

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

OMB APPROVAL
OMB Number: 3235-0123
Expires: February 28, 2010
Estimated average burden
hours per response..... 12.00



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

SEC FILE NUMBER
8-13872
OCT 1 2007
WASH., D.C.

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 SEPTEMBER 1, 2006 AND ENDING AUGUST 31, 2007
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: HIGHAM-WHITRIDGE SECURITIES, Inc.

OFFICIAL USE ONLY
FIRM I.D. NO.

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

PITTSBURGH (No. and Street) PA 15212
(City) (State) (Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT
CHESTER H. SANDERSON (412) 237-2080
(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

PROCESSED

NOV 14 2007

THOMSON
FINANCIAL

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

MCCRORY & MCDOWELL LLC

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

ONE RIVERFRONT CENTER, 20 STANWIX STREET, PITTSBURGH, PA 15222
(Address) (City) (State) (Zip Code)

CHECK ONE:

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

SECURITIES AND EXCHANGE COMMISSION
RECEIVED
OCT 31 2007
BRANCH OF REGISTRATIONS
AND
04 EXAMINATIONS

FOR OFFICIAL USE ONLY

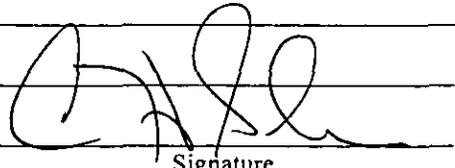
*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

MA

Commonwealth of PA
County of Allegheny

OATH OR AFFIRMATION

I, CHESTER H. SANDERSON, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of HIGHAM-WHITRIDGE SECURITIES, as of AUGUST 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:

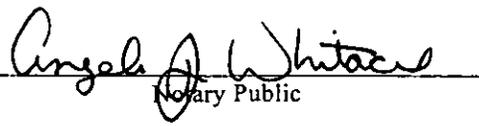


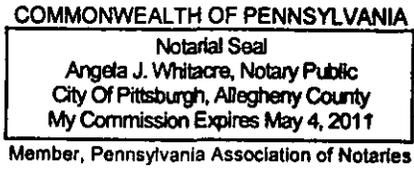
Signature

SECRETARY / TREASURER

Title

Sworn to & subscribed before me,
this 30th day of October, 2007


Notary Public

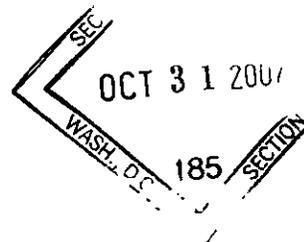


This report ** contains (check all applicable boxes):

- (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).

HIGHAM-WHITRIDGE SECURITIES, INC.
(A Wholly Owned Subsidiary of Babb, Inc.)
Financial Statements
August 31, 2007 and 2006



HIGHAM-WHITRIDGE SECURITIES, INC.

Financial Statements

August 31, 2007 and 2006

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Certified Public Accountants and Consultants

INDEPENDENT AUDITORS' REPORT

October 24, 2007

To the Board of Directors
Higham-Whitridge Securities, Inc.

We have audited the accompanying statements of financial condition of Higham-Whitridge Securities, Inc. (a wholly owned subsidiary of Babb, Inc.) (the Company) as of August 31, 2007 and 2006, and the related statements of operations and other comprehensive income, changes in stockholder's 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 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 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 Higham-Whitridge Securities, Inc. at August 31, 2007 and 2006, 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.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the accompanying schedules (pages 9 and 10) 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 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.

A handwritten signature in black ink that reads "McCrorry & McDowell LLC".

McCRORY & McDOWELL LLC
Pittsburgh, Pennsylvania

HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Statements of Financial Condition

ASSETS

	August 31	
	2007	2006
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 16,313	\$ 16,068
Investments Available for Sale (Fair Value)	9,603	8,475
Prepaid Taxes	0	210
	<u>25,916</u>	<u>24,753</u>
<u>Other Assets</u>		
Due from Parent Company	<u>101,634</u>	<u>99,654</u>
TOTAL ASSETS	\$ 127,550	\$ 124,407

LIABILITIES AND STOCKHOLDER'S EQUITY

<u>Current Liabilities</u>		
Accounts Payable	\$ 2,500	\$ 1,800
Accrued Income Tax Liability	20	0
Deferred Tax Liability	<u>2,217</u>	<u>1,707</u>
	<u>4,737</u>	<u>3,507</u>
<u>Stockholder's Equity</u>		
Common Stock, Stated Valued \$1 per Share - Authorized, Issued and Outstanding 1,000 Shares	1,000	1,000
Additional Paid-In Capital	4,000	4,000
Retained Earnings	113,727	112,432
Unrealized Holding Gains	<u>4,086</u>	<u>3,468</u>
	<u>122,813</u>	<u>120,900</u>
TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY	\$ 127,550	\$ 124,407

See notes to financial statements.

