



18000738

ame

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20540

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

OMB Number:
OMB Number: 3235-0123
Expires: May 31, 2017
Estimated average burden
hours per response 12.00

SEC FILE NUMBER
8-24191

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 7/1/2016 AND ENDING 6/30/2017
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

JKR & Company Inc.

OFFICIAL USE ONLY

FIRM I.D. NO.

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

1540 S. Coast Highway, Suite 202
(No. and Street)

Laguna Beach, California 92651

(City)

(State)

(Zip Code)

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

J. Kemp Richardson

(949) 497-4825

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Brian W. Anson CPA

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

18425 Burbank Boulevard, Suite 606, Tarzana, CA 91356

(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).

SEC 1410 (3-91)

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.

SECURITIES AND EXCHANGE COMMISSION

RECEIVED

JUN 2 / 2018

DIVISION OF TRADING & MARKETS

ame
7/1/18

OATH OR AFFIRMATION

I, J. Kemp Richardson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of JKR & Company Inc., as of June 30, 2017, 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

J. Kemp Richardson
Signature

Pres.
Title

[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 Cash Flows.
(e) Statement of Changes in Stockholder's Equity of Partners' or Sole Proprietor's Capital.
(f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
(g) Computation of Net Capital.
(h) Computation of 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).

JKR & COMPANY INC.

Table of Contents

	<i>Page</i>
Report of Independent Registered Public Accounting Firm	1
Audited Financial Statements:	
Statement of Financial Condition	2
Statement of Income	3
Statement of Changes in Stockholder's Equity	4
Statement of Cash Flows	5
Notes to Financial Statements	6-8
Other Financial Information:	
Schedule I - Computation of Net Capital Pursuant to SEC Rule 15c3-1	9
Schedule II - Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3	10
Schedule III - Information Relating to the Possession or Control Requirements Pursuant to Rule 15c3-3	11

BRIAN W. ANSON

Certified Public Accountant

18401 Burbank Blvd., Suite 120, Tarzana, CA 91356 • Tel. (818) 636-5660 • Fax (818) 401-8818

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors
J.K.R. & Company Inc.
Laguna Beach, California

I have audited the accompanying statement of financial condition of J.K.R. & Company Inc. as of June 30, 2017 and the related statements of income, changes in shareholder's equity, and cash flows for the year then ended. These financial statements are the responsibility of J.K.R. & Company Inc.'s management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that I 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. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of J.K.R. & Company Inc. as of June 30, 2017 and the results of its operations and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

The supplemental information for the year ended June 30, 2017 (Schedule I, Statement of Net Capital Under Rule 15c3-1, Schedule II, Determination of Determination of Reserve Requirements Under Rule 15c3-3 (exemption), and Schedule III, Information for Possession or Control Requirements Under Rule 15c3-3 (exemption)) has been subjected to audit procedures performed in conjunction with the audit of J.K.R. & Company Inc.'s financial statements. The supplemental information is the responsibility of J.K.R. & Company Inc.'s management. My audit procedures included determining whether the supplemental information reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental information. In forming my opinion on supplemental information, I evaluated whether the supplemental information, including the form and content is presented in conformity with Rule 17a-5 of the Securities Exchange Act of 1934. In my opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

This opinion is intended solely for the information and use of the board of directors, the Securities and Exchange Commission, and other regulatory agencies which 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.


Brian W. Anson
Certified Public Accountant
Tarzana, California
August 14, 2017

JKR COMPANY INC.
Statement of Financial Condition
June 30, 2017

ASSETS

Cash and cash equivalents	\$	48,540
Marketable securities, at fair market value		823,141
Deposits with clearing firm		14,232
Prepaid income tax		9,196
TOTAL ASSETS	\$	<u>895,109</u>

LIABILITIES AND STOCKHOLDER'S EQUITY

Accrued liabilities	\$	2,507
Commissions payable		40,986
Payroll taxes payable		47,518
Profit sharing payable		27,000
Income taxes payable		9,866
Deferred income taxes		68,504
TOTAL LIABILITIES	\$	<u>196,381</u>

Stockholder's Equity:

Common stock, no par value, 1,000,000 shares authorized, 2,000 shares issued and outstanding	\$	15,000
Additional paid-in capital		314,003
Retained earnings		369,725
TOTAL STOCKHOLDER'S EQUITY		<u>698,728</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$	<u>895,109</u>

See notes to the financial statements.

