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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: January 31, 2008
Estimated average burden
hours per response.....12.00

SEC FILE NUMBER
8 - 32361



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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-May-08 AND ENDING 30-Apr-09

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Kenneth Jerome & Co., Inc. 10-015541-c5

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

OFFICIAL USE ONLY
FIRM I.D. NO.

147 Columbia Turnpike

(No. and Street)

Florham Park
(City)

NJ
(State)

07932-0038
(Zip Code)

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

Robert Kaplon

973-966-6669

(Area code- Telephone number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Donahue Associates, LLC

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

27 Beach Road- Suite C05A
(Address)

Monmouth Beach
(City)

NJ
(State)

07750
(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)

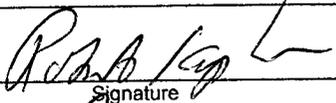
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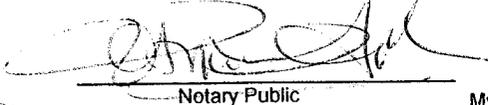
OATH OR AFFIRMATION

I, Robert Kaplon, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Kenneth Jerome & Co., Inc., as of April 30, 2009, are true and correct, I further swear (or affirm) that neither 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


Title



Notary Public

ROSEMARIE RODOLA
A Notary Public of New Jersey
ID No. 2115021
My Commission Expires September 12, 2013

This report ** contains (check 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 the Claims of Creditors
- (g) Computation of Net Capital (including reconciliation of X-17A-5 Part II filing with this Rule 17a-5(d) report, if applicable)
- (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3
- (i) Information relating to the Possession of 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 the unaudited Statements of Financial Condition with respect to the 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).

DONAHUE ASSOCIATES, L.L.C.
27 BEACH ROAD, SUITE CO5-A
MONMOUTH BEACH, NJ. 07750
Phone: (732) 229-7723

Independent Auditor's Report

The Shareholder,
Kenneth Jerome & Co., Inc.

We have audited the accompanying statement of financial condition of Kenneth Jerome & Co., Inc. as of April 30, 2009 and the related statement of operations and changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 presented 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 the 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 Kenneth Jerome & Co., Inc. as of April 30, 2009 and the related statements of operations and changes in shareholder's equity, and cash flows for the year then ended in conformity with generally accepted accounting principles generally accepted in the United States of America.


Monmouth Beach, New Jersey
June 10, 2009

Kenneth Jerome & Co., Inc.
Balance Sheet
As of April 30, 2009

ASSETS

Current assets:

Cash & cash equivalents	\$169,568
Commissions receivable	14,860
Deposit with clearing broker	25,000
Prepaid expenses	<u>1,040</u>

Total Assets \$210,468

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable & accrued expenses	<u>\$2,899</u>
Total Current Liabilities	\$2,899

Shareholder's Equity:

Common stock	\$370
Additional paid in capital	104,627
Retained earnings	<u>102,572</u>
Total Shareholder's Equity	<u>207,569</u>

Total Liabilities & Shareholder's Equity \$210,468

Please see the notes to the financial statements.

Kenneth Jerome & Co., Inc.
Statement of Operations
For the Year Ended April 30, 2009

Commission revenues	\$343,006
General and administrative expenses:	
Salaries & benefits	\$79,145
General administration	<u>260,490</u>
Total general and administrative expenses	<u>339,635</u>
Income from operations	\$3,371
Other income:	
Interest income	<u>1,449</u>
Net income before income tax provision	\$4,820
Provision for income taxes	<u>0</u>
Net income	<u><u>\$4,820</u></u>

Please see the notes to the financial statements.

Kenneth Jerome & Co., Inc.
Statement of Cash Flows
For the Year Ended April 30, 2009

Operating activities:	
Net income	\$4,820
Changes in other operating assets and liabilities:	
Commissions receivable	8,964
Deposit with clearing broker	(25,000)
Prepaid expense	(1,040)
Accounts payable & accrued expenses	<u>(6,744)</u>
Net cash provided by operations	(\$19,000)
Financing activities:	
Dividends	<u>(\$6,000)</u>
Net cash used by financing activities	<u>(6,000)</u>
Net increase in cash during the fiscal year	(\$25,000)
Cash at April 30, 2008	<u>194,568</u>
Cash at April 30, 2009	<u><u>\$169,568</u></u>
Supplemental disclosures of cash flow information:	
Interest paid during the fiscal year	\$0
Income taxes paid during the fiscal year	\$0

Please see the notes to the financial statements.

