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

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 January 1, 2004 AND ENDING December 31, 2004
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Transamerica Capital, Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

4600 South Syracuse Street, Suite 1180

(No. and Street)

Denver, Colorado 80237-2719

(City)

(State)

(Zip Code)

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

Michael Brandsma

(720) 482-1515

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Ernst & Young LLP

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

801 Grand Avenue, Suite 3400, Des Moines, Iowa 50309

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

Certified Public Accountant

Public Accountant

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

PROCESSED
MAR 31 2005
THOMSON
FINANCIAL

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 (6-02)

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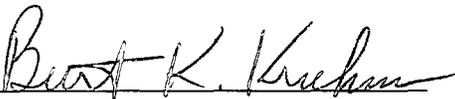
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Oath or Affirmation

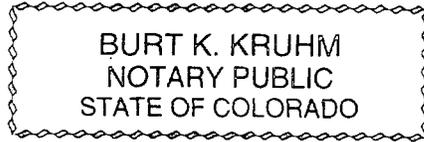
I, Michael Brandsma, affirm that to the best of my knowledge and belief, the accompanying financial statements and supplemental information pertaining to the firm of Transamerica Capital, Inc., as of December 31, 2004, are true and correct. I further affirm that neither the Company nor any principal officer or director has any proprietary interest in any account classified solely as that of a customer.



Managing Director and
Executive Vice President



Notary Public



My Commission Expires 12/27/2008

This report contains:

- (a) Facing page
- (b) Statement of Financial Condition
- (c) Statement of Operations
- (d) Statement of Cash Flows
- (e) Statement of Changes in Stockholder's Equity
- (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) Supplementary Report on Internal Control of Independent Registered Public Accounting Firm

Transamerica Capital, Inc.

Financial Statements and Supplemental Information

Years Ended December 31, 2004 and 2003

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and Stockholder
Transamerica Capital, Inc.

We have audited the accompanying statements of financial condition of Transamerica Capital, Inc. as of December 31, 2004 and 2003, and the related statements of income, changes in stockholder's equity, and cash flows for the years then ended. 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide 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 Transamerica Capital, Inc. at December 31, 2004 and 2003, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplemental schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements, but are supplementary information required by rule 17a-5 of the Securities and Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in our audits 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.

February 24, 2005

Ernst & Young LLP

Transamerica Capital, Inc.

Statements of Financial Condition

	December 31	
	2004	2003
Assets		
Cash and cash equivalents	\$10,599,534	\$12,576,093
Deferred tax assets	1,298,553	948,978
Recoverable under tax allocation agreement	605,331	1,848,033
Prepaid expenses and other assets	91,983	61,901
Total assets	<u>\$12,595,401</u>	<u>\$15,435,005</u>
Liabilities and stockholder's equity		
Liabilities:		
Accounts payable and other accrued expenses:		
Salaries, benefits and bonuses	\$ 1,718,068	\$ 793,248
Other	5,420,493	5,407,186
Due to affiliates	2,211,498	3,480,257
Total liabilities	<u>9,350,059</u>	<u>9,680,691</u>
Stockholder's equity:		
Common stock, no par value:		
Authorized shares – 1,000,000		
Issued and outstanding shares – 1,062	1,300	1,300
Additional paid-in capital	61,018,093	38,918,093
Retained earnings deficit	(57,774,051)	(33,165,079)
Total stockholder's equity	<u>3,245,342</u>	<u>5,754,314</u>
Total liabilities and stockholder's equity	<u>\$12,595,401</u>	<u>\$15,435,005</u>

See accompanying notes.

Transamerica Capital, Inc.

