

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
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**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

SEC FILE NUMBER

8-103797

52306

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: Norfolk Markets, LLC

OFFICIAL USE ONLY
FIRM I.D. NO.

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

157 Church Street, 20th Floor

(No. and Street)

New Haven, CT

(City)

06510

(State)

(Zip Code)

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

Michael A. Monroe

(203) 401-3204

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Bobrow & Company, P.C.

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

Two Bridgewater Road

(Address)

PROCESSED

(City)

Stamington, CT 06032

(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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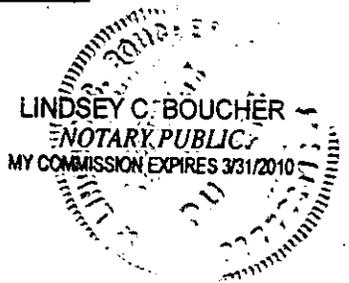
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OATH OR AFFIRMATION

I, Michael A. Monroe, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Norfolk Markets, LLC, 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:

MAN
Signature
CFO
Title

Lindsey C. Boucher
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.

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

Norfolk Markets, LLC
(A Limited Liability Company)
Financial Statements
December 31, 2006

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**Bobrow
& Company, P.C.**
Certified Public Accountants

Morris A. Morgenstein, CPA
Ronald G. Mamrosh, CPA, JD
Dawn M. DiStefano, CPA
J. Wayne Thornton, CPA

Alec R. Bobrow, CPA

Report of Independent Public Accountants

To the Member
Norfolk Markets, LLC
(A Limited Liability Company)
Norfolk, Connecticut

We have audited the accompanying statement of financial condition of Norfolk Markets, LLC as of December 31, 2006, and the related statements of income, 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 and the schedule referred to below 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 Norfolk Markets, LLC as of December 31, 2006, and the results of its operations and its 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 Computation of Net Capital and Aggregate Indebtedness Pursuant to Rule 15c3-1 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.

Bobrow & Company, P.C.

Certified Public Accountants

March 21, 2007

Norfolk Markets, LLC
(A Limited Liability Company)
Statement of Financial Condition
December 31, 2006

ASSETS

Current Assets:

Cash and cash equivalents	\$ 839,840
Accounts receivable	1,399,018
Prepaid expenses	16,384
Due from related entity	<u>71,765</u>

Total current assets

2,327,007

Property and equipment net of accumulated
depreciation of \$8,688

135,252

Organization costs, net of accumulated
amortization of \$12,093

16,177

\$ 2,478,436

LIABILITIES AND MEMBER'S EQUITY

Current Liabilities:

Accounts payable	\$ 151,327
Due to banks	9,717
Accrued taxes and expenses	<u>305,551</u>

Total current liabilities

466,595

Member's equity

2,011,841

\$ 2,478,436

The accompanying accountants' report and notes are an integral part of these financial statements.

Norfolk Markets, LLC
(A Limited Liability Company)
Statement of Income
For the Year Ended December 31, 2006

Revenues:	
Fee income	<u>\$3,289,822</u>
Expenses:	
Commission expense	304,905
Payroll and bonuses	461,325
Payroll taxes	32,393
Telecommunications	65,573
Rent and parking	58,114
Travel, meals, and entertainment	57,514
Insurance	52,984
Other expenses	43,321
Professional fees	32,103
Dues and subscriptions	30,683
Broker dealer compliance	27,477
Seminars	22,635
Maintenance and repairs	15,404
Leased equipment	13,503
Depreciation	8,688
Computer expense	4,841
Research services	4,841
Licenses and permits	4,342
Postage and delivery	3,571
Amortization	1,885
Shared expenses	<u>45,400</u>
	<u>1,291,502</u>
Net income before other items	1,998,320
Other income (expense):	
Interest income	1,515
Interest expense	<u>(268)</u>
Net income	<u>\$ 1,999,567</u>

The accompanying accountants' report and notes are an integral part of these financial statements.

Norfolk Markets, LLC
(A Limited Liability Company)
Statement of Changes in Member's Equity
For the Year Ended December 31, 2006

Balance, January 1, 2006	\$ 1,176,051
Contributions	240,000
Distributions	(1,403,777)
Net income	<u>1,999,567</u>
Balance, December 31, 2006	<u>\$ 2,011,841</u>

The accompanying accountants' report and notes are an integral part of these financial statements.

