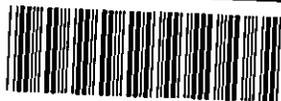


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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549



07001133

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

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

SEC FILE NUMBER
8- 47783

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 01/01/06 AND ENDING 12/31/06
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Windsor Sheffield & Co., Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

487 Devon Park Drive, STE 216

(No. and Street)

Wayne PA 19087
(City) (State) (Zip Code)

PROCESSED

MAR 21 2007

Handwritten mark

THOMSON
FINANCIAL

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

Michael J. Perrot (484) 654-0123
(Address) (Area Code - Telephone Number)

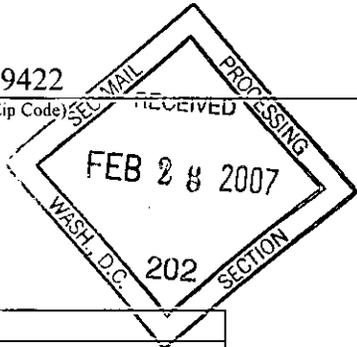
B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

McGladrey & Pullen, LLP

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

One Valley Sq, Suite 250, 512 Township Line Rd, Blue Bell, PA 19422
(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

Empty box 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)

Handwritten signature

OATH OR AFFIRMATION

I, Michael J. Perrot, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Windsor Sheffield & Co., Inc., as of December 31, 2006, 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: NONE.

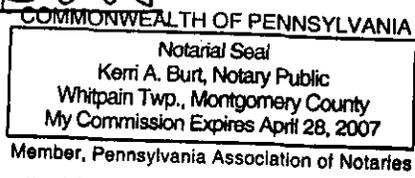
State of Pennsylvania }
County of Montgomery } ss:

Michael J. Perrot
Signature
Pres.
Title

Subscribed and sworn to before me
this 26th day of February 2007.

Keri A. Burt

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 Cash Flows
- (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's 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 15c3-3 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 Auditor's Report on Internal Control

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

Windsor, Sheffield & Co., Inc.

Financial Report
December 31, 2006

Windsor, Sheffield & Co., Inc.

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McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on the Financial Statements

To the Board of Directors
Windsor, Sheffield & Co., Inc.
Blue Bell, Pennsylvania

We have audited the accompanying statements of financial condition of Windsor, Sheffield & Co., Inc. as of December 31, 2006 and 2005, and the related statements of income, changes in shareholders' equity, and cash flows for the years 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 audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits 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 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 Windsor, Sheffield & Co., Inc. as of December 31, 2006 and 2005, 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 of America.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
February 26, 2007

Windsor, Sheffield & Co., Inc.

Statements of Financial Condition
December 31, 2006 and 2005

	2006	2005
Assets		
Current Assets		
Cash	\$ 411,316	\$ 346,175
Receivables, principally clearing agent	74,512	85,939
Deposits with clearing agent	50,438	50,438
Security deposit	4,267	4,267
Prepaid expenses	11,973	11,140
Total current assets	<u>552,506</u>	<u>497,959</u>
Other Assets	<u>200</u>	<u>200</u>
	<u>\$ 552,706</u>	<u>\$ 498,159</u>
Liabilities and Shareholders' Equity		
Current Liabilities		
Accrued expenses	\$ 83,395	\$ 109,297
Commitments and Contingencies (Notes 4 and 6)		
Shareholders' Equity		
Common stock, \$1 par value, 10,000 shares authorized, 2,000 shares issued and outstanding	2,000	2,000
Additional paid-in capital	237,339	237,339
Retained earnings	229,972	149,523
	<u>469,311</u>	<u>388,862</u>
	<u>\$ 552,706</u>	<u>\$ 498,159</u>

See Notes to Financial Statements.

Windsor, Sheffield & Co., Inc.

Statements of Income
December 31, 2006 and 2005

	2006	2005
Revenue		
Commissions	\$ 950,963	\$ 972,778
Investment advisory fees	3,517	26,136
Project management fees	-	1,398
Interest income	12,822	8,157
Total revenue	<u>967,302</u>	<u>1,008,469</u>
Operating expenses		
Clearing fees	180,140	148,743
Commissions	501,089	555,692
Other expenses	173,124	186,713
Total operating expenses	<u>854,353</u>	<u>891,148</u>
Income before income taxes	112,949	117,321
Income taxes	32,500	33,600
Net income	<u>\$ 80,449</u>	<u>\$ 83,721</u>

See Notes to Financial Statements.

Windsor, Sheffield & Co., Inc.

Statements of Changes in Shareholders' Equity
December 31, 2006 and 2005

	Shares	Amount	Additional Paid-in Capital	Retained Earnings	Total
Balance, January 1, 2005	2,000	\$ 2,000	\$ 237,339	\$ 65,802	\$ 305,141
Net income	-	-	-	83,721	83,721
Balance, December 31, 2005	2,000	2,000	237,339	149,523	388,862
Net income	-	-	-	80,449	80,449
Balance, December 31, 2006	2,000	\$ 2,000	\$ 237,339	\$ 229,972	\$ 469,311

See Notes to Financial Statements.

