

Registered number: 01976691

BGC INTERNATIONAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017



BGC INTERNATIONAL

COMPANY INFORMATION

DIRECTORS	Mr J. R. Lightbourne Mr S. R. McMurray Mr S. A. Windeatt
COMPANY SECRETARY	Mr R. M. Snelling
REGISTERED NUMBER	01976691
REGISTERED OFFICE	One Churchill Place Canary Wharf London E14 5RD
INDEPENDENT AUDITOR	Ernst & Young LLP 25 Churchil Place Canary Wharf London E14 5EY

BGC INTERNATIONAL

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their report and the financial statements of BGC International ('BGCI' or the 'Company') for the year ended 31 December 2017.

BGCI, an unlimited company incorporated under the laws of England and Wales, is part of the global BGC Partners, Inc. group ('BGC Group'), which is comprised of BGC Partners, Inc. and its subsidiaries. BGC Partners, Inc. is part of the Cantor Fitzgerald, LP group ('Cantor Group'), which is comprised of Cantor Fitzgerald, LP, and its subsidiaries.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to US\$2,146k (2016: US\$582k).

DIRECTORS

The directors who served during the year were:

Mr J. R. Lightbourne
Mr S. R. McMurray
Mr S. A. Windeatt

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development and position, are set out in the Business Review section of the Strategic Report. In addition, note 18 to the financial statements includes the Company's objectives, policies and processes around risk management, including credit, market, interest rate, liquidity, foreign exchange, operational and capital risks.

The Company participates in the BGC Group's centralised treasury arrangement, which manages liquidity on a daily basis, through which the Company has access to sufficient liquid assets to meet its liabilities as they fall due.

The directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for at least 12 months from the date of approval of these financial statements. The Company will continue to earn interest on its deposits and dividend income on its investments. As such, the financial statements continue to be prepared on the going concern basis.

QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

The Company has granted an indemnity to its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in section 234 of the Companies Act 2006. Such qualifying third party indemnity provision remains in force at the date of approving the Directors' Report.

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who was a director at the time when this Directors' Report is approved has confirmed that:

- so far as they is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- they has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

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**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

AUDITORS

Under section 487(2) of the Companies Act 2006, Ernst & Young LLP will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the Board and signed on its behalf.


Mr S. R. McMurray
Director
Date:
09/08/2018

BGC INTERNATIONAL

STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2017

INTRODUCTION

The BGC Group is a leading global brokerage servicing the financial and real estate markets.

The Company's principal activity is an investment holding company and the Company earns income from its fixed asset investments.

BUSINESS REVIEW

BGC International is solely an investment holding company. The directors regard profit before tax US\$2,450k (2016: US\$585k) and the underlying value of its investments US\$35,928k (2016: US\$16,452k) as the key performance indicators of the business.

Investments

The Company purchased an additional 66,588 ordinary shares between October to November 2017 in LCH Group Holdings Limited at a cost of €24 per share for a total consideration of €1,598k (US\$1,919k).

Employee Benefit Trusts

During the year, the Company started proceedings to wind up two employee benefit trusts that in prior years it had contributed funds into. As part of that process, an amount of the funds was returned to the Company which intends to settle on behalf of the trust the remaining amounts payable to the beneficiaries of the trust.

Financial Performance

The profit for year amounted to US\$2,146k (2016: US\$582k). Income for the year arose from dividends from investments which amounted to US\$558k (2016: US\$726k) and a release of two liabilities. One being taxes on forgivable loans which amounted to US\$1,218k (2016: NIL) and the other being a release of an accrual for Nigerian warrants amounting to US\$665k (2016: NIL).

The total comprehensive income for the year is a profit of US\$17,045k (2016: loss of US\$83k) which includes a gain before tax of US\$17,557k (2016: loss of US\$897k) related to the revaluation of available for sale investments. A significant proportion of the increase in revaluation for the unlisted investment was formed by the increase in share price of LCH Group Holdings. This was originally valued at €10 per share, however the recent acquisition of further shares was at €24 per share.

