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

SEC FILE NUMBER
8- 17567

**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 04/01/02 AND ENDING 03/31/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: BERGHOFF & COMPANY, INC.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

130 South Canal Street, Suite 817

(No. and Street)

Chicago

(City)

Illinois

(State)

60606

(Zip Code)

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

Paul H. Berghoff, Jr.

(312) 648-5555

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Dunleavy & Company, P.C.

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

13116 South Western Avenue, Blue Island, Illinois 60406

(Address)

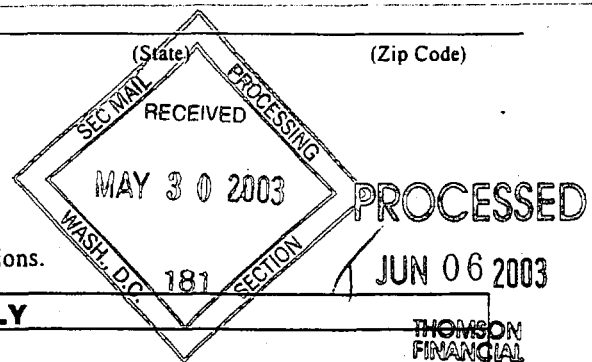
(City)

(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

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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)

OATH OR AFFIRMATION

I, Paul H. Berghoff, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Berghoff & Company, Inc., as of March 31, 2003, 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

Paul H. Berghoff, Jr.
Signature

President

Rose Mary Lenard
Notary Public



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~~ Cash Flow.
- 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).

BERGHOFF & COMPANY, INC.

STATEMENT OF FINANCIAL CONDITION
AND INDEPENDENT AUDITORS' REPORT

MARCH 31, 2003

DUNLEAVY & COMPANY, P.C.

CERTIFIED PUBLIC ACCOUNTANTS
13116 SOUTH WESTERN AVENUE
BLUE ISLAND, ILLINOIS 60406

(708) 489-1680
Fax: (708) 489-1717

INDEPENDENT AUDITORS' REPORT

Board of Directors
Berghoff & Company, Inc.

We have audited the accompanying statement of financial condition of Berghoff & Company, Inc. as of March 31, 2003 that you are filing pursuant to rule 17a-5 under the Securities and 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 the significant estimates made by management, as well as evaluating the overall statement of financial condition presentation. We believe that our audit provides 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 Berghoff & Company, Inc. as of March 31, 2003, in conformity with accounting principles generally accepted in the United States of America.



DUNLEAVY & COMPANY, P. C.
Certified Public Accountants

Blue Island, Illinois
May 9, 2003

BERGHOFF & COMPANY, INC.

STATEMENT OF FINANCIAL CONDITION

MARCH 31, 2003

<u>ASSETS</u>	
Cash and cash equivalents	\$ 174,778
Receivables from broker/dealers	197,523
Securities owned	50
Office furniture and equipment at cost, net of \$121,040 accumulated depreciation	7,950
Leasehold improvements, at cost, net of \$4,520 accumulated depreciation	131,083
Other assets	<u>6,900</u>
TOTAL ASSETS	<u>\$ 518,284</u>
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>	
<u>LIABILITIES</u>	
Accounts payable, accrued expenses and other liabilities	\$ 59,599
Commissions payable	45,042
Payroll taxes payable	92,748
Income taxes payable - deferred	<u>7,433</u>
Total Liabilities	<u>\$ 204,822</u>
<u>SHAREHOLDERS' EQUITY</u>	
Common stock, \$1 par value; authorized 10,000 shares, issued 1,000 shares; outstanding 393 shares	\$ 1,000
Additional paid-in capital	68,673
Retained earnings	665,044
Less 607 shares of treasury stock, at cost	<u>(421,255)</u>
Total Shareholders' Equity	<u>\$ 313,462</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	<u>\$ 518,284</u>

The accompanying notes are an integral part of this financial statement.

BERGHOFF & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

Organization - The Company was incorporated in the state of Delaware on March 15, 1973. The Company is registered with the Securities and Exchange Commission and is a member of the National Association of Securities Dealers, Inc. The Company's principal business activity is the sale of securities.

Long and Short Securities - Securities positions are valued at market value and securities not readily marketable are valued at fair value as determined by the board of directors. The resulting difference between cost and market (or fair value) is included in income.

Securities Transactions - Commission revenue and related expense arising from securities transactions are recorded on a trade date basis.

