

**TOWER BRIDGE SECURITIES LIMITED**

**Report and Financial Statements**

**For the year ended 31 December 2005**



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COMPANIES HOUSE 31/10/2006

# **TOWER BRIDGE SECURITIES LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2005**

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# **TOWER BRIDGE SECURITIES LIMITED**

## **DIRECTORS' REPORT**

The directors have pleasure in presenting their report and the audited financial statements for the year ended 31 December 2005.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company was that of a broker in fixed income securities for institutions and funds.

The company is regulated by the Financial Services Authority ('FSA').

The company ceased trading as of 30 June 2005.

### **RESULTS AND DIVIDENDS**

The company made a loss after tax of US\$72,000 in the year ended 31 December 2005 (2004 – loss of US\$59,000) which was transferred to reserves.

The directors do not recommend the payment of a dividend (2004 – US\$nil).

### **FUTURE DEVELOPMENTS**

Tower Bridge Securities Limited will potentially perform authorised activity in the future depending on favourable market positions and subject to FSA consent.

### **DIRECTORS AND THEIR INTERESTS**

The directors who held office throughout the year and to the date of this report (except where otherwise shown) were:

Mr L Amaitis	
Mr S Bartlett	(appointed 3 October 2005)
Mr S Curran	(resigned 1 February 2006)
Mr H W Lutnick	
Mr S Lynn	
Mr M Macleod	(appointed 6 February 2006)
Mr S Merkel	
Mr R Scott	

The directors had no disclosable interests in the company or any other UK group company at the beginning of the year, at the date of their appointment during the year or at the year end.

### **AUDITORS**

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors of the company.

Approved by the Board of Directors  
and signed on behalf of the Board



R M Snelling  
Company Secretary  
30 March 2006

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **TOWER BRIDGE SECURITIES LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TOWER BRIDGE SECURITIES LIMITED**

We have audited the financial statements of Tower Bridge Securities Limited for the year ended 31 December 2005 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view in accordance with the relevant financial reporting framework and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

#### **Basis of audit opinion**

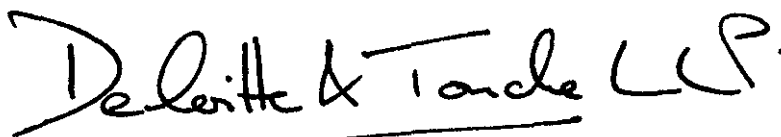
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended; and
- the financial statements have been properly prepared in accordance with the Companies Act 1985.



Deloitte & Touche LLP  
Chartered Accountants and Registered Auditors  
London  
30 March 2006

# TOWER BRIDGE SECURITIES LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2005

	Note	2005 US\$'000	2004 US\$'000
<b>TURNOVER</b>	2	141	-
Cost of sales		(42)	(30)
<b>GROSS PROFIT/(LOSS)</b>		99	(30)
Administrative expenses		(300)	17
<b>OPERATING LOSS</b>	3	(201)	(13)
Interest receivable and similar income	5	156	-
Interest payable and similar charges	6	(5)	(65)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(50)	(78)
Tax (charge)/credit on loss on ordinary activities	7	(22)	19
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND RETAINED LOSS FOR THE FINANCIAL YEAR</b>		(72)	(59)
<b>Profit and loss account brought forward</b>		(343)	(284)
<b>Profit and loss account carried forward</b>		(415)	(343)

All activities are derived from discontinued operations for the current and prior year.

There are no recognised gains or losses for the current or prior years other than as stated above and, therefore, no separate statement of total recognised gains and losses has been presented.

# TOWER BRIDGE SECURITIES LIMITED

## BALANCE SHEET

31 December 2005

	Note	2005 US\$'000	2004 US\$'000
<b>CURRENT ASSETS</b>			
Debtors	8	1,740	1,660
Cash at bank and in hand		<u>76</u>	<u>42</u>
		1,816	1,702
<b>CREDITORS: amounts falling due within one year</b>	9	<u>(481)</u>	<u>(1,045)</u>
<b>NET CURRENT ASSETS AND TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,335</u>	<u>657</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1,750	1,000
Profit and loss account		<u>(415)</u>	<u>(343)</u>
<b>TOTAL EQUITY SHAREHOLDERS' FUNDS</b>		<u>1,335</u>	<u>657</u>

These financial statements were approved by the Board of Directors on 28 March 2006.

Signed on behalf of the Board of Directors



Mark Macleod  
Director

## **TOWER BRIDGE SECURITIES LIMITED**

### **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**For the year ended 31 December 2005**

	<b>2005</b> <b>US\$'000</b>	<b>2004</b> <b>US\$'000</b>
Loss for the financial year	(72)	(59)
Increase in share capital	750	-
Net increase/(reduction) in shareholders' funds	678	(59)
Opening shareholders' funds	657	716
Closing shareholders' funds	1,335	657



# TOWER BRIDGE SECURITIES LIMITED

## NOTES TO THE ACCOUNTS For the year ended 31 December 2005

### 1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom law and accounting standards. The principal accounting policies adopted are described below.

#### Basis of accounting

The financial statements are prepared under the historical cost convention.

#### Functional currency

The accounts are prepared in US Dollars which the directors believe is the currency of the primary economic environment in which the company operates.

#### Foreign exchange

All monetary assets and liabilities denominated in currencies other than US Dollars are translated into US Dollars at the exchange rates ruling at the balance sheet date. Transactions in currencies other than US Dollars are recorded at the average exchange rates ruling during the month that the transaction occurred. Translation differences are taken to the profit and loss account.

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

A deferred tax asset is regarded as recoverable and, therefore, recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax assets and liabilities are not discounted.