Future Developments

The Company intends to continue as an investment holding company for the foreseeable future and will continue to earn income from its investments.

POST BALANCE SHEET EVENTS

On the 9th of March 2018, the Company purchased an additional 21,836 shares in LCH Group Holdings Limited at a cost of €24 per share for a total consideration of €524K EUR (\$629K USD).

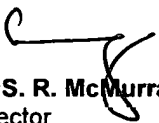
PRINCIPAL RISKS AND UNCERTAINTIES

The Company faces credit, foreign exchange, liquidity, interest rate, operational and capital risks in the course of its normal business. The directors place reliance on the BGC Group's Risk Management function to manage and monitor risks as well as other related matters, and receive reports on specific risks that affect the Company. The Company relies on the policies and procedures established by the BGC Group to mitigate its exposure to the aforementioned risks. See note 18 to the financial statement for further details.

BGC INTERNATIONAL

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2017**

This report was approved by the Board and signed on its behalf by:


Mr S. R. McMurray
Director
Date: 09/08/2018

BGC INTERNATIONAL

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and 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 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BGC INTERNATIONAL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BGC INTERNATIONAL

Opinion

We have audited the financial statements of BGC International for the year ended 31 December 2017 which comprise the Statement of Comprehensive Income, the Statement of Financial Position the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2017 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other Information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

BGC INTERNATIONAL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BGC INTERNATIONAL (CONTINUED)

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

BGC INTERNATIONAL

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BGC INTERNATIONAL (CONTINUED)

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

Ernst & Young LLP

James Hitchings (Senior Statutory Auditor)

for and behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 09/02/2018

BGC INTERNATIONAL

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	2017 US\$000	2016 US\$000
Income from fixed asset investments	3	558	726
Other income		1,883	-
Total Income		<u>2,441</u>	<u>726</u>
Administrative expenses	6	(26)	(122)
Operating profit	6	<u>2,415</u>	<u>604</u>
Interest receivable and similar income	7	35	-
Interest payable and expenses	8	-	(19)
Profit before tax		<u>2,450</u>	<u>585</u>
Tax on profit	9	(304)	(3)
Profit for the financial year		<u>2,146</u>	<u>582</u>
Other comprehensive income / (loss) for the year			
Revaluation of available for sale investments	10	17,557	(897)
Deferred tax (charge) /credit on revaluation of available for sale investments	9	(2,658)	232
Other comprehensive income / (loss) for the year		<u>14,899</u>	<u>(665)</u>
Total comprehensive income/ (loss) for the year		<u>17,045</u>	<u>(83)</u>

The notes on pages 12 to 28 form part of these financial statements.

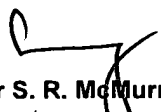
All amounts relate to continuing operations.

BGC INTERNATIONAL
REGISTERED NUMBER: 01976691

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2017

	Note	2017 US\$000	2016 US\$000
Fixed assets			
Investments	10	35,928	16,452
		<u>35,928</u>	<u>16,452</u>
Current assets			
Debtors: amounts falling due within one year	11	114	6,401
Cash at bank and in hand		7,658	430
		<u>7,772</u>	<u>6,831</u>
Creditors: amounts falling due within one year	12	(2,562)	(1,848)
		<u>5,210</u>	<u>4,983</u>
Net current assets		<u>5,210</u>	<u>4,983</u>
Total assets less current liabilities		<u>41,138</u>	<u>21,435</u>
Creditors: amounts falling due after one year			
Provision for liabilities	13	(3,763)	(1,105)
		<u>(3,763)</u>	<u>(1,105)</u>
Net assets		<u>37,375</u>	<u>20,330</u>
Capital and reserves			
Called up share capital	14	19,308	19,308
Revaluation reserve		20,279	5,380
Retained earnings		(2,212)	(4,358)
Total shareholders' funds		<u>37,375</u>	<u>20,330</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


Mr S. R. McMurray
 Director

Date: 09/08/2018

The notes on pages 12 to 28 form part of these financial statements.

