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

SEC FILE NUMBER
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8-53428

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, 2006 AND ENDING December 31, 2006
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

World Group Securities Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

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

11315 Johns Creek Parkway

(No. and Street)

Duluth, GA 30097-1517

(City)

(State)

(Zip Code)

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

Nancy A. Moate

(770) 453-9300

(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 3000, 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.

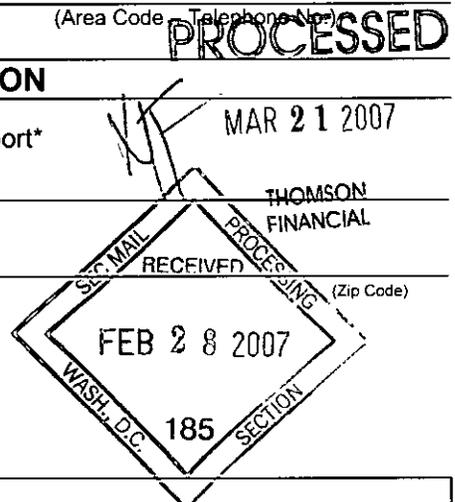
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

SEC 1410 (06-02)

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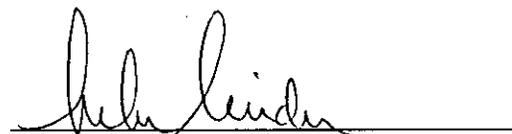
Handwritten initials and date: 3/20

Oath or Affirmation

I, Kevin L. Palmer, affirm that, to the best of my knowledge and belief the accompanying financial statements and supplemental information pertaining to the firm of World Group Securities, 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.



Kevin L. Palmer,
President



Notary Public

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 Stockholders' 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 of Independent Registered Public Accounting Firm on Internal Control as required by rule 17a-5

World Group Securities, Inc.

Financial Statements and Supplemental Information

Years Ended December 31, 2006 and 2005

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FINANCIAL STATEMENTS AND SUPPLEMENTAL
INFORMATION
(FOR SEC FILING PURPOSES)

World Group Securities, Inc.
Years Ended December 31, 2006 and 2005
With Report of Independent Registered Public Accounting Firm



Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholder
World Group Securities, Inc.

We have audited the accompanying statements of financial condition of World Group Securities, Inc. as of December 31, 2006 and 2005, 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. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audits included 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 World Group Securities, Inc. at 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.

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 under the Securities 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.

Ernst & Young LLP

February 19, 2007

World Group Securities, Inc.
Statements of Financial Condition

	December 31	
	2006	2005
Assets		
Cash and cash equivalents	\$ 1,925,185	\$ 23,372,250
Investments, at fair value	25,311,371	-
Due from affiliates	1,410,952	-
Accounts receivable	1,372,078	761,619
Deferred income taxes	792,845	694,548
Recoverable under tax allocation agreement	-	43,415
Prepaid expenses and other assets	95,541	98,775
Commissions receivable	1,976,581	1,775,807
Intangible assets, less accumulated amortization of \$1,195,419 and \$994,549 in 2006 and 2005, respectively	804,581	1,005,451
Total assets	\$ 33,689,134	\$ 27,751,865
Liabilities and stockholder's equity		
Liabilities:		
Salaries, benefits and bonuses payable	\$ 899,972	\$ 933,625
Accounts payable and other accrued expenses	3,530,129	3,594,761
Due to affiliates	4,611,786	1,927,700
Payable under tax allocation agreement	132,068	-
Total liabilities	9,173,955	6,456,086
Stockholder's equity:		
Common stock, \$1 par value, 1,000 shares authorized, 100 shares issued and outstanding	100	100
Additional paid-in capital	5,000,000	5,000,000
Retained earnings	19,515,079	16,295,679
Total stockholder's equity	24,515,179	21,295,779
Total liabilities and stockholder's equity	\$ 33,689,134	\$ 27,751,865

See accompanying notes.

World Group Securities, Inc.