JKR COMPANY INC.
Statement of Income
Year Ended June 30, 2017

Revenues	
Commissions	\$ 836,089
Net realized investment income	87,933
Net unrealized investment income	53,303
Management fees	91,476
Dividends	14,141
Interest	426
Other	<u>4,125</u>
Total revenue	1,087,493
Expenses	
Commissions and floor brokerage	635,853
Compensation and benefits	151,670
Occupancy	26,880
Travel and entertainment	27,768
Outside services	100,631
Communications	7,768
Supplies	7,353
Other	<u>6,675</u>
Total expenses	<u>\$ 964,598</u>
Income before income tax expense	122,895
Less income tax expense	<u>21,999</u>
NET INCOME	<u><u>\$ 100,896</u></u>

See notes to the financial statements.

JKR COMPANY INC.
Statement of Changes in Stockholder's Equity
Year Ended June 30, 2017

	<u>Common Stock</u>		<u>Additional Paid in Capital</u>	<u>Retained Earnings</u>	<u>Total Stockholder's Equity</u>
	<u>Number</u>	<u>Amount</u>			
Balance at 6/30/2016	2,000	\$ 15,000	\$ 314,003	\$ 268,829	\$ 597,832
Net Income	-	-	-	100,896	100,896
Balance at 6/30/2017	2,000	\$ 15,000	\$ 314,003	\$ 369,725	\$ 698,728

See notes to the financial statements.

JKR COMPANY INC.
Statement of Cash Flows
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Net Income	\$ 100,896
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH FLOWS USED FOR OPERATING ACTIVITIES:	
Deferred income taxes	19,297
Net realized investment income	87,933
Net unrealized investment income	(53,303)
(Increase) decrease in current assets:	
Marketable securities, at fair market value	(204,220)
Deposits with clearing firm	(8,935)
Prepaid income tax	(9,196)
Income taxes receivable	5,176
Increase (decrease) in current liabilities:	
Accrued liabilities	(124)
Commissions payable	26,004
Payroll taxes payable	46,782
Profit sharing payable	1,000
Income taxes payable	9,866
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	21,176
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from sale of securities	211,709
Payments for purchase of securities	(181,945)
Payments for dividends	(14,141)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	15,623
NET INCREASE (DECREASE) IN CASH AND EQUIVALENTS	36,799
CASH AND CASH EQUIVALENTS, Beginning of Period	11,741
CASH AND CASH EQUIVALENTS, End of Period	\$ 48,540
SUPPLEMENTAL DISCLOSURES	
Interest paid	\$ -
Taxes paid	\$ 9,248

See notes to the financial statements.

JKR & COMPANY INC.

Notes to Financial Statements

1. THE COMPANY AND ITS SIGNIFICANT ACCOUNTING POLICIES

The Company. JKR & Company Inc. (the "Company") is a registered broker-dealer licensed by the Securities and Exchange Commission ("SEC") and a member of the Financial Industry Regulatory Authority and the Securities Investor Protection Corporation. The Company provides broker-dealer services as an introducing broker-dealer clearing customer transactions through Pershing LLC on a fully disclosed basis. The clearing deposit at June 30, 2017 was \$14,232.

Accounting Estimates. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities and disclosures 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 may differ from those estimates.

Revenue Recognition. Security transactions and the related revenue are recorded on a trade date basis. Management fees collected in advance are recorded as unearned revenue and are recognized ratably over the respective billing period.

Cash and Cash Equivalents. The Company has defined cash equivalents as highly liquid investments, with original maturities of less than three months, that are not held for sale in the ordinary course of business.

Income Taxes. Income taxes are accounted for using the liability method whereby deferred tax asset and liability account balances are calculated at the balance sheet date using the current tax laws and rates in effect.

Concentration of Credit Risk. The company maintains cash balances with various financial institutions. Management performs periodic evaluations of the relative credit standing of these institutions. The Company has not sustained any material credit losses from these instruments.

Financial Instruments. The carrying values reflected in the statement of financial condition at June 30, 2017 reasonably approximate the fair values financial instruments. In making such assessment, the Company has utilized discounted cash flow analyses, estimates, and quoted market prices as appropriate. No allowance for potential credit losses was considered necessary at June 30, 2017.