BGC INTERNATIONAL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2017

	Called up share capital	Revaluation reserve	Retained earnings	Total shareholders' funds
	US\$000	US\$000	US\$000	US\$000
At 1 January 2017	19,308	5,380	(4,358)	20,330
Comprehensive income for the year				
Profit for the year	-	-	2,146	2,146
Other comprehensive income	-	14,899	-	14,899
At 31 December 2017	19,308	20,279	(2,212)	37,375

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

	Called up share capital	Revaluation reserve	Retained earnings	Total shareholders' funds
	US\$000	US\$000	US\$000	US\$000
At 1 January 2016	19,308	6,045	(4,940)	20,413
Comprehensive income for the year				
Profit for the year	-	-	582	582
Other comprehensive loss	-	(665)	-	(665)
At 31 December 2016	19,308	5,380	(4,358)	20,330

The notes on pages 12 to 28 form part of these financial statements.

BGC INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

1. STATEMENT OF COMPLIANCE

BGC International (the "Company" or "BGCI") is an unlimited company, registered in England and Wales. Its registered office is 1 Churchill Place, London, E14 5RD. The principal accounting policies for the Company are summarised below. They have all been applied consistently throughout the year and preceeding year.

2. ACCOUNTING POLICIES

2.1 Basis of preparation and change in accounting policy

The financial statements have been prepared under the historical cost convention on the basis that the Company is a going concern unless otherwise specified within these accounting policies and in accordance with UK GAAP, including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006, and, where applicable, with International Accounting Standard 39 (IAS 39).

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

2.2 Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires the directors of the Company to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and amounts reported for revenues and expenses during the year. However, the nature of estimation means the actual outcome could differ from those estimates.

The Company has identified the following judgement:

Investments

Management estimate the fair value of the unlisted available for sale investments that the Company holds. The fair value is based on the latest available price of the investment.

2.3 Consolidation exemption

BGCI has not prepared consolidated financial statements. Paragraph 9.3 of FRS 102 permits the Company to apply the exemption, as outlined in section 401 of the Companies Act 2006, in not preparing consolidated financial statements. BGCI and its subsidiaries are included in the publicly available consolidated financial statements of BGC Partners, Inc.

2.4 Exemptions Applied

As a qualifying entity under FRS 102, the Company has taken advantage of the exemption in section 1.11-1.12 from preparing a cash flow statement and the requirement of section 33.7 to disclose key management personnel compensation. The BGC Group prepares publicly available consolidated financial statements including a cash flow statement which are intended to give a true and fair view of the assets, liabilities, financial position, profit or loss and cash flows and the Company is included in the BGC Group's consolidated financial statements

2.5 Functional and presentation currency

The financial statements are prepared in US Dollars, which is the currency of the primary economic environment in which the Company operates, and are rounded to the nearest US\$'000.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.6 Foreign currencies

Transactions in currencies other than US Dollars are recorded at the average rate for the month in which the transactions occurred.

Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the exchange rates ruling at the balance sheet date. Translation differences are recognised in the Statement of Comprehensive Income.

	31 December 2017	31 December 2016
GBP	1.353	1.236
EUR	1.127	1.055

2.7 Income from fixed asset investments

Investment income is recognised when the right to receive payment is established to the extent that economic benefits will flow to the Company and the investment income can be reliably measured.

2.8 Investment in associated undertakings

Investments in associated undertakings are stated at cost less any impairment. They are reviewed for impairment at least annually or whenever events or circumstances indicate that the carrying amount may not be recoverable.

2.9 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.

2.10 Deferred taxation

Deferred tax is recognised in respect of all timing differences, which occur between the Company's taxable profits and total comprehensive income, arising from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax assets are only recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

2.11 Financial instruments

Recognition

The Company determines the classification of its financial instruments at initial recognition depending on the purpose for which the financial instruments were acquired and their characteristics, in accordance with the categories outlined below. When financial instruments are recognised initially, they are measured at fair value.