Statements of Income

	Year Ended December 31	
	2006	2005
Revenues:		
Commission income	\$ 110,557,776	\$ 121,336,321
Other income	3,800,866	2,384,269
Total revenues	<u>114,358,642</u>	<u>123,720,590</u>
Expenses:		
Commissions	87,096,101	94,136,825
Employee compensation and related benefit expenses	5,689,562	5,799,063
Other operating expenses	16,273,084	14,085,786
Total expenses	<u>109,058,747</u>	<u>114,021,674</u>
Income before income taxes	5,299,895	9,698,916
Income tax expense (benefit):		
Current	2,178,792	4,003,174
Deferred	(98,297)	(326,279)
	<u>2,080,495</u>	<u>3,676,895</u>
Net income	<u>\$ 3,219,400</u>	<u>\$ 6,022,021</u>

See accompanying notes.

World Group Securities, Inc.

Statements of Changes in Stockholder's Equity

	Common Stock	Additional Paid-In Capital	Retained Earnings	Total Stockholder's Equity
Balance at January 1, 2005	\$ 100	\$ 5,000,000	\$ 10,273,658	\$ 15,273,758
Net income	-	-	6,022,021	6,022,021
Balance at December 31, 2005	100	5,000,000	16,295,679	21,295,779
Net income	-	-	3,219,400	3,219,400
Balance at December 31, 2006	<u>\$ 100</u>	<u>\$ 5,000,000</u>	<u>\$ 19,515,079</u>	<u>\$ 24,515,179</u>

See accompanying notes.

World Group Securities, Inc.

Statements of Cash Flows

	Year Ended December 31	
	2006	2005
Operating activities		
Net income	\$ 3,219,400	\$ 6,022,021
Adjustments to reconcile net income to net cash provided by operating activities:		
Deferred income taxes	(98,297)	(326,279)
Amortization of intangible assets	200,870	224,815
Changes in operating assets and liabilities:		
Accounts receivable	(610,459)	(262,749)
Recoverable/payable under tax allocation agreement	175,483	(20,746)
Prepaid expenses and other assets	3,234	(44,130)
Purchase of investments	(25,311,371)	
Commissions receivable	(200,774)	128,318
Due to/from affiliates	1,273,134	(970,963)
Salaries, benefits and bonuses payable	(33,653)	141,682
Accounts payable	(64,632)	513,869
Net cash provided by operating activities	<u>21,447,065</u>	<u>5,405,838</u>
(Increase) decrease in cash and cash equivalents	(21,447,065)	5,405,838
Cash and cash equivalents at beginning of year	<u>23,372,250</u>	<u>17,966,412</u>
Cash and cash equivalents at end of year	<u>\$ 1,925,185</u>	<u>\$ 23,372,250</u>
Cash paid during the period for:		
Income taxes	<u>\$ 2,003,309</u>	<u>\$ 4,023,920</u>

See accompanying notes.

World Group Securities, Inc.

Notes to Financial Statements

December 31, 2006

1. Summary of Significant Accounting Policies

World Group Securities, Inc. (the Company) is a wholly owned subsidiary of AEGON Asset Management Services, Inc., 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 sells life insurance, annuities and mutual funds, including products offered by subsidiaries of AEGON USA, an affiliate, and other unaffiliated companies, through its licensed registered representatives.

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.

Investments

The Company's investments consist of corporate bonds and are reported at fair value. Fair values for the corporate bonds are determined using the last reported bid price in an active market. Changes in the fair value are recorded as adjustments to income.

Deferred Income Taxes

Deferred income 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 benefits are based on the changes in the asset or liability from period to period.

World Group Securities, Inc.

Notes to Financial Statements (continued)

1. Summary of Significant Accounting Policies (continued)

Intangible Assets

Intangible assets represent the present value of trail commissions purchased from an unrelated broker/dealer. The intangible asset is being amortized based on the expected receipt of the related trail commissions. Amortization for the years ended December 31, 2006 and 2005 was \$200,870 and \$224,815, respectively. The estimated aggregate amortization expense for the years ended December 31, 2007 through December 31, 2011 is \$725,762.

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.

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.

Reclassifications

Certain reclassifications have been made to the 2005 financial statements to conform to the 2006 presentation.