Statements of Income

	Year Ended December 31	
	2004	2003
Revenue:		
Commission revenue	\$28,203,645	\$37,619,458
Other	188,980	232,229
Total revenue	<u>28,392,625</u>	<u>37,851,687</u>
Expenses:		
Wholesaler compensation and related expenses	17,032,729	20,527,901
Employee compensation and related benefit expenses	18,187,190	7,717,410
Travel and entertainment	4,625,513	2,562,323
Advertising and promotion	6,292,702	5,379,720
Seminars and conventions	1,325,358	1,581,862
Other operating expenses	18,350,839	13,032,637
Total expenses	<u>65,814,331</u>	<u>50,801,853</u>
Loss before income taxes	(37,421,706)	(12,950,166)
Income tax expense (benefit):		
Current	(12,463,159)	(4,472,006)
Deferred	(349,575)	248,872
	<u>(12,812,734)</u>	<u>(4,223,134)</u>
Net loss	<u>\$ (24,608,972)</u>	<u>\$ (8,727,032)</u>

See accompanying notes.

Transamerica Capital, Inc.

Statements of Changes in Stockholder's Equity

	Common Stock	Additional Paid-in Capital	Retained- Earnings Deficit	Total Stockholder's Equity
Balance at January 1, 2003	\$1,300	\$37,918,093	\$(24,438,047)	\$13,481,346
Net loss	-	-	(8,727,032)	(8,727,032)
Capital contribution	-	1,000,000	-	1,000,000
Balance at December 31, 2003	1,300	38,918,093	(33,165,079)	5,754,314
Net loss	-	-	(24,608,972)	(24,608,972)
Capital contribution	-	22,100,000	-	22,100,000
Balance at December 31, 2004	\$1,300	\$61,018,093	\$(57,774,051)	\$ 3,245,342

See accompanying notes.

Transamerica Capital, Inc.

Statements of Cash Flows

	Year Ended December 31	
	2004	2003
Operating activities		
Net loss	\$(24,608,972)	\$ (8,727,032)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Deferred taxes	(349,575)	248,872
Changes in operating assets and liabilities:		
Recoverable/payable under tax allocation agreement	1,242,702	(4,565,180)
Prepaid expenses and other assets	(30,082)	(11,915)
Due to/from affiliates	(1,268,759)	16,765,380
Accounts payable and other accrued expenses	938,127	(3,274,973)
Net cash provided by (used in) operating activities	<u>(24,076,559)</u>	435,152
Financing activities		
Capital contribution	22,100,000	1,000,000
Net cash provided by financing activities	<u>22,100,000</u>	1,000,000
Increase (decrease) in cash and cash equivalents	(1,976,559)	1,435,152
Cash and cash equivalents at beginning of year	12,576,093	11,140,941
Cash and cash equivalents at end of year	<u>\$10,599,534</u>	<u>\$12,576,093</u>

See accompanying notes.

Transamerica Capital, Inc.

Notes to Financial Statements

December 31, 2004

1. Summary of Significant Accounting Policies

Transamerica Capital, Inc. (the Company) is a wholly owned subsidiary of AUSA Holding Company (AUSA), which in turn, is a wholly owned indirect subsidiary of AEGON N.V., a holding company organized under the laws of The Netherlands. The Company is registered under the Securities Exchange Act of 1934 as a broker-dealer. The Company primarily wholesales and markets variable insurance products and mutual funds for affiliated companies.

Basis of Presentation

The preparation of financial statements in conformity with accounting principles generally accepted in the United States 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Deferred Taxes

Deferred tax assets or liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities using the enacted marginal tax rate. Deferred income tax expenses or credits are based on the changes in the asset or liability from period to period.

Recognition of Income

Sales commissions and fees earned along with the related commission expenses on the distribution of mutual fund shares are recorded on the trade date (the date the orders are executed). Commission income earned on sales of insurance products is determined as a percentage of collected premiums.

Transamerica Capital, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Fair Values of Financial Instruments

The Company's assets and liabilities include various items that meet the definition of financial instruments and require disclosure of their related fair values. Due to the nature of the Company's financial instruments, management does not believe the fair values of such assets and liabilities differ materially from their carrying values included herein.

2. Income Taxes

The Company files consolidated federal and state income tax returns with certain affiliates. Under the terms of a tax-sharing agreement, each member of the group has agreed to pay its proportionate share of income taxes calculated on a separate return basis, except that tax credits and net operating loss carryforwards are determined on the basis of the consolidated group. Deferred income taxes have been established by each member of the consolidated group based upon temporary differences within each entity.