Determination of fair value

Fair value is determined by reference to third party market values where available. Where the Company has assets and liabilities with offsetting market risks, mid-market prices have been used as a basis for establishing the fair values of those positions. Bid prices are used for long positions and offer prices for short positions.

Where there is no underlying active market, the fair value is determined using proprietary pricing models which apply appropriate valuation techniques and consider the impact of post period end settlement prices.

The Limited Partnership uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

(i) Financial instruments at amortised cost

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These amounts are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying value and the estimated future cash flows deriving from the continued use of that asset and discounted if the effect is material.

(ii) Financial instruments at fair value through comprehensive income

Financial instruments classified as held for trading or designated as such on inception, are included in this category and relate to currency swap derivative financial instruments within trade debtors and trade creditors as shown in the Statement of Financial Position. Financial instruments are classified as held for trading if they are acquired for the purpose of reselling.

The financial instruments are initially recognised at fair value on the date on which a contract is entered into. They are subsequently carried in the Statement of Financial Position at fair value with gains or losses recognised in the Statement of Comprehensive Income.

(iii) Available for sale investments

Available for sale investments are those non-derivative financial assets that are designated as available for sale or cannot be classified in any of the two preceding categories and are initially recognised at fair value. Gains and losses arising from the changes in fair value are recognised in

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

2. ACCOUNTING POLICIES (continued)

other comprehensive income via the available for sale reserve until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss is recognised and is included in the profit and loss account for the period, the available for sale reserve having first been reversed. Available for sale investments in equity instruments that do not have a quoted market price in an active market or whose fair value cannot be reliably measured, are measured at cost. When the investment is disposed of, the cumulative gain or loss previously recognised in the Statement of Comprehensive Income under other operating income or other operating expenses.

Dividends earned whilst holding available for sale investments are also recognised in the Statement of Comprehensive Income.

Derecognition

A financial asset is considered for derecognition when the contractual rights from the financial asset expire, or when the contractual right to benefit from the future cash flow of that asset has been transferred. The Company derecognises a financial asset when it substantially transfers all the risks and rewards of ownership.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. In circumstances where a financial liability is replaced by the same lender yet the contractual terms are substantially different or modified, the original financial liability will be derecognised at the point of contractual exchange and the new financial liability recognised.

Impairment of financial assets not held at fair value through profit and loss

The Company assesses at each Statement of Financial Position date, whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset is considered impaired if, there is objective evidence of impairment as a result of one or more loss events that occurred after the initial recognition of the asset and prior to the Statement of Financial Position date. In addition, evidence of impairment requires that loss event to have had an impact on the estimated future cash flows of the financial asset that can be reliably estimated.

The recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks to the specific asset. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the Statement of Comprehensive Income.

2.12 Interest income and expenses

Interest income and expense is recognised in the Statement of Comprehensive Income, using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash flows through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset or liability.

2.13 Provisions

Provisions are recognised when the Company has a present obligation, legal or constructive, arising from a past event that is measurable and it is probable that an outflow of economic benefits will be required to settle that obligation. Provisions are measured at the Company's best estimate of the expenditure required to settle the obligation at the balance sheet date taking into account relevant risks and uncertainties and they are discounted to present value. The discount rate used reflects current market assessments of the time value of money and the risks specific to the liability.

BGC INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

2. ACCOUNTING POLICIES (continued)

2.14 Operating leases

Rental expenses and sub lease rental income under operating leases (where applicable) are recognised within the Statement of Comprehensive Income on a straight line basis over the lease term.

3. INCOME FROM FIXED ASSET INVESTMENTS

	2017 US\$000	2016 US\$000
Dividend income on equity investments	554	559
Income from investments	4	167
	<u>558</u>	<u>726</u>

4. OTHER INCOME

	2017 US\$000	2016 US\$000
Release of other creditors and other taxation and social security	1,218	-
Release of trade creditors	665	-
	<u>1,883</u>	<u>-</u>

During the year, the Company released amounts accrued in previous periods relating to forgivable loans and trade creditors.

