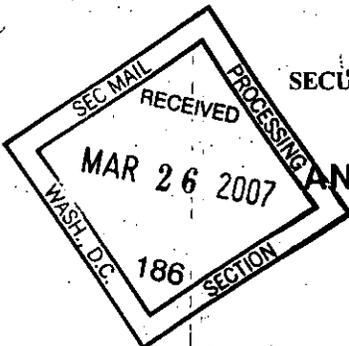




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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549



OMB APPROVAL  
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Expires: February 28, 2010  
Estimated average burden  
hours per response: 12.00

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

SEC FILE NUMBER  
8-32131

**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 February 1, 2006 AND ENDING January 31, 2007  
MM/DD/YY MM/DD/YY

**A. REGISTRANT IDENTIFICATION**

NAME OF BROKER-DEALER: **The Pennsylvania Group, Inc.**

OFFICIAL USE ONLY  
FIRM I.D. NO.

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

**4445 N. ALA, Suite 232**

(No. and Street)

**Vero Beach**

**FL**

**32963**

(City)

(State)

(Zip Code)

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

**Anthony A. Buford, Jr.**

**(772) 234-3901**

(Area Code - Telephone Number)

**B. ACCOUNTANT IDENTIFICATION**

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

**Morris J. Cohen & Co., P.C.**

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

**1601 Market Street, Suite 2525**

**Philadelphia**

**PA**

**19103**

(Address)

(City)

(State)

(Zip Code)

CHECK ONE:

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

**PROCESSED**

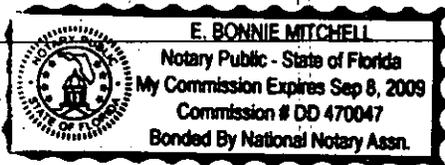
**APR 17 2007**

**FOR OFFICIAL USE ONLY** **THOMSON FINANCIAL**

\*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, Anthony A. Buford, Jr., swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of The Pennsylvania Group, Inc., as of January 31, 2007, 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:



Anthony Buford  
Signature  
President  
Title

E. Bonnie Mitchell  
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.**

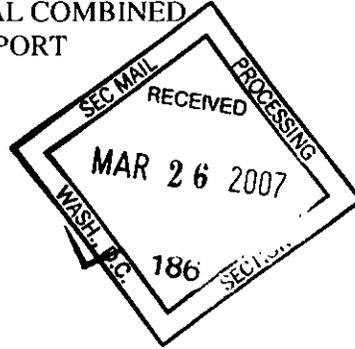
\*\*For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

THE PENNSYLVANIA GROUP, INC.  
FINANCIAL AND OPERATIONAL COMBINED  
UNIFORM SINGLE REPORT

Part IIA - Page A

Page 1 to 4

January 31, 2007



THE PENNSYLVANIA GROUP, INC.  
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January 31, 2007

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Financial and Operational Combined Uniform Single Report, Part IIA, Statement of Financial Condition	1 & 2
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# MORRIS J. COHEN & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

1601 Market Street  
Suite 2525  
Philadelphia, PA 19103-2301  
215-567-8000  
New York: 212-283-7400  
FAX: 215-567-5288  
www.mjcco.com

## INDEPENDENT AUDITORS' REPORT

Board of Directors  
The Pennsylvania Group, Inc.

We have audited the accompanying statement of financial condition of The Pennsylvania Group, Inc. as of January 31, 2007. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement 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 statement is 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement of financial condition referred to above presents fairly, in all material respects, the financial position of The Pennsylvania Group, Inc. as of January 31, 2007, in conformity with accounting principles generally accepted in the United States of America.

*Morris J. Cohen & Co., P.C.*

March 15, 2007

THE PENNSYLVANIA GROUP, INC.  
 FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
 PART IIA  
 January 31, 2007

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING  
 NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

SEC FILE NO. 8-32131  
 FIRM ID NO. 005402  
 Unconsolidated

ASSETS

<u>Line</u>	<u>Allowable</u>	<u>Non-Allowable</u>	<u>Total</u>
2. Receivables from brokers and dealers	\$ 335,374		\$ 335,374
3. Receivables from non-customers		\$ 1,666	1,666
4. Securities and spot commodities owned at market value			
C. Options	4,550		4,550
D. Other Securities	141,470		141,470
10. Property, furniture, equipment and leasehold improvements, at cost, net of accumulated depreciation and amortization		11,263	11,263
11. Other assets		21,989	21,989
12. Total assets	<u>\$ 481,394</u>	<u>\$ 34,918</u>	<u>\$ 516,312</u>

