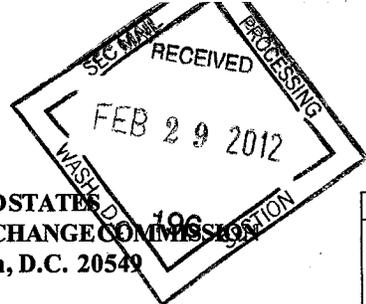




\* KW 3/4



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

OMB APPROVAL  
OMB Number: 3235-0123  
Expires: April 30, 2013  
Estimated average burden  
hours per response..... 12.00

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

SEC FILE NUMBER  
8- 65495 ✓

#### 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 01/01/11 AND ENDING 12/31/11  
MM/DD/YY MM/DD/YY

#### A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Spoonhill Asset Management, Inc.

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

66 Long Wharf

(No. and Street)

Boston

Massachusetts

02110

(City)

(State)

(Zip Code)

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

Thomas Mellor

(617) 367-6400

(Area Code - Telephone Number)

#### B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report\*

Parent, McLaughlin & Nangle, Certified Public Accountants, Inc.

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

160 Federal Street

Boston

Massachusetts

02110

(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)

M.A. 1/8

OATH OR AFFIRMATION

I, Thomas Mellor, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Spoonhill Asset Management, Inc., as of December 31, 2011, 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:

None

*[Handwritten Signature]*

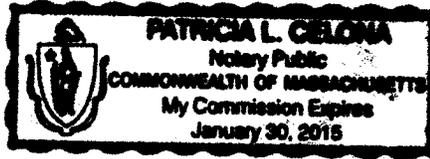
Signature

President

Title

*[Handwritten Signature]*

Notary Public



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 15c3-1 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).

**SPOONHILL ASSET MANAGEMENT, INC.**

—————  
**STATEMENT OF FINANCIAL CONDITION  
DECEMBER 31, 2011**

**(With Independent Auditor's Report Thereon)**





INDEPENDENT AUDITOR'S REPORT

Spoonhill Asset Management, Inc.  
Boston, Massachusetts

We have audited the accompanying statement of financial condition of Spoonhill Asset Management, Inc. as of December 31, 2011 that are filed pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement of financial condition is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of financial condition. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provide a reasonable basis for our opinion.

In our opinion, the statement of financial condition referred to above presents fairly, in all material respects, the financial position of Spoonhill Asset Management, Inc. as of December 31, 2011, in conformity with accounting principles generally accepted in the United States of America.

*Parent, McLaughlin & Nangle*

Certified Public Accountants, Inc.

February 24, 2012

SPOONHILL ASSET MANAGEMENT, INC.

STATEMENT OF FINANCIAL CONDITION

ASSETS

Cash and cash equivalents	\$	88,894
Receivables from brokers, dealers, and clearing organizations		42,246
Incentive fees receivable		46,212
Deposit with clearing broker		25,000
Prepaid expenses		39,075
Equipment, net of accumulated depreciation of \$5,687		347
Other assets		5,363
		<hr/>
Total assets	\$	<u>247,137</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Liabilities:		
Payables to brokers, dealers, and clearing organizations	\$	2,991
Accrued expenses		5,867
		<hr/>
Total liabilities		8,858
Stockholder's equity:		
Common stock - authorized, 1,500 shares; issued, 1,000 shares		60,000
Retained earnings		178,279
		<hr/>
Total stockholder's equity		238,279
		<hr/>
Total liabilities and stockholder's equity	\$	<u>247,137</u>

See notes to statement of financial condition.



SPOONHILL ASSET MANAGEMENT, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2011

A. Organization and Nature of Business:

Spoonhill Asset Management, Inc. (the Company) is a broker-dealer registered with the Securities and Exchange Commission (SEC) and the Financial Industry Regulatory Authority, Inc. (FINRA). The Company is a Massachusetts corporation.

The Company is engaged in the marketing of hedge fund limited partnerships to institutional and accredited investors in the United States and Europe. Additionally, the Company receives directed brokerage from its hedge fund clients.

