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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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

SEC Mail Processing  
Section

JUN 30 2010

SEC FILE NUMBER  
8-10533

FACING PAGE  
**Information Required of Brokers and Dealers Pursuant to Section 17 of the  
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

Washington, DC

REPORT FOR THE PERIOD BEGINNING 05/01/2009 AND ENDING 04/30/2010  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: K. W. Chambers & Co.  
ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

OFFICIAL USE ONLY  
FIRM I.D. NO.

7800 Forsyth Blvd., 5th Floor  
(No. and Street)

Clayton, MO 63105  
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT  
Greg Overschmidt (314) 236-2464  
(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

Purk & Associates, P.C.

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

1034 Brentwood Blvd., Suite 200 St. Louis, MO 63117  
(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 (06-02)

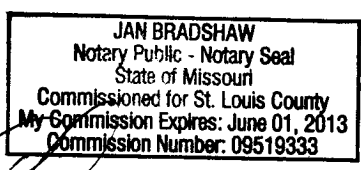
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OATH OR AFFIRMATION

I, Greg Overschmidt, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of K. W. Chambers & Co., as of April 30, 2010, 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:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

J. Bradshaw  
Notary Public



[Signature]  
Signature  
President  
Title

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.
- (o) Independent Auditors' report on internal control activity required by

\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3). Rule 17a-5

SEC Mail Processing  
Section

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JUN 30 2010

***K.W. CHAMBERS & CO.***  
***FINANCIAL STATEMENTS AND***  
***SUPPLEMENTARY INFORMATION***  
***APRIL 30, 2010***

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Washington, DC  
110



*CPAs and Business Advisors*

1034 S. Brentwood Boulevard, Suite 2000  
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**WE GET IT. IT'S ALL ABOUT YOU.**  
CPAs and Business Advisors

## Independent Auditors' Report

Board of Directors  
K.W. Chambers & Co.  
St. Louis, Missouri

We have audited the accompanying statement of financial condition of *K.W. Chambers & Co.* (the "Company") as of April 30, 2010, and the related statements of income, changes in ownership equity, and cash flows for the year then ended, that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements 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 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. We believe that our audit provides a reasonable basis for our opinion.

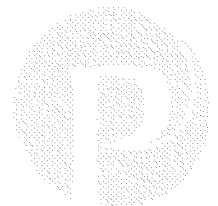
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of *K.W. Chambers & Co.*, as of April 30, 2010, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information contained in Schedule 1 on page 10 is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Purk & Associates, P.C.*

June 29, 2010  
St. Louis, Missouri

Certified Public Accountants



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**FINANCIAL STATEMENTS**

**K.W. CHAMBERS & CO.**  
**STATEMENT OF FINANCIAL CONDITION**  
**APRIL 30, 2010**

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**Assets**

Cash	\$	33,234
Receivables from brokers or dealers		36,286
Prepaid expenses		29,319
Securities owned, at market value		<u>82,347</u>
<b>Total Assets</b>		<u><u>181,186</u></u>

**Liabilities and Ownership Equity**

Payable to brokers or dealers	26,004
Accounts payable and accrued liabilities	12,058
Note payable	<u>29,319</u>
<b>Total Liabilities</b>	<u><u>67,381</u></u>
Common stock, \$1.00 par value; 30,000 shares authorized; 17,500 shares issued	17,500
Additional paid-in capital	27,018
Retained earnings	<u>83,287</u>
	127,805
Less: treasury stock, at cost; 4,500 shares	<u>(14,000)</u>
<b>Total Ownership Equity</b>	<u><u>113,805</u></u>
<b>Total Liabilities and Ownership Equity</b>	\$ <u><u>181,186</u></u>

**K.W. CHAMBERS & CO.**  
**STATEMENT OF INCOME**  
**FOR THE YEAR ENDED APRIL 30, 2010**

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**Revenues**

Commissions	\$ 263,633
Revenue from sale of investment company shares	606,778
Account supervision and investment advisory fees	260,511
Other	660,360
Gain on firm securities investment accounts	<u>13,672</u>
<b>Total Revenues</b>	<u><u>1,804,954</u></u>

**Expenses**

Employee compensation and benefits	306,642
Commissions	1,116,234
Other expenses	<u>348,510</u>
<b>Total Expenses</b>	<u><u>1,771,386</u></u>

**Income Before Income Taxes** 33,568

**Income Tax Expense** 10,200

**Net Income** \$ 23,368



**K.W. CHAMBERS & CO.**

**STATEMENT OF CHANGES IN OWNERSHIP EQUITY  
FOR THE YEAR ENDED APRIL 30, 2010**

	Shares of Common Stock Issued	Treasury	Common Stock Issued	Additional Paid-In Capital	Retained Earnings	Treasury Stock	Total Ownership Equity
Balance - May 1, 2009	17,500	(4,500)	\$ 17,500	\$ 27,018	\$ 59,919	\$ (14,000)	\$ 90,437
Net Income	-	-	-	-	23,368	-	23,368
Balance - April 30, 2010	<u>17,500</u>	<u>(4,500)</u>	<u>\$ 17,500</u>	<u>\$ 27,018</u>	<u>\$ 83,287</u>	<u>\$ (14,000)</u>	<u>\$ 113,805</u>

