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

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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 8/1/04 AND ENDING 7/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Blackburn & Company, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

1 Penn Plaza, Suite 3327

(No. and Street)

New York

NY

10019

(City)

(State)

(Zip Code)

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

Camilla R. Hazlehurst

(650) 340 - 0510

(Area Code—Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

PricewaterhouseCoopers LLP

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

BEST AVAILABLE COPY

Three Embarcadero Center

San Francisco

CA 94111-4004

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

JAN 23 2006

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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(3-91)

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Blackburn & Company, Inc.

Statement of Financial Condition

July 31, 2005

Report of Independent Auditors

To the Board of Directors
and Stockholders of
Blackburn & Company, Inc.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Blackburn & Company, Inc. (the "Company") at July 31, 2005 in conformity with accounting principles generally accepted in the United States of America. 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 of this statement in accordance with auditing standards generally accepted in the United States of America, which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall statement of financial condition presentation. We believe that our audit of the statement of financial condition provides a reasonable basis for our opinion

PricewaterhouseCoopers LLP

September 20, 2005

Blackburn & Company, Inc.
Statement of Financial Condition
July 31, 2005

Assets

Cash and cash equivalents	\$	307,178
Commissions receivable		65,460
Receivable for research service costs		24,501
Exchange membership, at cost (approximate market value of \$2,600,000)		85,000
Other assets		14,500
Deferred tax asset		13,671
		<hr/>
Total assets	\$	510,310

Liabilities and Stockholders' Equity

Liabilities

Accounts payable and accrued liabilities	\$	30,668
Income tax payable		3,800
		<hr/>
Total liabilities		34,468

Commitments (Note 8)

Stockholders' equity

Common stock

Class A, par value \$1.00, 500 shares authorized, 152 shares
issued and outstanding 152

Class B, par value \$1.00, 500 shares authorized, no shares
issued and outstanding -

Additional paid-in capital 51,288

Retained earnings 424,402

Total stockholders' equity 475,842

Total liabilities and stockholders' equity \$ 510,310

The accompanying notes are an integral part of these financial statements.

Blackburn & Company, Inc.
Notes to Financial Statements
July 31, 2005

1. Organization

Blackburn & Company, Inc. (the "Company") is a broker-dealer registered with the Securities and Exchange Commission ("SEC"), and is a member of the New York Stock Exchange, Inc. ("NYSE"). Through August 2004, the Company executed securities transactions on behalf of its customers. Subsequent to August 2004, all securities transactions were executed by outside broker-dealers. The Company does not handle or maintain securities in its physical possession nor does it maintain customer accounts as all transactions for accounts of clients are traded and cleared through outside broker-dealers via a commission sharing arrangement.

2. Summary of Significant Accounting Policies

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

Exchange Membership

The NYSE membership is carried at cost. Approximate market value is based on the last sales price for a membership at July 31, 2005.

Financial Instruments

The Company does not enter into forwards, swaps, futures or other derivative product transactions that result in off-balance sheet risk. The carrying amounts of other financial instruments recorded in the Statement of Financial Condition (which include cash, receivables and payables) approximate fair value at July 31, 2005.

Concentrations of Risk

The Company is engaged in brokerage activities with counterparties who are exclusively institutional investors. 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. It is the Company's policy to review, as necessary, the credit standing of each counterparty with which it conducts business.

During the year ended July 31, 2005, the Company generated 73% of its revenues from trades executed on behalf of a single client. This results in economic dependence and a concentration of credit risk with a single client. Accordingly, the Company's future results of operations could be affected if this client relationship were terminated.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Blackburn & Company, Inc.
Notes to Financial Statements
July 31, 2005

3. Net Capital Requirements

The Company is subject to the SEC Uniform Net Capital Rule ("SEC Rule 15c3-1") which requires the maintenance of minimum net capital, as defined, equal to the greater of \$5,000 or 6-2/3 % of aggregate indebtedness, as defined. SEC Rule 15c3-1 also requires that the ratio of aggregate indebtedness to net capital shall not exceed 15 to 1. At July 31, 2005, the Company had net capital of \$338,170, which was \$333,170 in excess of the amount required of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 0.10 to 1.

4. Statistical and Investment Research Services

The Company has an agreement with certain clients to collect additional amounts (referred to as "research service credits") to be used by the Company to purchase various studies, analyses, and reports from outside research organizations which would be utilized to determine investment opportunities for the Company's clients. At the request of a client, the Company will order outside investment research services; these research services are paid by the Company from the research service credits collected. Research service credits cannot be returned at the discretion of the client. Research service credits due to/from clients are reflected in the accompanying Statement of Financial Condition as a payable/receivable for research service credits. In the Statement of Income, research service credits are netted against commissions revenue.

5. Profit Sharing Plan

The Company has a qualified profit sharing plan (the "Plan") for eligible employees of the Company. The Company's contribution to the Plan is determined on a discretionary basis by the Company's Board of Directors. The Company did not authorize any payments to the Plan during fiscal year 2005.

6. Commitments

The Company leases office space in New York. The office space in New York is under a non-cancelable operating lease which expires June 2006. The Company has an aggregate minimum future lease commitment of \$39,511 for the year ended July 31, 2006.