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Washington, D.C. 20549

MISSION

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

OMB APPROVAL OMB Number: 3235-0123 Expires: January 31, 2007 Estimated average burden hours per response... 12.00

SEC FILE NUMBER 8- 51517

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05 MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: TRANS WORLD SECURITIES LLC

OFFICIAL USE ONLY FIRM I.D. NO.

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

6724 LAKESHORE ROAD

(No. and Street)

CICERO

NEW YORK

13039

(City)

(State)

(Zip Code)

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

OVADIA AVRAHAM, PRESIDENT

1-315-698-9800

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

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

GRIMALDI & NELKIN CPAs, P.L.L.C.

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

650 JAMES STREET

SYRACUSE

NEW YORK

13203

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

PROCESSED

MAY 04 2006

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)

OATH OR AFFIRMATION

I, OVADIA AVRAHAM, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of TRANS WORLD SECURITIES LLC, as of DECEMBER 31, 2005, 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:

N/A

Signature

PRESIDENT

Title

Notary Public

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 ACCOUNTING CONTROL

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

**TRANS WORLD SECURITIES LLC**

**FINANCIAL STATEMENTS**

*Year Ended December 31, 2005*

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**TRANS WORLD SECURITIES LLC**

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**GRIMALDI & NELKIN**  
CERTIFIED PUBLIC ACCOUNTANTS, P.L.L.C.

**INDEPENDENT AUDITORS' REPORT**

Board of Directors of  
Trans World Securities LLC  
Cicero, New York

We have audited the accompanying statement of financial condition of **TRANS WORLD SECURITIES LLC** as of December 31, 2005, and the related statements of income and changes in member's 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 **TRANS WORLD SECURITIES LLC** as of December 31, 2005 and the results of their operations and their 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 information contained in the supporting schedules 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 of 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.



**GRIMALDI & NELKIN**  
CERTIFIED PUBLIC ACCOUNTANTS, P.L.L.C.  
February 21, 2006

**TRANS WORLD SECURITIES LLC**  
**STATEMENT OF FINANCIAL CONDITION**

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December 31, 2005

**ASSETS**

Cash	\$	18,497
Commissions receivable		3,500
Prepaid expenses		1,558
Securities owned, not readily marketable, at estimated fair value		3,300
Furniture and equipment, at cost, less accumulated depreciation of \$5,555		367

**TOTAL ASSETS** \$ 27,222

**LIABILITIES AND MEMBER'S EQUITY**

**LIABILITIES**

Accounts payable, accrued expenses and other liabilities	\$	5,650
<b>Total liabilities</b>		<u>5,650</u>

**MEMBER'S EQUITY**

**TOTAL LIABILITIES AND MEMBER'S EQUITY** \$ 27,222

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

**TRANS WORLD SECURITIES LLC**  
**STATEMENT OF INCOME AND CHANGES**  
**IN MEMBER'S EQUITY**

For the Year Ended December 31, 2005

REVENUE	
Commissions	\$ 73,936
Total revenue	<u>73,936</u>
EXPENSES	
Other operating expenses	<u>5,322</u>
Total expenses	<u>5,322</u>
NET INCOME	68,614
MEMBER'S EQUITY, BEGINNING OF YEAR	23,558
MEMBER'S DISTRIBUTIONS	<u>(70,600)</u>
MEMBER'S EQUITY, END OF YEAR	<u>\$ 21,572</u>

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

# TRANS WORLD SECURITIES LLC

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2005

### CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	68,614
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation		427
Decrease in:		
Commission receivable		(3,467)
Prepaid expenses		(127)
Increase in:		
Accrued expenses		1,050

NET CASH PROVIDED BY OPERATING ACTIVITIES 66,497

### CASH FLOWS FROM FINANCING ACTIVITIES

Member's distributions		<u>(70,600)</u>
------------------------	--	-----------------

NET CASH USED BY FINANCING ACTIVITIES (70,600)

NET DECREASE IN CASH (4,103)

CASH BALANCE, BEGINNING OF YEAR 22,600

CASH BALANCE, END OF YEAR \$ 18,497

### SUPPLEMENTAL DISCLOSURES

Interest paid	\$	--
Taxes paid	\$	--

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

# **TRANS WORLD SECURITIES LLC**

## **NOTES TO FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2005**

### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Organization***

Trans World Securities LLC is registered with the Securities and Exchange Commission (SEC) and is a member of the National Association of Securities Dealers (NASD), and its business consists of the distribution of mutual funds (application only) and/or selling variable life insurance or annuities. The Company is a New York (U.S.A.) limited liability company formed on August 3, 1998. The business is located in Cicero, New York (U.S.A.). The Company began transacting business in June 1999.

#### ***Income Taxes***

The Company is treated as a sole proprietorship for federal income tax purposes. Consequently, all tax effects of the Company's income or loss are passed through to the member individually.

#### ***Basis of Accounting***

Assets, liabilities, revenues and expenses are recognized on the accrual basis of accounting for financial reporting and income tax purposes.

#### ***Cash and Cash Equivalents***

For purposes of the statement of cash flows, the Company considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

#### ***Securities Transactions***

Securities transactions and related commission revenue and expenses are recorded on a settlement date basis, generally the third business day following the transaction date.

#### ***Allowance for Doubtful Accounts***

Bad debts are recorded on the reserve method. Management has determined that no reserve was necessary at year end as all accounts are considered collectible.

**TRANS WORLD SECURITIES LLC**  
**NOTES TO FINANCIAL STATEMENTS**

For The Year Ended December 31, 2005

**NOTE 1 – (CONTINUED)**

*Use of Estimates in the Preparation of Financial Statements*

Management of the Company uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that management uses.