The Company engages another broker-dealer (Pershing, LLC) on a fully disclosed basis for the execution and clearance of all trades and the maintenance of customer accounts. The Company does not carry securities accounts for customers and does not perform custodial functions relating to customer securities.

B. Significant Accounting Policies:

Revenue recognition:

Trading income and commission income is recognized on a trade date basis. Incentive fees that can be reasonably estimated are recognized when earned; otherwise, they are recognized when received. Receivables arising from commissions are generally collected in thirty days.

Use of estimates:

The preparation of the Company's financial statements in conformity with generally accepted accounting principles 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Receivables:

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of the individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. No allowance for doubtful accounts was considered necessary at December 31, 2011.

Equipment:

The Company records equipment at cost and provides for depreciation on a straight-line basis over the estimated useful lives of the respective assets.

SPOONHILL ASSET MANAGEMENT, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2011

(continued)

B. Significant Accounting Policies - (continued):

Income taxes:

The Company operates under Subchapter S of the Internal Revenue Code (the "Code"). As a result, the Company is not subject to federal income taxes, and the federal taxable income of the Company is included in the shareholder's individual federal income tax return. The Company's taxable income is subject to state income tax in accordance with statutory requirements.

The Company recognizes and measures its unrecognized tax positions in accordance with FASB ASC 740, *Income Taxes*. Under that guidance the Company assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances and information available at the end of each period. The measurement of unrecognized tax positions is adjusted when new information is available, or when an event occurs that requires a change. The Company has not identified any uncertain tax positions at December 31, 2011. The Company is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any periods in progress. The Company believes it is no longer subject to income tax examinations for years prior to 2008.

Subsequent events:

The Company has evaluated subsequent events through February 24, 2012, which is the date the financial statements were available to be issued.

C. Major Customers:

For the year ended December 31, 2011, one customer accounted for 100% of the Company's total commission revenue and 53% of the Company's total revenue. A second customer accounted for approximately 89% of the Company's total incentive fees and 41% of the Company's total revenue.

D. Commitments:

The Company occupies its office space under a lease agreement which expires on November 30, 2012. In addition to the base rent, the Company is obligated to pay a proportionate share of excess tax and operating costs.

The following is a schedule by years of approximate future minimum rental payments required under this operating lease as of December 31, 2011:

Year ending December 31:

2012	\$	70,800
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Total rent expense charged to operations amounted to \$68,066 for the year ended December 31, 2011.

SPOONHILL ASSET MANAGEMENT, INC.

NOTES TO STATEMENT OF FINANCIAL CONDITION

DECEMBER 31, 2011

(continued)

E. Net Capital Requirements:

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (SEC Rule 15c3-1), which requires the maintenance of minimum net capital, and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. In addition, the rule of the Company's designated examining authority provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2011, the Company had net capital of \$193,494, which was \$188,494 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital at December 31, 2011 was .05 to 1.

F. Reserve Requirements:

The Company is exempt from the provisions of the Securities and Exchange Commission Rule 15c3-3 under paragraph (k)(2)(ii) thereof.

G. Profit Sharing Plan:

The Company established a 401(k) and profit sharing plan for its eligible employees during the year ended December 31, 2010. Contributions to the plan are made on an elective basis as determined by the Company's principals. The annual contributions to an employee's account may not exceed the dollar limits determined by the Internal Revenue Code. There were no contributions to this plan during the year ended December 31, 2011.

H. Concentration of Credit Risk:

The Company is engaged in various trading and brokerage activities in which the counterparties primarily include other broker-dealers, banks, and other financial institutions. In the event counterparties do not fulfill their obligations, the Company may be exposed to risk. The risk of default depends on the creditworthiness of the counterparty or issuer of the instrument. It is the Company's practice to review, as necessary, the credit standing of each counterparty.

For the year ended December 31, 2011, nearly all of the Company's gross commission revenue resulted from trades executed by Pershing, LLC.

The Company maintains cash deposits with a financial institution, the balances of which from time to time may exceed the amount insured by the Federal Deposit Insurance Corporation.