Kenneth Jerome & Co., Inc.

**Statement of Changes in Shareholder Equity
For the Year Ended April 30, 2009**

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Balance at April 30, 2008	\$370	\$104,627	\$103,752	\$208,749
Dividends			(6,000)	(6,000)
Net income for the fiscal year			4,820	4,820
Balance at April 30, 2009	<u>\$370</u>	<u>\$104,627</u>	<u>\$102,572</u>	<u>\$207,569</u>

Please see the notes to the financial statements.

Kenneth Jerome & Co., Inc.

**Notes to the Financial Statements
For the Year Ended April 30, 2009**

1. Organization

Kenneth Jerome & Co., Inc. (the Company) is a privately held corporation formed for the purpose of conducting business as a securities broker dealer (BD). As a BD, the Company is registered with the Financial Industry Regulatory Authority (FINRA) to market investments in registered securities.

2. Summary of Significant Accounting Policies

Use of Estimates- The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make reasonable estimates and assumptions that affect the reported amounts of the assets and liabilities and disclosure of contingent assets and liabilities and the reported amounts of revenues and expenses at the date of the financial statements and for the period they include. Actual results may differ from these estimates.

Commission Revenues- Commission revenues and related fees are recorded when they become due and the Company is reasonably assured of their collection.

Cash and cash equivalents- For the purpose of calculating changes in cash flows, cash includes all cash balances and highly liquid short-term investments with original maturity date of three months or less.

Income taxes- The Company accounts for income taxes in accordance with the Statement of Accounting Standards No. 109 (SFAS No. 109), "*Accounting for Income Taxes*". SFAS No. 109 requires an asset and liability approach to financial accounting and reporting for income taxes. Deferred income tax assets and liabilities are computed annually for differences between financial statement and income tax bases of assets and liabilities that will result in taxable income or deductible expenses in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets and liabilities to the amount expected to be realized. Income tax expense is the tax payable or refundable for the period adjusted for the change during the period in deferred tax assets and liabilities.

Recent Accounting Pronouncements-

In September 2006, the FASB issued SFAS No. 157, "*Fair Value Measurements*" ("SFAS 157"). SFAS 157 provides guidance for using fair value to measure assets and liabilities. It also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value in any new circumstances, but provides clarification on acceptable fair valuation methods and applications. SFAS 157 was effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. The Company is currently evaluating the impact the adoption of SFAS 157 will have on its financial statements.

In February 2007, the FASB issued SFAS No. 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*" ("SFAS 159"). SFAS 159 permits entities to choose to measure many financial assets and financial liabilities at fair value. Unrealized gains and losses on items for which the fair value option has been elected are reported in earnings. SFAS 159 is effective for fiscal years beginning after November 15, 2007. The adoption of this pronouncement will not have a material impact on the Company's financial statements.

In December 2007, the FASB issued SFAS No. 141(R), "*Business Combinations*" ("SFAS 141(R)"). SFAS 141(R) establishes principles and requirements for how the acquirer of a business recognizes and measures in its financial statements the identifiable assets acquired, the liabilities assumed, and any noncontrolling interest in the acquiree. The statement also provides guidance for recognizing and measuring the goodwill acquired in the business combination or a gain from a bargain purchase and determines what information to disclose to enable users of financial statements to evaluate the nature and financial effects of the business combination. SFAS 141(R) is effective for financial statements issued for fiscal years beginning after December 15, 2008. The adoption of this pronouncement will not have a material impact on the Company's financial statements.