*Fixed Assets*

Fixed assets are state at cost.

*Advertising*

The Company expenses advertising costs as incurred. There were no advertising expenses for the year ended December 31, 2005.

**NOTE 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. Due to this requirement, member's capital could, under certain circumstances, be restricted as to withdrawals. At December 31, 2005, the Company had net capital of \$12,847 which was \$7,847 in excess of its required net capital of \$5,000 for 2005. The Company's net capital ratio was .44 to 1 at December 31, 2005.

**NOTE 3 – DEPRECIATION**

Depreciation of fixed assets is provided primarily under the straight-line and accelerated methods with estimated useful lives as shown below.

	<u>Accumulated Depreciation</u>	
	<u>12/31/05</u>	<u>Lives</u>
Furniture and equipment	\$ 5,555	3-7 years
Total	<u>\$ 5,555</u>	

Depreciation expense for the year ended December 31, 2005 amounted to \$427.

**TRANS WORLD SECURITIES LLC**  
**NOTES TO FINANCIAL STATEMENTS**

For The Year Ended December 31, 2005

**NOTE 4 – EXPENSES AGREEMENT**

The Company has entered into an expense agreement with an affiliated organization as part of its business plan. The affiliate will pay the following expenses on behalf of Trans World Securities LLC: rent, salaries, telephone, equipment, office supplies, travel and entertainment, furnishings, postage and messengers, leasehold improvements, mail and subscriptions, legal, accounting and consulting fees. The Company will not be required to reimburse the affiliate for said expenses.

**NOTE 5 – EQUITY SECURITIES**

The cost and fair value of equity securities as of December 31, 2005 were as follows:

<u>2005</u>	<u>Cost</u>	<u>Fair Value</u>
Not readily marketable	<u>\$ 3,300</u>	<u>\$ 3,300</u>

The common stock is an IPO that is not yet marketable.

**NOTE 6 – REPORT ON ANY MATERIAL INADEQUACIES**

No material inadequacies existed or were found to have existed since the date of inception.

**TRANS WORLD SECURITIES LLC****COMPUTATION OF NET CAPITAL UNDER RULE 15C3-1 OF  
THE SECURITIES AND EXCHANGE COMMISSION**

As of December 31, 2005

## NET CAPITAL

Total member's equity qualified for net capital \$ 21,572

Total capital

## Deductions and/or charges:

## Non-allowable assets:

Commissions receivable	\$ 3,500	
Prepaid expenses	1,558	
Fixed assets	367	
Securities owned, not readily available	3,300	8,725

Net capital before haircuts on securities positions 12,847Haircuts on options [computed pursuant to rule 15c3-1(f)] --NET CAPITAL \$ 12,847

## AGGREGATE INDEBTEDNESS

## Items included in statement of financial condition:

Other accounts payable and accrued expenses \$ 5,650TOTAL AGGREGATE INDEBTEDNESS \$ 5,650

## COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

Total minimum net capital required at 6 2/3% of aggregate indebtedness \$ 377Statutory requirement \$ 5,000Excess net capital \$ 7,847Excess net capital at 1,500% \$ 12,470Excess net capital at 1,000% \$ 12,282Ratio: Aggregate indebtedness to net capital .44 to 1

## RECONCILIATION WITH COMPANY'S COMPUTATION

(Included in Part II of Form X-17A-5 as of December 31, 2005)

Net capital, as reported in Company's Part II (unaudited) FOCUS report \$ 12,847NET CAPITAL PER ABOVE \$ 12,847

**TRANS WORLD SECURITIES LLC**  
**SUPPLEMENTARY INFORMATION**  
**PURSUANT TO RULE 17A-5 OF THE SECURITIES EXCHANGE**  
**ACT OF 1934**  
**As of December 31, 2005**

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The accompanying schedules are prepared in accordance with the requirements and general format of FOCUS Form X-17A-5. The Company is exempt under SEC rule 15c3-3 paragraph (k)(2)(iii) from having a special reserve bank account for the exclusive benefit of customers. The Company promptly transmits all funds and delivers all securities received in connection with its activities as a broker, and does not otherwise hold funds or securities for, or owe money or securities to, customers.

**GRIMALDI & NELKIN**  
**CERTIFIED PUBLIC ACCOUNTANTS, P.L.L.C.**

**REPORT ON INTERNAL CONTROL REQUIRED BY SEC RULE 17A-5  
FOR A BROKER-DEALER CLAIMING AN  
EXEMPTION FROM SEC RULE 15C3-3**

Board of Directors of  
Trans World Securities LLC  
Cicero, New York

In planning and performing our audit of the financial statements and supplemental schedules of **TRANS WORLD SECURITIES LLC** (the Company), for the year ended December 31, 2005, 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 the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company 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 (or aggregate debits) 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 and recordation of differences required by rule 17a-13
2. 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
3. Obtaining and maintaining physical possession or control of all fully paid and excess margin securities of customer as required by Rule 15c3-3

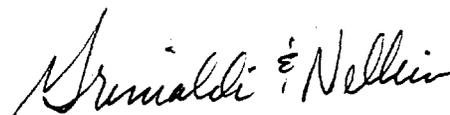
The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs 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 conformity with generally accepted accounting principles. 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 the internal control would not necessarily disclose all matters in the 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 misstatements caused 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 the 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 December 31, 2005 to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the SEC, the New York Stock Exchange, National Association of Securities Dealers, Inc. 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.



**GRIMALDI & NELKIN**  
CERTIFIED PUBLIC ACCOUNTANTS, P.L.L.C.  
February 21, 2006