2. Income Taxes

The Company files 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.

World Group Securities, Inc.

Notes to Financial Statements (continued)

2. Income Taxes (continued)

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, 2006 and 2005.

Income tax expense differs from the amount computed by applying the statutory federal income tax rate to income before income taxes primarily due to state income taxes.

3. Transactions With Affiliates

The Company is a member of a group of affiliated companies which are engaged in the sale of life insurance, annuities and other investment-related activities. Commission revenues include \$67,889,438 and \$81,903,834 earned during the years ended December 31, 2006 and 2005, respectively, from the sales of life insurance and annuities for affiliated companies. A portion of the Company's operating expenses are paid to subsidiaries of AEGON USA and represent both items specifically identifiable as attributable to the Company and an allocation of shared expenses among several affiliates of AEGON USA. The Company's portion of these shared expenses was \$12,117,189 and \$10,030,901 for the years ended December 31, 2006 and 2005, respectively.

4. 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, 2006, the Company had net capital of \$17,499,459 which was \$16,887,861 in excess of its required net capital of \$611,597. The Company's ratio of aggregate indebtedness to net capital was .52 to 1. Various other regulatory agencies may impose additional requirements.

Pursuant to the provisions of rule 15c3-3 of the Securities and Exchange Commission, the Company maintains a bank account entitled "Special Account for the Exclusive Benefit of Customers." This account had a balance of \$110,032 and \$7,000 at December 31, 2006 and 2005, respectively. The Company carries no margin accounts, promptly transmits all customer

World Group Securities, Inc.

Notes to Financial Statements (continued)

4. Net Capital Requirement (continued)

funds and delivers all securities received in connection with activities as a broker or dealer, does not otherwise hold funds or securities for, or owe money or securities to, customers, and effectuates all financial transactions with customers through the Special Bank Account. Therefore, it is exempt from the reserve requirements at December 31, 2006 and 2005, and for the years then ended under the provisions of rule 15c3-3(k)(2)(i).

5. Contingencies

In the ordinary course of business, the Company is involved in, and subject, to asserted and unasserted claims from customers and other contingencies. In the opinion of management, adequate provision has been made for any potential losses which may result from these actions.

Supplemental Information

World Group Securities, Inc.

Computation of Net Capital Pursuant to Rule 15(c)3-1

December 31, 2006

Computation of net capital	
Total stockholder's equity	\$ 24,515,179
Subordinated note payable	<u> —</u>
Total regulatory capital	<u>24,515,179</u>
Deductions and/or charges:	
Nonallowable assets:	
Memberships in exchanges	\$ —
Receivables from affiliates	—
Other assets	6,355,914
Other deductions	<u> —</u>
Total deductions and/or charges	6,355,914
Net capital before haircuts on securities positions	<u>18,159,265</u>
Haircuts on securities	<u>659,806</u>
Net capital	<u>\$ 17,499,459</u>
Computation of alternative net capital requirement	
Net capital requirement (minimum)	\$ 611,597
Excess net capital	<u>\$16,887,861</u>

There were no material differences between the audited Computation of Net Capital included in this report and the corresponding schedule included in the Company's unaudited December 31, 2006 Part IIA FOCUS filing.

World Group Securities, Inc.

Statement Regarding Rule 15c3-3

December 31, 2006

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(2)(i) of that Rule.

World Group Securities, Inc.

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

December 31, 2006

There were no differences between the Computation of Net Capital – Part IIA under rule 15c3-1, 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 submitted to the National Association of Securities Dealers, Inc.

Supplementary Report of Independent Registered Public Accounting Firm on Internal Control Required by Rule 17a-5

The Board of Directors
World Group Securities, Inc.

In planning and performing our audit of the financial statements of World Group Securities, Inc. (the Company), as of and for the year ended December 31, 2006, in conformity with United States generally accepted accounting principles, we considered its 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. The 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 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

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

Because of inherent limitations in internal control and 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 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. We did not identify any deficiencies in internal control and 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, as described in the second paragraph of this report, were adequate at December 31, 2006, to meet the SEC's objectives.

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

Ernst & Young LLP

February 19, 2007

END