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

THE PENNSYLVANIA GROUP, INC.  
 FINANCIAL AND OPERATIONAL COMBINED UNIFORM SINGLE REPORT  
 PART IIA  
 January 31, 2007

STATEMENT OF FINANCIAL CONDITION FOR NONCARRYING  
 NONCLEARING AND CERTAIN OTHER BROKERS OR DEALERS

SEC FILE NO. 8-32131  
 FIRM ID NO. 005402  
 Unconsolidated

LIABILITIES AND OWNERSHIP EQUITY

<u>Line</u>	<u>A.I. Liabilities</u>	<u>Non A.I. Liabilities</u>	<u>Total</u>
16. Securities sold not yet purchased, at market value		\$ 2,750	\$ 2,750
17. Accounts payable, accrued liabilities, expenses and other	\$ 57,046		57,046
20. Total liabilities	<u>\$ 57,046</u>	<u>\$ 2,750</u>	59,796
23. Corporation			
B. Common stock			1,180
C. Additional paid-in capital			84,857
D. Retained earnings			370,479
24. Total ownership equity			<u>456,516</u>
25. Total liabilities and ownership equity			<u>\$ 516,312</u>

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

THE PENNSYLVANIA GROUP, INC.  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
January 31, 2007

1. Nature of business and background information

The Company is headquartered in Florida and provides investment brokerage services to the investment community primarily in New York. Substantially all of these services are provided under various soft dollar and/or commission reimbursement arrangements.

2. Summary of significant accounting policies

Accounting estimates

The preparation of this financial statement in conformity with generally accepted accounting principles 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 statement. Actual results could differ from those estimates.

Property, furniture, equipment, and leasehold improvements

Depreciation of furniture and equipment is computed using straight-line and accelerated methods over the estimated useful lives of the assets which range from three to eight years.

Investments

Securities owned

Securities owned consist of options and other securities which are stated at market value.

Customers' securities transactions

Customers' securities transactions are recorded by the clearing broker (see Note 4) on a settlement date basis.

Cash equivalents

For purposes of the statement of financial condition the Company considers money market accounts to be cash equivalents.

For purposes of the statement of cash flows, the Company also considers funds due from the clearing broker to be cash equivalents.

THE PENNSYLVANIA GROUP, INC.  
NOTES TO STATEMENT OF FINANCIAL CONDITION  
January 31, 2007

2. Summary of significant accounting policies (Continued)

Income taxes

Deferred income taxes are provided by the liability method for the temporary differences between the financial reporting basis and the tax bases of the Company's assets and liabilities in accordance with SAFS No. 109 "Accounting for Income Taxes."

3. Lease commitment

The Company leases office space under an operating lease which expires September 30, 2007 with monthly base rent of \$521.

4. Transaction clearing agreements

The Company has agreements with one member firm of the New York Stock Exchange, whereby the member firm clears all security transactions effected by customers of the Company.

5. 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. At January 31, 2007, the Company had net capital of \$396,927 which was \$146,927 in excess of its required net capital of \$250,000. The Company's net capital ratio was .14 to 1.

6. Concentrations of credit risk

Financial instruments which subject the Company to concentrations of credit risk consist principally of cash, investment securities, and amounts due from the clearing broker.

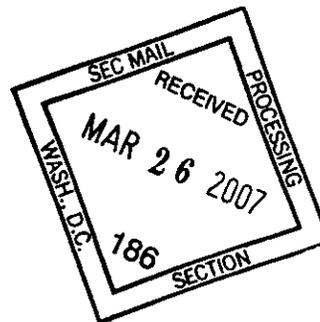
At times during the year the Company maintains cash balances with financial institutions in excess of the amount insured by an agency of the federal government.

The Company has one major customer which represents substantially all of its revenues from commissions for the year ended January 31, 2007.

Securities owned contain the risk that changes in the market price may make the financial instruments less valuable.

Independent Auditors' Report on  
Internal Accounting Control  
Required by SEC Rule 17a-5

The Pennsylvania Group, Inc.  
Year Ended January 31, 2007





# MORRIS J. COHEN & Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Suite 2525  
Philadelphia, PA 19103-2301  
215-567-8000  
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## INDEPENDENT AUDITORS' REPORT ON INTERNAL ACCOUNTING CONTROL REQUIRED BY SEC RULE 17A-5

Board of Directors  
The Pennsylvania Group, Inc.

In planning and performing our audit of the financial statements and supplemental schedules of The Pennsylvania Group, Inc. (the Company), as of and for the year ended January 31, 2007, 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 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 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, 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 were adequate at January 31, 2007, to meet the SEC's objectives.

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

*Morris J. Cohen & Co. P.C.*

March 15, 2007

END