CAPITAL PURSUANT TO RULE 15c3-1
UNDER THE SECURITIES EXCHANGE ACT OF 1934
December 31, 2002

<u>Aggregate Indebtedness</u>	
Accounts payable	\$ 15,600
Accrued expenses	<u>105,264</u>
Total aggregate indebtedness	<u>\$ 120,864</u>
 <u>Net Capital</u>	
Total stockholder's equity from statement of financial condition	\$ 374,806
Subtract:	
Fixed assets, net	(3,476)
Other assets	(33,637)
Haircuts on securities owned	(<u>21,680</u>)
Net capital	316,013
Minimum net capital required (Pursuant to Rule 15C3-1(a)(4))	<u>100,000</u>
Excess net capital	<u>\$ 216,013</u>
Excess net capital at 1000 %	<u>\$ 303,926</u>
 Ratio of aggregate indebtedness to net capital	 <u>.38 to 1</u>

Statement Pursuant to Paragraph (d)-(4) of Rule 17a-5

There were no differences between this computation of net capital and the corresponding computation prepared by T. R. Winston & Company, Inc. and included in the Company's unaudited Part IIA FOCUS Report filing as of December 31, 2002.



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T.R. Winston & Company, Inc.
376 Main Street, P.O. Box 74
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In planning and performing our audit of the financial statements of T.R. Winston & Company, Inc. (the "Company") for the year ended December 31, 2002 (on which we issued our report dated February 19, 2003), we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing an opinion on the consolidated financial statements and not to provide assurance on the Company's internal control.

Also, as required by Rule 17a-5 (g) (1) under the Securities Exchange Act of 1934, we have made a study of the practices and procedures (including tests of compliance with such practices and procedures) followed by the Company 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. We did not review the practices and procedures followed by the Company in making the quarterly securities examinations, counts, verifications, and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Sections 8 of Regulation T of the Board of Governors of the Federal Reserve System, because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities.

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 internal control and of the practices and procedures, and to assess whether those practices and procedures can be expected to achieve the Securities and Exchange Commission's (the "Commission") above mentioned objectives. Two of the objectives of internal control reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized acquisition, use, or disposition, and that authorization, and that transactions are executed in accordance with management's authorization and recorded properly to permit the 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 any internal control or the practices and procedures referred to above, misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal control or of such practices and procedures to future periods are subject to the risk that they may become inadequate because of changes in conditions or that the degree of compliance with the practices or procedures may deteriorate.

Our consideration of the Company's internal control would not necessarily disclose all matters in the Company's 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by 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 the Company's internal control and its operation (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 Commission 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 indicated 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, 2002, to meet the Commission's objectives.

This report is intended solely for the information and use of the board of directors, management, the Securities and Exchange Commission, the National Association of Securities Dealers, Inc., 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.

Amper, Politziner & Mattia P.C.

AMPER, POLITZINER & MATTIA P.C.

February 19, 2003
Edison, New Jersey