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HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Statements of Operations and Other Comprehensive Income

	For the Years Ended August 31	
	2007	2006
Revenues		
Management Fee Income	\$ 0	\$ 4,000
Net Commission Income	35,297	247
Interest Income	245	202
	<u>35,542</u>	<u>4,449</u>
Expenses		
Other Operating Expenses	<u>33,217</u>	<u>4,365</u>
Income Before Provision for Income Taxes	2,325	84
Provision for Income Taxes	<u>1,030</u>	<u>0</u>
Net Income	1,295	84
Other Comprehensive Income		
Unrealized Holding Gains (Net of Tax of \$510 and \$488, respectively)	<u>618</u>	<u>937</u>
COMPREHENSIVE INCOME	\$ 1,913	\$ 1,021

See notes to financial statements.

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HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Statements of Changes in Stockholder's Equity

For the Years Ended August 31, 2007 and 2006

	Common Stock	Additional Paid-In Capital	Retained Earnings	Unrealized Holding Gains	Total
Balance at August 31, 2005	\$ 1,000	\$ 4,000	\$ 112,348	\$ 2,531	\$ 119,879
Change in Unrealized Holding Gains	0	0	0	937	937
Net Income	0	0	84	0	84
Balance at August 31, 2006	1,000	4,000	112,432	3,468	120,900
Change in Unrealized Holding Gains	0	0	0	618	618
Net Income	0	0	1,295	0	1,295
Balance at August 31, 2007	\$ 1,000	\$ 4,000	\$ 113,727	\$ 4,086	\$ 122,813

See notes to financial statements.

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HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Statements of Cash Flows

INCREASE IN CASH AND CASH EQUIVALENTS

	For the Years Ended August 31	
	2007	2006
<u>Cash Flows from Operating Activities</u>		
Net Income	\$ 1,295	\$ 84
Adjustments to Reconcile Net Income to Net Cash Provided By Operating Activities:		
Decrease in:		
Prepaid Taxes	210	0
Increase in:		
Accrued Income Tax Liability	20	0
Accounts Payable	700	0
	<u>2,225</u>	<u>84</u>
<u>Cash Flows from Investing Activities</u>		
Due from Parent Company	<u>(1,980)</u>	<u>118</u>
Net Change in Cash and Cash Equivalents	245	202
Cash and Cash Equivalents at Beginning of Year	<u>16,068</u>	<u>15,866</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 16,313	\$ 16,068

See notes to financial statements.

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HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Notes to Financial Statements

August 31, 2007 and 2006

I. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Higham-Whitridge Securities, Inc. (the Company) is engaged exclusively in the sale of insurance contract annuities and mutual funds. Commission income is recognized as earned. The Company is a wholly owned subsidiary of Babb, Inc.

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 reported amounts of income and expense during the reported period. Actual results could differ from those estimates.

Income Taxes – The operations of the Company are included in the consolidated federal income tax return of Babb, Inc. In accordance with the policy of Babb, Inc., the Company provides for its share of federal income taxes as if it were filing separately with the Internal Revenue Service. The Company does not receive tax benefits from Babb, Inc. in years in which operating losses are incurred. Deferred taxes are recognized for differences between the basis of assets and liabilities for financial statement and income tax purposes.

Cash and Cash Equivalents – For the purpose of reporting, cash and cash equivalents include money market accounts and any highly liquid debt instruments with an original maturity of three months or less from the date of purchase.

Investments – Investments in equity securities that have readily determinable fair values and all debt securities are classified as held to maturity, trading, or available-for-sale securities. The unrealized gains or losses for trading securities are included in net earnings, while the unrealized gains or losses on securities classified as available-for-sale (reported at fair value) are included as a separate component of stockholder's equity. Realized gains and losses are determined using the first-in, first-out cost method.

HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Notes to Financial Statements

August 31, 2007 and 2006

2. INVESTMENTS AVAILABLE FOR SALE

The Company's investment as of August 31, 2007 and 2006 consists of individual corporate stock which has been classified as available-for-sale stated at its fair value of \$9,603 and \$8,475, respectively, compared to historical cost of \$3,300. The unrealized gains of \$6,303 and \$5,175 are reported as a separate component of stockholder's equity net of deferred income taxes for the years ended August 31, 2007 and 2006, respectively.

