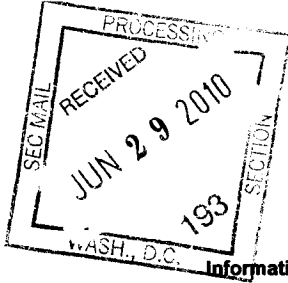




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UNITED STATES SECURITIES AND EXCHANGE COMMISSION Washington, D. C 20549

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

OMB APPROVAL table with OMB Number, Expires, and Estimated average burden.

SEC FILE NUMBER table with value 8-32361.

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-May-09 AND ENDING 30-Apr-10

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 table with FIRM I.D. NO.

147 Columbia Turnpike (No. and Street)

Florham Park NJ 07932-0038 (City) (State) (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 Monmouth Beach NJ 07750 (Address) (City) (State) (Zip code)

CHECK ONE:

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

FOR OFFICIAL USE ONLY table

* 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)

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.

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, 2010, 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:

Robert Kaplon
Signature
Pres
Title

Brett Levine
Notary Public
Brett Levine
An Attorney At Law
State Of New Jersey

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 Shareholders,
Kenneth Jerome & Co., Inc.

We have audited the accompanying statement of financial condition of Kenneth Jerome & Co., Inc. as of April 30, 2010 and the related statement of operations and changes in shareholders' 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, 2010 and the related statements of operations and changes in shareholders' 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 21, 2010

Kenneth Jerome & Co., Inc.
Balance Sheet
As of April 30, 2010

ASSETS

Current assets:

Cash & cash equivalents	\$85,551
Commissions receivable	21,044
Deposit with clearing broker	25,000
Prepaid expenses	1,040
Total Current Assets	<u>\$132,635</u>

Total Assets \$132,635

LIABILITIES & SHAREHOLDERS' EQUITY

Current liabilities:

Accounts payable & accrued expenses	<u>\$9,300</u>
Total Current Liabilities	\$9,300

Shareholders' Equity:

Common stock	\$370
Additional paid in capital	30,000
Retained earnings	<u>92,965</u>
Total Shareholders' Equity	<u>123,335</u>

Total Liabilities & Shareholders' Equity \$132,635

Please see the notes to the financial statements.

Kenneth Jerome & Co., Inc.
Statement of Operations
For the Year Ended April 30, 2010

Commission revenues	\$325,936
Commission expenses	<u>(109,247)</u>
Net commission revenues	\$216,689
General and administrative expenses:	
Salaries & benefits	\$149,194
General administration	<u>77,351</u>
Total general and administrative expenses	<u>226,545</u>
Loss from operations	(\$9,856)
Other income:	
Interest income	<u>249</u>
Net loss before income tax provision	(\$9,607)
Provision for income taxes	<u>0</u>
Net loss	<u><u>(\$9,607)</u></u>

Please see the notes to the financial statements.

Kenneth Jerome & Co., Inc.
Statement of Cash Flows
For the Year Ended April 30, 2010

Operating activities:	
Net loss	(\$9,607)
Changes in other operating assets and liabilities:	
Commissions receivable	(6,184)
Accounts payable & accrued expenses	<u>6,401</u>
Net cash used by operations	(\$9,390)
Financing activities:	
Return of capital	<u>(\$74,627)</u>
Net cash used by financing activities	<u>(74,627)</u>
Net decrease in cash during the fiscal year	(\$84,017)
Cash at April 30, 2009	<u>169,568</u>
Cash at April 30, 2010	<u><u>\$85,551</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 Shareholders' Equity
For the Year Ended April 30, 2010

	Common Stock	Additional Paid in Capital	Retained Earnings	Total
Balance at April 30, 2009	\$370	\$104,627	\$102,572	\$207,569
Return of capital		(74,627)		(74,627)
Net loss for the fiscal year	_____	_____	(9,607)	(9,607)
Balance at April 30, 2010	<u>\$370</u>	<u>\$30,000</u>	<u>\$92,965</u>	<u>\$123,335</u>

Please see the notes to the financial statements.