Norfolk Markets, LLC
(A Limited Liability Company)
Statement of Cash Flows
For the Year Ended December 31, 2006

Cash Flows from Operating Activities:	
Net income	\$ 1,999,567
Amortization	1,885
Depreciation	8,688
Adjustments to reconcile net income to net cash provided by operating activities:	
Accounts receivable	(234,581)
Prepaid expenses	(16,384)
Due from related entity	(66,466)
Accounts payable	(30,068)
Due to banks	(13,998)
Accrued taxes and expenses	<u>46,440</u>
Net cash provided by operating activities	<u>1,695,083</u>
Cash Flows from Investing Activities:	
Property and equipment purchases	<u>(143,940)</u>
Net cash used in investing activities	<u>(143,940)</u>
Cash Flows from Financing Activities:	
Member distributions	(1,403,777)
Member contributions	<u>240,000</u>
Net cash used in financing activities	<u>(1,163,777)</u>
Net increase in cash and cash equivalents	387,366
Cash and cash equivalents, beginning of year	<u>452,474</u>
Cash and cash equivalents, end of year	<u>\$ 839,840</u>
Supplemental Disclosures:	
Interest paid during year	<u>\$ 268</u>

The accompanying accountants' report and notes are an integral part of these financial statements.

Norfolk Markets, LLC
(A Limited Liability Company)
Notes to Financial Statements

1. Summary of Significant Accounting Policies :

Nature of Operations

Norfolk Markets, LLC (the Company) was organized on July 1, 1999 as a Delaware Limited Liability Company for the purpose of conducting business as a broker/dealer. Under this form of organization, the members are not liable for the debts of the Company. The Company was approved to do business as a broker/dealer with the NASD and SEC as of August 6, 2000, and operations of the Company began on that date.

Cash and Cash Equivalents

The Company has defined cash equivalents as short-term, highly liquid investments with original maturities of less than 90 days, including the money market funds held for investment.

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 at the date of the financial statements and the reported amounts of revenues and expenses for the period. Actual results could differ from those estimates.

Property and Equipment

Property and equipment are recorded at cost. Expenditures for maintenance and repairs are charged to operations as incurred. The straight-line method of accounting is utilized for computing depreciation over the respective assets estimated useful life. Depreciation expense for the year ended December 31, 2006 charged to operations was \$8,688.

Organization Costs

Organization costs represent fees associated with organizing the Company and registering the Company as a broker/dealer with regulatory authorities. The costs are being amortized over fifteen years. Amortization expense charged to operations during the year ended December 31, 2006 was \$1,885.

Income Taxes

No provision for federal and state income taxes has been made in the financial statements since the Company's profit and losses are required to be reported on the member's income tax return.

Accounts Receivable

Accounts receivable include amounts receivable from registered investment advisors, which are calculated on a quarterly basis in arrears. At December 31, 2006, all receivables are expected to be collected in full and, therefore, no allowance for uncollectible accounts has been established

Norfolk Markets, LLC
(A Limited Liability Company)
Notes to Financial Statements

1. Summary of Significant Accounting Policies (continued) :

Accounting Method

The Company uses the accrual basis of accounting in accordance with generally accepted accounting principles.

2. Net Capital and Reserve Requirements:

Under the Securities and Exchange Commission Uniform Net Capital Rule 15c3-1 (the Rule), the Company is required to maintain minimum "net capital" equal to the greater of \$5,000 or 6-2/3% of "aggregate indebtedness", as those terms are defined in the Rule. The Company's net capital under the Rule at December 31, 2006 equals \$649,540, which is in excess of the required minimum. The Company does not hold funds or securities for, or owe funds or securities to, customers other than funds or securities promptly forwarded to the clearing broker/dealer or customer. The Company is thereby exempted from Rule 15c3-3 of the Securities Exchange Act of 1934 by paragraph (k)(2)(i) of that rule.

3. Accrued Commission Expense:

Included in accrued expenses are commissions in the amount of \$295,529 payable to subcontractors for services provided to the Company. By agreement with the subcontractors, payments are not required to be made until at least 30 days after the Company receives payment from its clients.

4. Concentrations of Credit Risk:

The Company maintains two bank accounts in one commercial bank. Cash in these accounts at times exceeds \$100,000. The Federal Deposit Insurance Corporation (FDIC) secures these bank accounts up to \$100,000.

5. Property and Equipment:

Property and equipment consist of the following at December 31, 2006:

Automobile	\$ 16,380
Furniture and fixtures	111,842
Office equipment	<u>15,718</u>
	143,940
Less accumulated depreciation	<u>(8,688)</u>
	\$ <u>135,252</u>

Norfolk Markets, LLC
(A Limited Liability Company)
Notes to Financial Statements

6. Related Party Transactions:

At December 31, 2006 the Company was owed \$71,765 by Wood Creek Capital Management, LLC. (WCCM). The Company shares office space and office equipment with WCCM and charges back to WCCM its share of the expense. Effective June 1, 2006 Norfolk Management Group, LLC is a 29.9% member of WCCM.