Common Stock. The holders of Common Stock have one vote per share on all matters (including election of directors) without provisions for cumulative voting. The Common Stock is not redeemable and has no conversion or preemptive rights. No dividends will be paid on the Common Stock.

2. Fair Value Measurements

The Company follows a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1 inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 inputs are inputs (other than quoted prices included with level 1) that are observable for the asset or liability, either directly or indirectly.

JKR & COMPANY INC.

Notes to Financial Statements

- Level 3 are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

•

The following is a description of the valuation methodologies used for assets measured at fair value.

- Debt securities: Valued at quoted market prices.
- Equity securities: Valued at quoted market prices.
- Money market funds: Valued at June 30, 2017.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Company believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Company's assets at fair value as of June 30, 2017:

	<i>Level 1</i>	<i>Level 2</i>	<i>Level3</i>	<i>Total</i>
Marketable securities				
Money market funds	\$ 130,611	\$ -	\$ -	\$ 130,611
Equity securities	654,731	-	-	654,731
U.S. Treasury securities	<u>37,799</u>	<u>-</u>	<u>-</u>	<u>37,799</u>
	<u>\$823,141</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$823,141</u>

The cost basis of the marketable securities at June 30, 2017 was \$573,851.

3. INCOME TAXES

The Company is no longer subject to federal, state, or local tax examinations by taxing authorities for years before 2013. The effective income tax rate varies from the statutory federal income tax rate of 27% for the following reasons:

Computed "expected" federal income tax expense	\$ 12,316
State income tax, net of federal benefit	6,717
Recognition of deferred taxes and tax rate changes	<u>2,966</u>
Income tax expense	<u>\$ 21,999</u>

At June 30, 2017, the Company had net deferred tax assets and liabilities of \$68,504.

JKR & COMPANY INC.

Notes to Financial Statements

4. RELATED PARTY TRANSACTIONS

The Company rents office space from its president. The rental agreement is on a month to month basis. For the year ended June 30, 2017, the Company paid rent expense of \$18,000 under this agreement.

5. PENSION PLAN

The company maintains an employee profit sharing trust. Contributions to the plan are based upon a percentage of gross allowable compensation for eligible employees limited to a maximum of 25%. The Company accrued contributions of \$27,000 for fiscal 2017.

6. NET CAPITAL REQUIREMENTS

Under Rule 15c3-1 of the Securities Exchange Act of 1934, the Company is required to maintain a minimum net capital (as defined) and a ratio of aggregate indebtedness to net capital (as defined) not exceeding 15 to 1.

The Company's ratio at June 30, 2017 was 0.34 to 1. The basic concept of the Rule is liquidity, its object being to require a broker-dealer in securities to have at all times sufficient liquid assets to cover its current indebtedness. At June 30, 2017, the Company had net capital of \$586,124 which was \$486,124 in excess of the amount required by the SEC.

7. COMPUTATION FOR DETERMINATION OF RESERVE REQUIREMENTS AND INFORMATION RELATING TO THE POSSESSION AND CONTROL REQUIREMENTS UNDER SEC RULE 15c3-3

The Company relies on Section (k) (2) (ii) of the Securities Exchange Rule 15c3-3 to exempt them from the provisions of these rules.

8. OFF BALANCE SHEET RISK

As discussed in Note 1, the Company does not hold customer segregated cash or securities balances. Transactions are processed by a clearing firm on a fully disclosed basis. In conjunction with this arrangement, the Company is contingently liable for any unsecured debit balances in the customer accounts introduced by the Company. These customer activities may expose the Company to off-balance-sheet credit risk in the event the introduced customer is unable to fulfill its contracted obligations. The Company seeks to control such credit risk by monitoring its exposure to the risk of loss daily, on an account-by-account basis. At June 30, 2017, the Company was not responsible for any unsecured debits and did not have any open positions in its trading accounts.

9. SUBSEQUENT EVENTS

The Company has evaluated subsequent events from the statement of financial condition date through August 14, 2017 the date at which the financial statements were issued, and determined there are no other items to disclose.

JKR & COMPANY INC.