Kenneth Jerome & Co., Inc.
Notes to the Financial Statements
For the Year Ended April 30, 2010

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-

Financial Accounting Standards Board (“FASB”) Accounting Standard Codification (“ASC”) 820, *Fair Value Measurements and Disclosures* (“ASC 820” and formerly referred to as FAS-157), establishes a framework for measuring fair value in GAAP, clarifies the definition of fair value within that framework, and expands disclosures about the use of fair value measurements. ASC 820 is effective for fiscal years beginning after November 15, 2007. ASC 820-10-65, *Transition and Open Effective Date Information*, deferred the effective date of ASC 820, for non-financial assets and liabilities that are not on a recurring basis recognized or disclosed at fair value in the financial statements, to fiscal years, and interim periods, beginning after November 15, 2008. The Company has adopted the guidance within ASC 820 for non-financial assets and liabilities measured at fair value on a nonrecurring basis at January 1, 2009 and will continue to apply its provisions prospectively from January 1, 2009. The application of ASC 820 for non-financial assets and liabilities did not have a significant impact on earnings nor the financial position of the Company.

FASB ASC 810, *Consolidation* (“ASC 810”), ASC 810-10-65, *Transition and Open Effective Date Information* (“ASC 810-10-65” and formerly referred to as FAS-160) establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated financial statements. ASC 810-10-65 is effective for fiscal years beginning after December 15, 2008. The application of ASC 810-10-65 did not have a significant impact on earnings nor the financial position of the Company.

FASB ASC 815, *Derivatives and Hedging* (“ASC 815”), ASC 815-10-65, *Transition and Open Effective Date Information* (“ASC 815-10-65” and formerly referred to as FAS-161) includes a requirement for enhanced disclosures about an entity’s derivative and hedging activities and thereby improves the transparency of financial reporting. ASC 815 is effective prospectively for fiscal years beginning after November 15, 2008. The application of ASC 815 did not have a significant impact on earnings nor the financial position of the Company.

FASB ASC 855, *Subsequent Events* (“ASC 855” and formerly referred to as FAS-165), modified the subsequent event guidance. The three modifications to the subsequent events guidance are: 1) To name the two types of subsequent events either as recognized or non-recognized subsequent events, 2) To modify the definition of subsequent events to refer to events or transactions that occur after the balance sheet date, but before the financial statement are issued or available to be issued and 3) To require entities to disclose the date through which an entity has evaluated subsequent events and the basis for that date, i.e. whether that date represents the date the financial statements were issued or were available to be issued. The adoption of *FASB ASC 855*, did not have a material affect on the Company’s financial position.

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, 2010.

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.

2011	\$23,052
2012	<u>15,368</u>
Net minimum lease payments	<u>\$38,420</u>

Rent expense for the fiscal year 2009 was \$23,318.

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	\$123,335
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DEBITS:

Non-allowable assets:	<u>0</u>
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NET CAPITAL

\$123,335

Capital charges

0

ADJUSTED NET CAPITAL

\$123,335

Minimum requirements of 6-2/3% of aggregate indebtedness
or \$50,000, whichever is greater.

50,000

EXCESS NET CAPITAL

\$73,335

AGGREGATE INDEBTEDNESS:

Accounts payable & accrued expenses

\$9,300

Total

\$9,300

AGGREGATE INDEBTEDNESS TO NET CAPITAL

7.54%

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, 2010

7. Subsequent Events

The Company has made a review of material subsequent events from April 30, 2010 through the date of this report and found no material subsequent events reportable during this period.

8. Provision for Income Taxes

Provision for income taxes is comprised of the following:

Net loss before provision for income taxes	<u>(\$9,607)</u>
Current tax expense:	
Federal	\$0
State	<u>0</u>
Total	\$0
Add deferred tax payable (benefit):	
Timing differences	(2,690)
Allowance for recoverability	<u>2,690</u>
Provision for income taxes	<u>\$0</u>

A reconciliation of provision for income taxes at the statutory rate to provision for income taxes at the Company's effective tax rate is as follows:

Statutory U.S. federal rate	34%
Statutory state and local income tax	13%
Timing differences	<u>-47%</u>
Effective rate	<u>0%</u>

Deferred income taxes are comprised of the following:

Timing differences	\$2,690
Allowance for recoverability	<u>(2,690)</u>
Deferred tax benefit	<u>\$0</u>

Note: The deferred tax benefits arising from the timing differences begin to expire in fiscal year 2030 and may not be recoverable upon the purchase of the Company under current IRS statutes.

DONAHUE ASSOCIATES, L.L.C.
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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, 2010, 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, 2010 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, 2010, and no facts came to our attention to indicate such conditions had not been complied with during the year.



Monmouth Beach, N.J.

June 21, 2010