During 2006 various capital leases were entered into by Norfolk Management Group, LLC, the sole member of Norfolk Markets, LLC, and the Company is a guarantor and co-lessee on these leases (see note 8). The assets and liabilities associated with these capital leases are recorded on the books of Norfolk Management Group, LLC. The Company's cost associated with utilizing these assets is included in shared expenses and totaled \$38,946 for the year ended December 31, 2006.

7. Retirement Plans:

The Company sponsors a 401(k) salary deferral plan which allows employees to defer a percentage of their wages, in a retirement plan sponsored by Norfolk Management Group, LLC. The plan covers all eligible employees who have one year of service, are twenty-one years of age, and work a minimum of one thousand hours per year. The plan also allows discretionary employer profit sharing contributions. Pension expense amounted to \$0 in 2006. The Company did not make a discretionary contribution in 2006.

8. Other Commitments and Contingencies:

The Company is the guarantor of the debt of Norfolk Management Group, LLC, the sole member of Norfolk Markets, LLC. The amount of outstanding debt in the form of capital leases was \$246,030 as of December 31, 2006.

Norfolk Markets, LLC
(A Limited Liability Company)
Computation of Net Capital and Aggregate Indebtedness Pursuant to Rule 15c3-1
For the Year Ended December 31, 2006

Member's equity	\$ 2,011,841
Less: non-allowable assets	
Accounts receivable	(1,122,723)
Prepaid expenses	(16,384)
Due from related entity	(71,765)
Fixed assets, net	(135,252)
Organizational costs, net	<u>(16,177)</u>
Net capital	649,540
Minimum net capital required to be maintained (greater of \$5,000 or 6-2/3% of aggregate indebtedness of \$466,595)	<u>31,122</u>
Net capital in excess of requirement	<u>\$ 618,418</u>
Ratio of aggregate indebtedness to net capital	<u>72%</u>

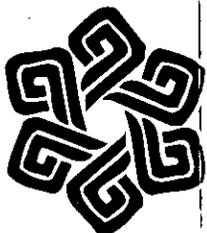
Norfolk Markets, LLC
(A Limited Liability Company)
Computation of Net Capital and Aggregate Indebtedness Pursuant to Rule 15c3-1 (cont'd)
For the Year Ended December 31, 2006

Reconciliation with company's computation
(included in Part II of Form X-17A-5 as of December 31, 2006)

	Focus Report – Part IIA Quarter Ended <u>December 31, 2006</u>	<u>Adjustments</u>	Annual Financial Statements at <u>December 31, 2006</u>
Computation of Net Capital			
Total ownership equity from Statement of Financial Condition	\$ <u>1,843,163</u>	* \$ <u>168,678</u>	\$ <u>2,011,841</u>
Deductions and/or charges: Total non-allowable assets from statement of financial condition	<u>1,042,272</u>	<u>320,029</u>	<u>1,362,301</u>
Total deductions	<u>1,042,272</u>	<u>320,029</u>	<u>1,362,301</u>
Net Capital	\$ <u>800,891</u>	\$ <u>(151,351)</u>	\$ <u>649,540</u>

*Summary of adjustments:

Audit adjustments to reconcile cash	\$ (29,693)
Audit adjustments to reconcile accounts receivable	23,595
Audit adjustments to reconcile accrued expenses and other accruals	<u>(145,253)</u>
	<u>\$ (151,351)</u>



**Bobrow
& Company, P.C.**
Certified Public Accountants

Morris A. Morgenstein, CPA
Ronald G. Mamrosh, CPA, JD
Dawn M. DiStefano, CPA
J. Wayne Thornton, CPA

Alec R. Bobrow, CPA

**Report on Internal Control Required by SEC Rule 17a-5 for a Broker-Dealer
Claiming an Exemption From SEC Rule 15c3-3**

To the Member
Norfolk Markets, LLC
(A Limited Liability Company)
Norfolk, Connecticut

In planning and performing our audit of the financial statements and supplemental schedule of Norfolk Markets, LLC (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 includes 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 customers 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 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 Company's ability to initiate, authorize, record, process, or report data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Company's financial statements that is more than inconsequential will not be prevented or detected by the Company'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 Company'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 weakness. 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 Member, 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.

Bobrow & Company, P.C.

Bobrow & Company, P.C.
Certified Public Accountants

END