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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

SEC FILE NUMBER
8-49586

FACING PAGE

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

RECD S.E.C. *
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826

REPORT FOR THE PERIOD BEGINNING 01/01/2002 AND ENDING 12/31/2002
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: KSH Investment Group, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

245 Great Neck Road

Great Neck

(No. and Street)

New York

11021

(City)

(State)

(Zip Code)

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

Mr. Francis P. Anderson

888-466-0002

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Garner, Grossback & Ganer

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

1995 Broadway

New York

New York

10023

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAY 21 2003

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)

SEC 1410 (06-02)

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.

OATH OR AFFIRMATION

I, Francis P. Anderson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of KSH Investment Group, Inc., as of December 31, 2002, 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:

LENORE DELUCA
NOTARY PUBLIC, State of New York
No. 01DE074237
Qualified In Kings County
Commission Expires May 13, 2006

Lenore DeLuca
Notary Public

Francis Anderson
Signature
President
Title

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).

KSH INVESTMENT GROUP, INC.
STATEMENT OF FINANCIAL CONDITION
DECEMBER 31, 2002

ASSETS

CURRENT ASSETS

Cash	\$ 276,370
Deposit with clearing broker	50,000
Receivables from broker-dealers and clearing organization	158,289
Due from clearing organization	4,328
Prepaid expenses	50,950
Securities owned	104,458
Other receivables	<u>52,890</u>
TOTAL CURRENT ASSETS	<u>697,285</u>

PROPERTY AND EQUIPMENT, at cost less accumulated depreciation of \$447,005

236,448

OTHER ASSETS

Security deposits	46,863
Intangible pension asset	2,353
Cash surrender value of life insurance	<u>90,363</u>
TOTAL OTHER ASSETS	<u>139,579</u>

\$1,073,312

LIABILITIES AND STOCKHOLDER'S EQUITY

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 341,629
Pension payable	2,353
Margin payable	<u>5,618</u>
TOTAL CURRENT LIABILITIES	<u>349,600</u>

STOCKHOLDER'S EQUITY

Common stock, par value \$.10 per share, Authorized - 1,000 shares; Issued and outstanding - 1,000 shares	100
Additional paid-in capital	849,765
Accumulated deficit	<u>(126,153)</u>
TOTAL STOCKHOLDER'S EQUITY	<u>723,712</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	<u>\$1,073,312</u>

The accompanying notes are an integral part of these financial statements