#### Cash flow statement

The company has not prepared a cash flow statement in accordance with FRS 1 (Revised) - Cash Flow Statements. A consolidated cash flow statement is contained in the consolidated financial statements of the immediate parent company.

### 2. TURNOVER

The company's income is derived from its principal activity. Turnover represents the commission thus earned. It is presented net of any related commission expense.

The company's income is derived from business in the United Kingdom.

### 3. OPERATING LOSS

	2005 US\$'000	2004 US\$'000
The operating loss is stated after crediting:		
Foreign exchange gain	13	-

The auditors' remuneration for the current and prior year has been borne by BGC International.

# TOWER BRIDGE SECURITIES LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2005

### 4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2005 US\$'000	2004 US\$'000
Staff costs during the period amounted to:		
Wages and salaries	1,825	4,413
Social security costs	175	518
Employee benefits	13	23
Other pension costs	1	5
	<u>2,014</u>	<u>4,959</u>

All staff costs incurred during the current and prior years are recharged to the company's parent company, BGC International.

The average monthly number of persons (including directors) employed by the company to 30 June 2005 and to 31 December 2004:

	2005 No.	2004 No.
Direct operating	<u>17</u>	<u>16</u>

The directors were remunerated by BGC International in both the current year and prior year. No recharge to the company was made for these costs (2004 - US\$nil).

### 5. INTEREST RECEIVABLE

	2005 US\$'000	2004 US\$'000
Bank interest	2	-
Other interest	154	-
	<u>156</u>	<u>-</u>

### 6. INTEREST PAYABLE

	2005 US\$'000	2004 US\$'000
Subordinated loan interest payable to its parent company	-	62
Bank interest	-	3
Interest on tax	5	-
	<u>5</u>	<u>65</u>

# TOWER BRIDGE SECURITIES LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2005

### 7. TAX (CHARGE)/CREDIT ON LOSS ON ORDINARY ACTIVITIES

	2005 US\$'000	2004 US\$'000
i. Analysis of tax (charge)/credit on ordinary activities		
United Kingdom corporation tax at 30% (2004 – 30%) based on the loss for the year	40	-
Adjustment in respect of prior years	(41)	(4)
Group relief	(21)	23
	<u>(22)</u>	<u>19</u>
Tax (charge)/credit on loss on ordinary activities	<u>(22)</u>	<u>19</u>
ii. Factors affecting tax (charge)/credit for the year		

The tax assessed for the year is higher than that resulting from applying the standard rate of corporation tax in the UK of 30% (2004 – 30%). The differences are explained below:

	2005 US\$'000	2004 US\$'000
Loss on ordinary activities before tax	(50)	(78)
Tax at 30% thereon and tax credit on loss on ordinary activities	15	23
Effects of:		
Expenses not deductible for tax purposes	(20)	-
Capital allowances in excess of depreciation	1	-
Movement in short term timing differences	44	-
Prior period adjustments (including group relief)	(62)	(4)
	<u>(22)</u>	<u>19</u>
Tax (charge)/credit on loss on ordinary activities	<u>(22)</u>	<u>19</u>

### 8. DEBTORS

	2005 US\$'000	2004 US\$'000
Amounts owed by parent company	742	1,000
Amounts owed by group undertakings	333	-
Other debtors	665	87
Prepayments	-	573
	<u>1,740</u>	<u>1,660</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 US\$'000	2004 US\$'000
Bank overdrafts	45	42
Amounts owed to group undertakings	277	333
Corporation tax	1	-
Other taxes and social security	-	148
Accruals and deferred income	158	522
	<u>481</u>	<u>1,045</u>

# TOWER BRIDGE SECURITIES LIMITED

## NOTES TO THE ACCOUNTS

For the year ended 31 December 2005

### 10. CALLED UP SHARE CAPITAL

	2005 £'000	2004 £'000
<b>Authorised:</b>		
5,000,000 ordinary shares of £1 each	5,000	5,000
	<u>2005</u> US\$'000	<u>2004</u> US\$'000
<b>Called up, allotted and fully paid:</b>		
1,040,704 (2004 - 603,819) ordinary shares of £1 each	1,750	1,000

During the year, 436,885 ordinary shares of £1 each were issued for a cash consideration of £436,885 (\$750,000) to provide regulatory working capital.

### 11. RELATED PARTY TRANSACTIONS

The company and its subsidiaries enter into securities transactions and service fee arrangements with various parties that are related by common ownership and control. As of 31 December 2005 the intercompany balances held with related parties comprised:

	2005		2004	
	Owed to US\$'000	Owed by US\$'000	Owed to US\$'000	Owed by US\$'000
Cantor Fitzgerald Europe	262	-	333	-
BGC International	-	742	-	1,000
BGC International LP	-	332	-	-
BGC Capital Markets LP	-	1	-	-
MIS Brokers Limited	15	-	-	-
	<u>277</u>	<u>1,075</u>	<u>333</u>	<u>1,000</u>

There are no other related party transactions or balances requiring disclosure under FRS 8 – Related Party Disclosures.

### 12. REGISTERED OFFICE

The registered office of Tower Bridge Securities Limited is One America Square, London, EC3N 2LS. The company is incorporated in Great Britain and registered in England and Wales.

### 13. PARENT COMPANIES

The immediate parent company and the smallest group into which the company is consolidated is BGC International, a company incorporated in Great Britain and registered in England and Wales. The consolidated financial statements of BGC International are publicly available from Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate parent, controlling company and largest group into which the company is consolidated is Cantor Fitzgerald L.P. an entity registered in the United States of America.