The provision for income tax expense (benefit) consists of the following:

	2004	2003
Federal	\$(12,698,762)	\$(4,496,532)
State	(113,972)	273,398
	<u>\$(12,812,734)</u>	<u>\$(4,223,134)</u>

Deferred income taxes arise primarily from differing methods used to account for expenses not deductible until future periods for tax purposes. Deferred income taxes are comprised entirely of deferred income tax assets at December 31, 2004 and 2003, respectively.

Federal income tax expense differs from the amount computed by applying the statutory federal income tax rate to income before income taxes due to non-deductible expenses and state taxes.

3. Commitments

The Company leases its office space and certain other equipment under operating leases which expire through 2012. Rental expense for the years ended December 31, 2004 and 2003 was \$1,374,611 and \$692,146, respectively.

Transamerica Capital, Inc.

Notes to Financial Statements (continued)

3. Commitments (continued)

At December 31, 2004, minimum rental payments under all non-cancelable operating leases with initial terms of one year or more are:

Year ending December 31:	
2005	\$1,394,632
2006	1,397,763
2007	1,416,330
2008	1,437,807
2009	1,441,117
	<u>\$7,087,649</u>

4. Employee Benefit Plan

All employees, subject to meeting certain eligibility requirements, are eligible to participate in the AEGON USA Inc. Profit Sharing Plan. Company contributions to the plan for the years ended December 31, 2004 and 2003 were \$655,348 and \$668,355, respectively.

5. Transactions with Affiliates

The Company is a member of a group of affiliated companies which are engaged in the sale of annuities and other investment related activities. Commission revenues include \$28,203,645 and \$37,619,458 earned during the years ended December 31, 2004 and 2003, respectively, from the sales of shares of an affiliated group of mutual funds and sales of annuities for affiliated companies.

During 2004 and 2003, the Company's parent contributed capital of \$22,100,000 and \$1,000,000, respectively, to the Company. The future operations of the Company are dependent upon such continued capital contributions until profitable operations can be achieved.

6. Restricted Cash

Cash and cash equivalents included \$1,275,107 in 2003 that were restricted to pay expenses incurred by the Company in connection with the distribution of shares of the Endeavor Series Trust, an open-end management investment company. No such amounts were restricted at December 31, 2004.

Transamerica Capital, Inc.

Notes to Financial Statements (continued)

7. Net Capital Requirement

The Company is subject to the net capital provisions of Rule 15c3-1 of the Securities Exchange Act of 1934. This rule prohibits the Company from engaging in any securities transactions when (a) its "aggregate indebtedness" exceeds 15 times its "net capital", or (b) its "net capital" is less than a minimum as defined by the rule. Net capital and the related net capital ratio may fluctuate on a daily basis. At December 31, 2004, the Company had net capital of \$1,052,476, which was \$429,139 in excess of its required net capital of \$623,337. The Company's ratio of aggregate indebtedness to net capital was 8.88 to 1. Various other regulatory agencies may impose additional requirements. The Company is exempt from maintaining a special reserve bank account under Rule 15c3-3(k)(1).

Supplemental Information

Transamerica Capital, Inc.

Computation of Net Capital – Part IIA

December 31, 2004

Computation of Net Capital

1. Total ownership equity from Statement of Financial Condition		<u>\$3,245,342</u>
2. Deduct ownership equity not allowable for Net Capital		<u>–</u>
3. Total ownership equity qualified for Net Capital		<u>3,245,342</u>
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital		<u>–</u>
B. Other (deductions) or allowable credits		<u>–</u>
5. Total capital and allowable subordinated liabilities		<u>3,245,342</u>
6. Deductions and/or charges:		
A. Total nonallowable assets from Statement of Financial Condition	\$1,995,867	
B. Secured demand note deficiency	<u>–</u>	
C. Commodity futures contracts and spot commodities – proprietary capital charges	<u>–</u>	
D. Other deductions and/or charges	<u>–</u>	1,995,867
7. Other additions and/or allowable credits		<u>–</u>
8. Net capital before haircuts on securities positions		<u>1,249,475</u>
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):		
A. Contractual securities commitments	<u>–</u>	
B. Subordinated securities borrowings	<u>–</u>	
C. Trading and investment securities:		
1. Exempted securities	<u>–</u>	
2. Debt securities	<u>–</u>	
3. Options	<u>–</u>	
4. Other securities	<u>196,999</u>	
D. Undue Concentration	<u>–</u>	
E. Other	<u>–</u>	196,999
10. Net Capital		<u><u>\$1,052,476</u></u>