Windsor, Sheffield & Co., Inc.

Statements of Cash Flows
December 31, 2006 and 2005

	2006	2005
Cash Flows from Operating Activities		
Net income	\$ 80,449	\$ 83,721
Adjustments to reconcile net income to net cash provided by operating activities:		
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Receivable from clearing agent	11,427	(4,960)
Prepaid expenses	(833)	(2,529)
Decrease in:		
Accrued expenses	(25,902)	(12,426)
Net cash provided by operating activities	<u>65,141</u>	<u>63,806</u>
Net increase in cash	65,141	63,806
Cash, beginning	<u>346,175</u>	<u>282,369</u>
Cash, ending	<u>\$ 411,316</u>	<u>\$ 346,175</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid during the year for:		
Interest	<u>\$ 158</u>	<u>\$ 929</u>

See Notes to Financial Statements.

Notes to Financial Statements

Note 1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business: Windsor, Sheffield & Co., Inc. ("Windsor" or the "Company") was incorporated under the laws of the Commonwealth of Pennsylvania on February 7, 1994. Windsor was approved on March 11, 1996 for registration with the National Association of Securities Dealers, Inc. ("NASD") and subsequently with the National Futures Association ("NFA"). As such it may conduct a general securities brokerage business. As a member of the NASD and the NFA, the Company is regulated and examined by those Organizations and is governed by the laws, rules and regulations of the Commodities Future Trading Commission ("CFTC") and the Securities and Exchange Commission ("SEC").

Windsor operates as a fully disclosed broker-dealer in the Mid-Atlantic region and, accordingly, has entered into clearing agreements with broker-dealer firms providing such services. The Company provides brokerage services to its clients in the purchase and sale, as agent, of mutual fund shares, corporate stocks, commodities, bonds and notes, and government and agency securities and will offer other services from time-to-time usually provided by registered broker-dealers, and as the Company may be permitted under the rules and regulations of the NASD, the CFTC and the SEC.

The Company also conducts business as an investment advisor. Windsor is currently registered as an investment advisor in Pennsylvania. The Company's minimum net capital requirement as a registered investment advisor is governed by the state in which it conducts its principal place of business. As of December 31, 2006, the Company had satisfied its minimum regulatory net capital requirements as an investment advisor.

The Company operates under the provisions of Paragraph (k)(2)(ii) of rule 15c3-3 of the Securities Exchange Act of 1934 and, accordingly, is exempt from certain provisions of that rule. Essentially, the requirements of Paragraph (k)(2)(ii) provide that the Company clear all transactions on behalf of customers on a fully disclosed basis with a clearing broker-dealer, and promptly transmit all customer funds and securities to the clearing broker-dealer. The clearing broker-dealer carries all of the accounts of the customers and maintains and preserves all related books and records as are customarily kept by a clearing broker-dealer.

Income Taxes: Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for deductible temporary differences and operating loss and tax credit carry forwards and deferred tax liabilities are recognized for taxable temporary differences. The temporary differences are the differences between the reportable amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that same portion or all of the deferred tax assets will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

Revenue Recognition Policy: Commissions and related clearing expenses are recorded on a trade-date basis as securities transactions occur. Project management fees and investment advisory fees are recorded when earned.

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 the reported amounts of assets and liabilities and disclosures 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.

Notes to Financial Statements

Note 2. Net Capital Requirements

The Company is also subject to the Securities and Exchange Commission's Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital of the greater of \$5,000 or 6 2/3% of aggregate indebtedness and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall not exceed 15 to 1. The rule also provides that equity capital may not be withdrawn or cash dividends paid if the resulting net capital ratio would exceed 10 to 1. At December 31, 2006, the Company had net capital of \$452,871, which was \$447,311 in excess of its required net capital of \$5,560. At December 31, 2005, the Company had net capital of \$373,255, which was \$365,968 in excess of its required net capital of \$7,287. The Company's ratio of aggregate indebtedness to net capital was .18 to 1 and .29 to 1 as of December 31, 2006 and 2005, respectively.

Per CFTC regulation, CFR 1.17(a)(2)(ii), the Company elected to meet the alternative adjusted net capital requirement of the SEC for an introducing broker (\$5,000) by operating pursuant to a guarantee agreement entered into with a futures commission merchant.