**K.W. CHAMBERS & CO.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED APRIL 30, 2010**

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<b>Cash Flows from Operating Activities</b>	
Net income	\$ <u>23,368</u>
Adjustments to reconcile net income to net cash provided by operating activities	
Gain on firm securities investment accounts	(13,672)
Reinvestment of dividends	(5,015)
Changes in assets and liabilities	
Receivables from brokers or dealers	46,326
Prepaid expenses	(20,994)
Payable to brokers or dealers	(29,091)
Accounts payable and accrued liabilities	<u>6,239</u>
Total Adjustments	<u>(16,207)</u>
<b>Net Cash Provided by Operating Activities</b>	<u>7,161</u>
<b>Cash Flows from Financing Activities</b>	
Net borrowings on note payable	<u>6,516</u>
<b>Net Cash Provided by Financing Activities</b>	<u>6,516</u>
<b>Net Increase in Cash</b>	13,677
<b>Cash and Cash Equivalents - Beginning of Year</b>	<u>19,557</u>
<b>Cash and Cash Equivalents - End of Year</b>	\$ <u><u>33,234</u></u>
<b>Supplemental Disclosures of Cash Flow Information</b>	
Insurance premium financed by note payable	\$ <u><u>38,325</u></u>
Income taxes paid	\$ <u><u>2,000</u></u>

**K.W. CHAMBERS & CO.**  
**NOTES TO FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist in understanding the Company's financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

**Nature of the Business**

K.W. Chambers & Co. (the "Company"), was incorporated on February 29, 1962, and is a broker and dealer in securities registered with the Securities and Exchange Commission (S.E.C.) under Rule 15c3-3(k)(2)(ii), which provides that all the funds and securities belonging to the Company's customers be handled by a correspondent broker-dealer. The Company's customer base is primarily located in Missouri, Illinois, Arkansas, California, Indiana, Iowa, Minnesota, Mississippi, South Carolina, Wisconsin, Texas, and Tennessee, and the Company does not require collateral to secure receivables.

The Company has an agreement with a clearing broker to clear securities transactions, carry customers' accounts on a fully disclosed basis and perform certain recordkeeping functions.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**Recognition of Income and Expenses**

Commission income and clearing fees related to securities transactions are recognized on a settlement date basis because all such transactions are cleared through another broker-dealer which operates on this basis. Reporting such transactions on a trade date basis would not result in a material difference.

**Cash and Cash Equivalents**

The Company considers all liquid investment instruments purchased with a maturity of three months or less to be cash equivalents.

The Company's cash deposits in financial institutions are covered by FDIC insurance which is subject to certain limitations and conditions.

**Receivables From Brokers or Dealers**

Receivables are carried net of the allowance for doubtful accounts. The allowance for doubtful accounts is increased by provisions charged to expense and reduced by accounts charged off, net of recoveries. The allowance is maintained at a level considered adequate to provide for potential account losses based on management's evaluation of the anticipated impact on the balance of current economic conditions, changes in the character and size of the balance, past and expected future loss experience and other pertinent factors. There was no allowance for doubtful accounts related to these accounts at April 30, 2010.

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**K.W. CHAMBERS & CO.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**Securities**

Securities, which consist of mutual funds, are recorded at market value as determined by quoted market prices.

**Fair Value Measurements**

The Company measures and discloses the fair value of investments in accordance with Financial Accounting Standards Board ("FASB") ASC 820-10, *Fair Value Measurements* (formerly, SFAS 157). ASC 820-10 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. The Company determines the fair values of its financial instruments based on the fair value hierarchy established in SFAS 157 which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value.

Financial instruments are considered Level 1 when valuation can be based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data of substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable and when determination of the fair value requires significant management judgment or estimation.

**Income Taxes**

The Company accounts for income taxes using the asset and liability approach. The asset and liability approach requires the recognition of deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax basis of the assets and liabilities. The Company files its income tax returns using the cash basis of accounting.

Effective May 1, 2009, the Company adopted Financial Accounting Standards Board ("FASB") ASC 740-10 (formerly Interpretation No. 48, *Accounting for Uncertainty in Income Taxes*, or "FIN 48"), which prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return and also provides guidance on various related matters such as derecognition, interest, penalties and disclosures required. The adoption of FASB ASC 740-10 had no impact on the financial statements.

The Company's policy is to classify interest and penalties, if any, within income tax expense. There was no interest or penalties in 2010.

**Subsequent Events**

Management has evaluated the impact on the financial statements, if any, of subsequent events through June 29, 2010.

**K.W. CHAMBERS & CO.**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

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**2. NET CAPITAL REQUIREMENTS**

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (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. The Company had net capital of \$98,648 which was \$73,648 in excess of its required minimum net capital of \$25,000. The Company's ratio of aggregate indebtedness to net capital was 0.68 to 1.