In March 2008, the FASB issued SFAS No. 161, "*Disclosures about Derivative Instruments and Hedging Activities-an amendment of FASB Statement No. 133*" ("SFAS 161"). SFAS 161 updates guidance regarding disclosure requirements for derivative instruments and hedging activities. It responds to constituents' concerns that FASB Statement No. 133 does not provide adequate information about how derivative and hedging activities affect an entity's financial position, financial performance, and cash flows. SFAS 161 is effective for financial statements issued for fiscal years and interim period beginning after November 15, 2008. The adoption of this pronouncement will not have a material impact on the Company's financial statements.

3. Fair Value of Financial Instruments

Cash and cash equivalents, commission receivable, deposit with clearing broker, prepaid expense, and accounts payable and accrued expenses in the balance sheet are estimated to approximate fair market value at April 30, 2009.

4. Commitments and Contingencies

The Company is committed to a non-cancelable lease for office space in Florham Park, New Jersey, expiring in 2012. The minimum payments due under the lease are as follows.

2010	\$23,047
2011	23,047
2012	<u>21,126</u>
Net minimum lease payments	<u>\$67,220</u>

Rent expense for the fiscal year 2009 was \$23,047.

6. Net Capital Requirement

As a BD, the Company is subject to Rule 15c3-1 of the Security Exchange Act of 1934 which requires the Company to maintain a minimum net capital, as defined under the provisions, of \$100,000. The computation of net capital pursuant to Uniform Net Capital Rule 15c3-1 is as follows. There was no material differences between net capital as per this report and the net capital previously filed.

CREDIT:

Shareholders' equity	\$207,569
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DEBITS:

Non-allowable assets:	<u>0</u>
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NET CAPITAL	\$207,569
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Haircut on securities and money market funds	<u>0</u>
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ADJUSTED NET CAPITAL	\$207,569
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Minimum requirements of 6-2/3% of aggregate indebtedness or \$100,000, whichever is greater.	<u>100,000</u>
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EXCESS NET CAPITAL	<u><u>\$107,569</u></u>
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AGGREGATE INDEBTEDNESS:

Accounts payable & accrued expenses	<u>\$2,899</u>
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Total	<u><u>\$2,899</u></u>
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RATIO OF AGGREGATE INDEBTEDNESS TO NET CAPITAL	0.014 TO 1
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Note: There are no material differences between the above computation and the corresponding computation submitted previously by the Company on Form X-17A-5 at April 30, 2009

DONAHUE ASSOCIATES, L.L.C.

**27 BEACH ROAD, SUITE CO5-A
MONMOUTH BEACH, NJ. 07750
Phone: (732) 229-7723**

The Shareholders
Kenneth Jerome & Co., Inc.

In planning and performing our audit of the financial statements of Kenneth Jerome & Co., Inc. for the year ended April 30, 2009, we considered its internal control structure, including procedures for safeguarding customer and firm assets, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange, 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 the procedures for determining compliance with the exemptive provisions of Rule 15c3-3; and for safeguarding the occasional receipt of securities and cash until promptly remitted to the Company's clearing brokers. 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 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, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Corporation is responsible for establishing and maintaining an internal control structure 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 structure policies and procedures 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 Commission'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 the assets for which the Corporation 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 conformity with generally accepted accounting principles in the United States. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of the inherent limitations in any internal control structure 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 changing conditions or the effectiveness of their design may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure 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 structure elements does not reduce to a relatively low level of risk that the errors or irregularities in material amounts in relation to the financial statements taken as a whole may occur and not be detected within a timely period by the employees in the normal course of performing their assigned functions. However, we noted no matters involving the internal control structure that we considered to be a material weakness as defined above.

We understand that the internal control structure 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 an internal control structure that does not accomplish such objectives in all material respects indicate material inadequacy for such purposes. Based on this understanding and our study, we believe the Company's practices and procedures were adequate as of April 30, 2009 to meet the Commission's objectives.

In addition, our review indicated the Company to be in compliance with the conditions of exemption from Rule 15c3-3 pursuant to paragraph k(2)(i) as of April 30, 2009, and no facts came to our attention to indicate such conditions had not been complied with during the year.

Monmouth Beach, N.J.
June 10, 2009