**Schedule I
Computation of Net Capital
Pursuant to SEC Rule 15c3-1**

June 30, 2017

Total stockholder's equity	\$ 698,728
Less non-allowable assets	
Petty cash	(100)
Prepaid income taxes	<u>(9,196)</u>
Net capital before charges on security positions	689,432
Less charges on security positions	
Undue concentration	(3,964)
Marketable securities	<u>(99,344)</u>
Net capital	<u>\$ 586,124</u>
Aggregate indebtedness from statement of financial condition	<u>\$ 196,381</u>
Ratio of aggregate indebtedness to net capital	<u>0.34</u>
Minimum net capital required	<u>\$100,000</u>

Note: The differences between the net capital reported above and the net capital reported on Form FOCUS X-17A-5 Part IIA was caused by additional accruals at June 30, 2017.

JKR & COMPANY INC.

**Schedule II
Computation for Determination of Reserve Requirements
Pursuant to Rule 15c3-3**

June 30, 2017

The Company is exempt from Rule 15c3-3 under the exemptive provisions of section (k) (2) (ii) and, accordingly, has no reserve requirements. Consequently, a reserve requirement was not calculated in Part II of Form X-17A-5 of this Company's FOCUS report as of June 30, 2017; and a reconciliation to that calculation is not included herein.

JKR & COMPANY INC.

**Schedule III
Information Relating to the Possession or Control Requirements
Pursuant to Rule 15c3-3**

June 30, 2017

The Company is exempt from Rule 15c3-3 under the exemptive provisions of section (k) (2) (ii) and, accordingly, has no possession or control requirements.

J.K.R & CO. INC.
Broker / Dealer - Investment Counselor

1540 S. COAST HWY., STE. 202
LAGUNA BEACH, CA 92651
Phone (949) 497-4625
(800) 205-8559

August 14, 2017

Assertions Regarding Exemption Provisions

I, as Director of Management of JKR & Company, Inc. ("The Company"), are responsible for compliance with the annual reporting requirements under Rule 17a-5 of the Securities Exchange Act of 1934. Those requirements compel a broker or dealer to file annual reports with the Securities Exchange Commission (SEC) and the broker or dealer's Designated Examining Authority (DEA). One of the reports to be included in the annual filing is an Exemption Report prepared by an Independent Public Accountant based upon a review of assertions provided by the broker or dealer. Pursuant to that requirement, the management of The Company hereby makes the following assertions:

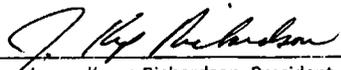
Identified Exemption Provision:

The Company claims exemption from the custody and reserve provisions of Rule 15c3-3 by operating under the exemption provided by Rule 15c3-3, (k) (2) (ii).

Statement Regarding Meeting Exemption Provision:

The Company met the identified exemption provision without exception throughout the period starting July 1, 2016 through June 30, 2017.

JKR & Company, Inc.

By: 
James Kemp Richardson, President

BRIAN W. ANSON

Certified Public Accountant

18401 Burbank Blvd., Suite 120, Tarzana, CA 91356 • Tel. (818) 636-5660 • Fax (818) 401-8818

**REPORT OF INDEPENDENT REGISTERED PUBLIC
ACCOUNTING FIRM**

Board of Directors
J.K.R. & Company Inc.
Laguna Beach, California

I have reviewed management's statements, included in the accompanying Exemption Report in which (1) J.K.R. & Company Inc., identified the following provisions of 17 C.F.R. §15c3-3(k) under which J.K.R. & Company Inc. claimed an exemption from 17 C.F.R. §240.15c3-3: (k)(2)(ii) (the "exemption provision") and (2) J.K.R. & Company Inc., stated that J.K.R. & Company Inc., met the identified exemption provision throughout the most recent fiscal year without exception. J.K.R. & Company Inc.'s management is responsible for compliance with the exemption provision and its statements.

My review was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and accordingly, included inquiries and other required procedures to obtain evidence about J.K.R. & Company Inc.'s compliance with the exemption provision. A review is substantially less in scope than an examination, the objective of which is the expression of an opinion on management's statements. Accordingly, I do not express such an opinion.

Based on my review, I am not aware of any material modifications that should be made to management's statements referred to above for them to be fairly stated, in all material respects, based on the provisions set forth in paragraph (k)(2)(ii) of Rule 15c3-3 under the Securities Exchange Act of 1934.


Brian W. Anson
Certified Public Accountant
Tarzana, California
August 14, 2017