Cash Equivalents - Cash equivalents are defined as certificates of deposit and U.S. government obligations with a maturity date, when purchased by the Company, of less than 90 days and those securities registered under the Investment Company Act of 1940 which are comprised of cash and other short-term debt instruments and are commonly referred to as "money market funds."

Depreciation - Depreciation of office furniture and equipment is provided for using the straight line method over five and seven year periods. Leasehold improvements are being depreciated over a fifteen year period.

Deferred Income Taxes - Deferred income taxes are provided due to income and expenses, principally relating to differences in depreciation, are being recognized differently for tax and financial reporting purposes.

Estimates - The preparation of 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

BERGHOFF & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

NOTE 2 - CLEARING AGREEMENT WITH OFF-BALANCE-SHEET RISK

The Company has entered into an agreement with another broker/dealer (Clearing Broker/dealer) whereby the Company forwards (introduces) customer securities transactions to the Clearing Broker/dealer, fully disclosing the customer name and other information. The processing and, if applicable, any financing pertaining to the introduced securities transactions are performed by the Clearing Broker/dealer. The customer account is therefore maintained and recorded in the books and records of the Clearing Broker/dealer on the Company's behalf. In consideration for introducing customers to the Clearing Broker/dealer, the Company receives commissions and other consideration, less the processing and other charges of the Clearing Broker/dealer. As part of the terms of the agreement between the Company and Clearing Broker/dealer, the Company is held responsible for any losses arising when the customers introduced by the Company to the Clearing Broker/dealer fail to meet their contractual commitments pertaining to the purchase, sale and possible financing of securities transactions. The Company may therefore be exposed to off-balance-sheet risk in the event the customer is unable to fulfill its contracted obligations and it is necessary for the Clearing Broker/dealer to purchase or sell the securities at a loss. The Company's exposure to risk would consist of the amount of the loss realized and any additional expenses incurred pertaining to the transaction or other customer activity.

Under the terms of the agreement, the Company is prohibited from entering into a similar agreement with another broker/dealer without prior approval of the Clearing Broker/Dealer. The Company has deposited \$100,000 with the Clearing Broker/Dealer to assure the Company's performance under the agreement. This amount is included in "Receivable from broker/dealers" on the statement of financial condition. The agreement may be terminated by either party with 90 days prior notification.

Through their Clearing Broker/dealer the Company enters into various transactions, on behalf of its customers, involving derivatives and other off-balance sheet financial instruments. These financial instruments include mortgage-backed to-be-announced securities (TBA's) and when-issued securities. The financial instruments are used to meet the needs of customers.

BERGHOFF & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

NOTE 2 - CLEARING AGREEMENT WITH OFF-BALANCE-SHEET RISK - (Continued)

TBA's provide for the delayed delivery of the underlying instrument. The credit risk for TBA's is limited to the unrealized market valuation gains recorded in the statement of financial condition. Market risk is substantially dependent upon the value of the underlying financial instruments and is affected by market forces such as volatility and changes in interest and foreign exchange rates.

NOTE 3 - RELATED PARTY TRANSACTIONS

Through common ownership, the Company is affiliated with Berghoff & Company Capital Management, Inc.

The Company leases office space from its sole shareholder in two locations. Both leases have one year terms. Rent expense for the year ended March 31, 2003 was \$44,519.

NOTE 4 - RETIREMENT PLAN

On January 1, 1995 the Company adopted a deferred compensation plan commonly referred to as a profit sharing plan with provisions under IRS code section 401(k) whereby employees may contribute up to 15% of their compensation within specified legal limits. In addition, the Company may match employee contributions on a discretionary basis and make additional contributions, also on a discretionary basis. The plan covers all full-time employees. Employees become eligible to participate in the plan on their first day of employment. Company contributions to the plan for the year ended March 31, 2003 were \$1,740.

NOTE 5 - OTHER

Commission revenue of \$794,782 was derived from transactions on behalf of 3 customers.

BERGHOFF & COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2003

NOTE 6 - NET CAPITAL REQUIREMENTS

As a registered broker/dealer and member of the National Association of Securities Dealers, Inc. the Company is subject to the Uniform Net Capital Rule, which requires the maintenance of minimum net capital and requires that the ratio of aggregated indebtedness to net capital, both as defined, shall not exceed 1500%. At March 31, 2003 the Company's net capital and required net capital were \$171,564 and \$100,000 respectively. The ratio of aggregate indebtedness to net capital was 115%.

NOTE 7 - PREFERRED STOCK

The Company also has 500 shares of nonvoting, convertible preferred stock authorized. None of these authorized shares are issued or outstanding at March 31, 2003.