**3. POSSESSION OR CONTROL REQUIREMENTS**

There were no material inadequacies in the procedures followed in adhering to the exemptive provisions of (S.E.C.) Rule 15c3-3(k)(2)(ii). The Company promptly transmits all customer funds and securities to the clearing broker who carries the customer accounts; therefore, the Company does not have any possession or control of customer funds or securities.

**4. FAIR VALUE MEASUREMENTS**

The Company's financial assets and liabilities are recorded at fair value based upon a fair value hierarchy in accordance with ASC 820-10. For additional information on how the Company measures fair value, see Note 1.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended April 30, 2010:

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
Securities Owned	\$ 82,347	\$ -	\$ -	\$ 82,347

**5. NOTE PAYABLE**

Note payable consists of an amount financed with an insurance company for payment of an insurance premium, due February 2011, payable in monthly installments of \$3,367, including interest at 7.25%. Such note payable is not secured by the assets of the Company.

**6. LEASE**

The Company leases its office space on a month-to-month basis from a related party. Rent expense was \$28,694 for the year ended April 30, 2010.

## K.W. CHAMBERS & CO.

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

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#### 7. RELATED PARTIES

The Company shares office space and employees with an entity that has a common stockholder. The principal stockholder of the Company is also the president of the Company's clearing house. The Company received commission income of \$541,479 and paid expenses of \$167,123 to the related party. Additionally, the Company received \$62,410 in rebates from the related party based upon the volume of trades processed and also received \$11,660 of interest income from the related party associated with the Company's client account balances.

The Company has a Selling Group Agreement with an entity that has a common stockholder. The Company, who has registered representatives with the Financial Industry Regulatory Authority (FINRA), refers customers to the entity. The entity agrees to pay the Company up to 60% of the fees charged by the entity for its services. Advisory fee income from the entity was \$260,511.

#### 8. INCOME TAXES

A reconciliation of income tax expense (benefit) computed at the federal statutory rate and the income tax expense for the year ended April 30, 2010, is as follows:

Income Tax Expense (Benefit) at Statutory Rate	\$	17,857
Difference Due to Graduated Rates		(9,219)
State Income Taxes, Net of Federal Benefit		2,930
Other		<u>(1,368)</u>
	\$	<u>10,200</u>

ADDITIONAL INFORMATION

***SUPPLEMENTARY INFORMATION***  
***PURSUANT TO RULE 17a-5***



**K.W. CHAMBERS & CO.**

**SUPPLEMENTARY INFORMATION PURSUANT TO RULE 17a-5  
FOR THE YEAR ENDED APRIL 30, 2010**

	<u>Schedule 1</u>
<b><u>Computation of Net Capital</u></b>	
Total ownership equity	\$ 113,805
Deductions and/or changes	
Nonallowable assets	
Other Receivables	-
Net capital before haircuts on securities positions	113,805
Haircuts on securities positions	15,157
Net capital	\$ <u>98,648</u>

**Computation of Aggregate Indebtedness**

Payable to brokers or dealers	\$ 26,004
Accounts payable and accrued liabilities	12,058
Note payable	29,319
Total Aggregate Indebtedness	\$ <u>67,381</u>

**Computation of Basic Net Capital Requirement**

Minimum net capital required	\$ <u>25,000</u>
Excess net capital	\$ <u>73,648</u>
Percentage of aggregate indebtedness to net capital	<u>68%</u>

The Company's net capital of \$98,648 is \$73,648 in excess of the \$25,000 minimum net capital requirement of the National Futures.

Statement Pursuant to Rule 15c3-3: the Company has claimed exemption from Rule 15c3-3 pursuant to section (k)(2)(II). All customer transactions are cleared through a broker-dealer on a fully disclosed basis and the Company does not hold funds for the accounts of its customers.

**Independent Auditors' Report On Internal Control  
Required by Rule 17a-5**

Board of Directors  
K.W. Chambers & Co.  
St. Louis, Missouri

In planning and performing our audit of the financial statements and supplemental schedule of K.W. Chambers & Co. for the year ended April 30, 2010, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on internal control.

Also, as required by Rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by K.W. Chambers & Co. including tests of such practices and procedures 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 for determining compliance with the exemptive provisions of Rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly security examinations, counts, verifications and comparisons and recordation of differences required by Rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Regulation T of the Board of Governors of the Federal Reserve System.
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customers as required by Rule 15c3-3.

The management of the Company is responsible for establishing and maintaining internal control 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 controls 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 SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute, assurance that assets for which the Company 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 accordance with generally accepted accounting principles accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in internal control or the practices and procedures referred to above, errors or fraud 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 changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of internal control would not necessarily disclose all matters in internal control 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 one or more of the internal control components does not reduce to a relatively low level the risk that misstatements covered by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at April 30, 2010, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the Financial Industry Regulatory Authority, 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 intended to be and should not be used by anyone rather than these specified parties.

*Puck & Associates, P.C.*

June 29, 2010  
St. Louis, Missouri

Certified Public Accountants