Note 3. Transactions with Clearing Agent

The Company has clearing agreements with clearing agents for the primary purpose of clearing its customers' securities transactions on a fully disclosed basis. The clearing agent reflects all such transactions on its books, and records them in accounts it carries in the names of such customers. Accordingly, the Company does not hold funds or securities for, or owe funds or securities to, its customers. The Company is currently exempt from the requirement to maintain a "Special Reserve Account for the Exclusive Benefit of Customers" under provisions of SEC Rule 15c3-3 based on Paragraph k (2)(ii) of the rule as described in Note 1. The agreement provides for clearing charges at a fixed rate multiplied by the number of tickets traded by the Company. The agreement also requires the Company to maintain a minimum of \$50,000 during 2006 and 2005 as a deposit in an interest bearing account with the clearing agents.

Note 4. Off-Balance Sheet Risk and Concentration of Credit Risk

As discussed in Note 3, the Company's customers' securities transactions are introduced on a fully-disclosed basis with its clearing broker/dealer. The clearing broker/dealer carries all of the accounts of the customers of the Company and is responsible for execution, collection of and payment of funds and, receipt and delivery of securities relative to customer transactions. Off-balance-sheet risk exists with respect to these transactions due to the possibility that customers may be unable to fulfill their contractual commitments wherein the clearing broker/dealer may charge any losses it incurs to the Company. The Company seeks to minimize this risk through procedures designed to monitor the credit worthiness of its customers and that customer transactions are executed properly by the clearing broker/dealer.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts.

Notes to Financial Statements

Note 5. Income Taxes

Income taxes of \$32,500 and \$33,600, respectively, for 2006 and 2005 are included in accrued expenses. There are no deferred income tax assets or liabilities at December 31, 2006 and 2005. Income tax expense for the years ended December 31, 2006 and 2005 is as follows:

	<u>2006</u>	<u>2005</u>
Federal	\$ 23,000	\$ 23,200
State	9,500	10,400
	<u>\$ 32,500</u>	<u>\$ 33,600</u>

Note 6. Commitments and Contingencies

The Company leases office space under an operating lease expiring in 2008. Rent expense for years ended December 31, 2006 and 2005 was \$31,016 and \$31,068, respectively. Future minimal rental commitments are as follows:

<u>Years Ending December 31,</u>	
2007	\$ 25,848
2008	17,568
	<u>\$ 43,416</u>

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on the Supplementary Information

To the Board of Directors
Windsor, Sheffield & Co., Inc.
Blue Bell, Pennsylvania

Our audits were conducted for the purpose of forming an opinion on the basic financial statements for the years ended December 31, 2006 and 2005 taken as a whole. The accompanying supplementary information on page 10 as of December 31, 2006 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.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
February 26, 2007

Windsor, Sheffield & Co., Inc.

Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission
December 31, 2006

Net Capital	
Total shareholders' equity from statement of financial condition	\$ 469,311
Deductions:	
Non-allowable assets:	
Security deposit	4,267
Prepaid expenses	11,973
Other assets	200
Total deductions	16,440
Net capital	\$ 452,871
Aggregate Indebtedness, accrued expenses	\$ 83,395
Minimum Net Capital Required (greater of \$5,000 or 6 2/3% of aggregate indebtedness)	\$ 5,560
Excess Net Capital	\$ 447,311
Ratio of Aggregate Indebtedness to Net Capital	.18 to 1

Note: There were no material differences between the above computation and the computation included in the Company's corresponding unaudited Form X-17A-5 Part IIA filing. Accordingly, no reconciliation is deemed necessary.

McGladrey & Pullen

Certified Public Accountants

Independent Auditor's Report on Internal Control

To the Board of Directors
Windsor, Sheffield & Co., Inc.
Blue Bell, Pennsylvania

In planning and performing our audit of the financial statements of Windsor, Sheffield & Co., Inc. (the "Company") as of and for the year ended December 31, 2006, in accordance with auditing standards generally accepted in the United States of America, we considered the Company's internal control over financial reporting (internal control), as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's 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 consideration of control activities for safeguarding securities. This study included 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 security 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.

The management of the Company is responsible for establishing and maintaining internal control and the practices and procedures referred to in the preceding paragraphs. 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 accounting principles generally accepted in the United States of America. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraphs.

Because of inherent limitations in internal control or the practices and procedures referred to above, error 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.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control was for the limited purpose described in the first and second paragraphs and would not necessarily identify all deficiencies in internal control that might be material weaknesses. However, we noted the following deficiency in internal control that we consider to be a material weakness as defined above. The Company has minimal segregation of duties due to the small size of the Accounting Department. This condition was considered in determining the nature, timing, and extent of the procedures performed in our audit of the financial statements of Windsor, Sheffield & Co., Inc. as of and for the year ended December 31, 2006, and this report does not affect our report thereon dated February 26, 2007.

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, as described in the second paragraph of this report, were not adequate at December 31, 2006 to meet the SEC's objectives due to minimal segregation of duties as described in the preceding paragraph.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, the 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.

McGladrey & Pullen, LLP

Blue Bell, Pennsylvania
February 26, 2007

END