3. 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 August 31, 2007, the Company had net capital of \$19,487, which was \$14,487 in excess of its required net capital of \$5,000. The Company's ratio of aggregate indebtedness to net capital was 8 to 1 and 11 to 1 at August 31, 2007 and 2006, respectively.

4. INCOME TAXES

The provision for income taxes at August 31, 2007 and 2006 consists of the following:

	For the Years Ended August 31	
	2007	2006
Current:		
Federal	\$ 800	\$ 0
State	230	0
	<u>\$ 1,030</u>	<u>\$ 0</u>
Deferred:		
Federal	386	338
State	124	150
	<u>\$ 510</u>	<u>\$ 488</u>

Items reconciling federal income taxes at statutory rates to the provision for income taxes consist of rate differentials, state income taxes, and nondeductible items. The deferred taxes have been netted with the unrealized gain on investments for financial statement presentation.

HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Notes to Financial Statements

August 31, 2007 and 2006

4. INCOME TAXES (Continued)

The deferred tax liability in the accompanying balance sheets includes the following component:

	For the Years Ended August 31	
	2007	2006
Deferred Tax Liabilities arising from:		
Temporary Differences in Unrealized		
Gain on Investments	\$ 2,217	\$ 1,707

5. CONCENTRATION OF CREDIT RISK

The Company maintains its cash and cash equivalents in a financial institution located in Allegheny County. The Company has not experienced any losses in such accounts and does not believe that it is exposed to any significant risk to cash.

6. RELATED PARTY TRANSACTIONS

Babb, Inc. owed the Company \$100,634 and \$99,654 at August 31, 2007 and 2006, respectively. No interest is accrued on these amounts. The Company received management fee income of \$0 and \$4,000 from Babb, Inc. for the years ending August 31, 2007 and 2006, respectively. The Company paid a management fee to Babb, Inc. in the amount of \$30,000 and \$0 for the years ending August 31, 2007 and 2006, respectively.

HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission and the Computation for Determination of Reserve Requirements Under Exhibit A of Rule 15c3-3

	August 31	
	2007	2006
<u>Net Capital</u>		
Total Stockholder's Equity	\$ 122,813	\$ 120,900
<u>Less</u> : Non-Allowable Assets	(101,634)	(99,864)
15% Haircut on Securities	(1,440)	(1,271)
	<u>\$ 19,739</u>	<u>\$ 19,765</u>
<u>Aggregate Indebtedness</u>		
Items Included in Statement of Financial Condition:		
Accounts Payable and Accrued Income Tax Liability	<u>\$ 2,520</u>	<u>\$ 1,800</u>
<u>Computation of Basic Net Capital Requirements</u>		
Minimum Net Capital	<u>\$ 5,000</u>	<u>\$ 5,000</u>
Excess Net Capital	<u>\$ 14,739</u>	<u>\$ 14,765</u>
Excess Net Capital at 1,000% (Net Capital Less 10% of Aggregate Indebtedness)	<u>\$ 19,487</u>	<u>\$ 19,585</u>
Ratio: Aggregated Indebtedness to Net Capital	<u>8 to 1</u>	<u>11 to 1</u>

HIGHAM-WHITRIDGE SECURITIES, INC.

(A Wholly Owned Subsidiary of Babb, Inc.)

Statement Regarding Rule 15c3-3

August 31, 2007

The Company is exempt from Rule 15c3-3 of the Securities and Exchange Commission under paragraph (k)(1) of that rule.

REPORT OF INDEPENDENT AUDITORS ON INTERNAL CONTROL

October 24, 2007

To the Board of Directors
Higham-Whitridge Securities, Inc.

In planning and performing our audit of the basic financial statements of Higham-Whitridge Securities, Inc. (the Company) as of and for the year ended August 31, 2007, in accordance with auditing standards generally accepted in the United States of America, we considered its internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the basic 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 Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g) in making the periodic computations of aggregate indebtedness (or aggregate debits) and net capital under rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of rule 15c3-3. Because the Company does not carry securities accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company in any of the following:

1. Making quarterly securities examinations, counts, verifications, and comparisons and recordation of differences required by rule 17a-13.
2. Complying with the requirements for prompt payment for securities under Section 8 of Federal Reserve Regulation T of the Board of Governors of the Federal Reserve System.

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 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 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 no matters involving internal control that we considered to be a material weakness 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 August 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 Securities and Exchange Commission and other regulatory agencies which 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.

McCrory & McDowell LLC

McCRORY & McDOWELL LLC
Pittsburgh, Pennsylvania

END