Transamerica Capital, Inc.

Computation of Net Capital – Part IIA (continued)

Computation of Basic Net Capital Requirement

Part A

11. Minimum net capital required (6-2/3% of line 19)	<u>\$ 623,337</u>
12. Minimum dollar net capital requirement of reporting broker or dealer and minimum net capital requirement of subsidiaries	<u>5,000</u>
13. Net capital requirement (greater of line 11 or 12)	<u>623,337</u>
14. Excess net capital (line 10 less 13)	<u>429,139</u>
15. Excess net capital at 1000% (line 10 less 10% of line 19)	<u>117,470</u>

Computation of Aggregate Indebtedness

16. Total A.I. liabilities from Statement of Financial Condition	<u>\$9,350,059</u>
17. Add:	
A. Drafts for immediate credit	<u>\$ -</u>
B. Market value of securities borrowed for which no equivalent value is paid or credited	<u>-</u>
C. Other unrecorded amounts	<u>- -</u>
19. Total aggregate indebtedness	<u>9,350,059</u>
20. Percentage of aggregate indebtedness to net capital (line 19 ÷ by line 10)	<u>888%</u>
21. Percentage of debt to debt-equity total computed in accordance with Rule 15c3-1 (d)	<u></u>

Transamerica Capital, Inc.

Statement Relating to Certain Determinations
Required Under Rule 15c3-3 – Part IIA

December 31, 2004

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

Exemptive Provision

25. If an exemption from Rule 15c3-3 is claimed, identify below the section upon which such exemption is based

- A. (k)(1) – Limited business (mutual funds and/or variable annuities only)
- B. (k)(2)(i) – “Special Account for the Exclusive Benefit of Customers” maintained
- C. (k)(2)(ii) – All customer transactions cleared through another broker-dealer on a fully disclosed basis.
- D. (k)(3) – Exempted by order of the Commission

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Transamerica Capital, Inc.

Statement Pursuant to Rule 17a-5(d)(4)

December 31, 2004

Differences exist between the Computation of Net Capital – Part IIA, which is included in this audited report and the computation in the Company's corresponding unaudited Focus Report (Form X-17A-5, Part IIA) filing as of December 31, 2004. Ownership-equity decreased by \$844,751, non-allowable assets decreased by \$1,012,334 and aggregate indebtedness decreased by \$167,583. As a result, net capital increased by \$167,583, excess net capital increased by \$178,755, excess net capital at 1000% increased by \$184,341 and the percentage of aggregate indebtedness to net capital decreased from 1076% to 888%.

Supplementary Report on Internal Control of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder
Transamerica Capital, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of Transamerica Capital, Inc. (the Company) for the year ended December 31, 2004, we considered its internal control, including control activities for safeguarding securities, 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 the Company, including tests of compliance with such practices and procedures that we considered relevant to the criteria 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 securities examinations, counts, verifications, and comparisons; (2) recordation of differences required by rule 17a-13; and (3) 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.

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 internal 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 criteria. 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 accounting principles generally accepted in the United States. Rule 17a-5(g) lists additional criteria 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 internal control to future periods is subject to the risk that internal control may become inadequate because of changes in conditions or that the effectiveness of its 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 specific internal control components does not reduce to a relatively low level the risk that errors 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, and its operation that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the criteria 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 meet such criteria 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 December 31, 2004, to meet the SEC's criteria.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the National Association of Securities Dealers, and other regulatory agencies that 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.

February 24, 2005

Ernst + Young LLP