5. DIRECTORS' AND EMPLOYEES

The Company had no employees during 2017 or 2016.

	2017 US\$000	2016 US\$000
Directors' remuneration	2	2
Remuneration of the highest paid director	1	1

Directors' remuneration for 2017 and 2016 was borne by a fellow BGC Group entity and not recharged to the Company.

BGC INTERNATIONAL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****6. OPERATING PROFIT**

The operating profit is stated after charging:

	2017 US\$000	2016 US\$000
Foreign exchange loss	39	16
	<hr/>	<hr/>

Fees payable to the Company's auditors:

Fees payable to the Company's auditor for the audit of Company's annual financial statements

41	41
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The auditor's remuneration for 2017 and 2016 was borne by a fellow BGC Group entity and not recharged to the Company. No other fees were paid to the auditor in relation to the Company (2016: US\$nil).

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 US\$000	2016 US\$000
Other interest receivable	35	-
	<hr/>	<hr/>
	35	-
	<hr/>	<hr/>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2017 US\$000	2016 US\$000
Unwinding of discount on onerous lease provision	-	19
	<hr/>	<hr/>
	-	19
	<hr/>	<hr/>

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

9. TAXATION

	2017 US\$000	2016 US\$000
(i) Tax on profit on ordinary activities:		
Analysis of tax charge/(credit) in the year:		
Current tax:		
UK corporation tax on profits for the period	301	-
Adjustment in respect of prior periods	3	3
Current tax charge/(credit) for year	304	3
Tax on profit on ordinary activities	304	3
(ii) Tax on other comprehensive income:		
Deferred tax:		
Deferred tax current year charge/(credit)	2,658	(232)
Tax charge/(credit) on other comprehensive income	2,658	(232)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

9. TAXATION (continued)

Factors affecting tax charge for the year

The charge for the year can be reconciled to the profit per the Statement of Comprehensive Income as follows:

	2017 US\$000	2016 US\$000
Profit on ordinary activities before tax	2,450	585
	<hr/>	<hr/>
Tax on profit at standard UK tax rate of 19.25% (2016: 20%)	472	117
Effects of:		
Income not taxable	(107)	(106)
Losses carried forward	(64)	20
Adjustment from previous periods	3	3
Partnership losses	-	(31)
	<hr/>	<hr/>
Current tax charge/(credit) for the year	304	3
	<hr/> <hr/>	<hr/> <hr/>

Factors that may affect future tax charges

The effective statutory corporation tax rate for the year ended 31 December 2017 is 19.25%. Finance Act 2016 which was substantively enacted on 6 September 2016 confirmed that the rate of corporation tax will reduce to 19.00% from 1 April 2017 and to 17.00% from 1 April 2020. An 18.00% rate has been applied to calculate the deferred tax liability as at 31 December 2017.

BGC INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

10. INVESTMENTS

	Investments in associated undertakings US\$000	Available for sale investments - Listed US\$000	Available for sale investments - Unlisted US\$000	Total US\$000
Cost or valuation				
At 1 January 2017	369	171	15,912	16,452
Additions	-	-	1,919	1,919
Revaluations	-	42	17,515	17,557
Net book value				
At 31 December 2017	369	213	35,346	35,928
At 31 December 2016	369	171	15,912	16,452

Available for sale investments

The carrying value of unlisted available for sale investments held at cost less impairment is US\$30k (2016: US\$30k), all other available for sale investments, listed and unlisted, are carried at fair value.

A significant proportion of the increase in revaluation for the unlisted investment was formed by the increase in share price of LCH Group Holdings. This was originally valued at €10 per share, however the recent acquisition of further shares was at €24 per share. This represents the most recent arm's length market transaction between "knowledgeable, willing parties" for the use of fair value valuation.

Investments in associated undertakings includes capital contributions to the following limited partnership:

Name	Holding	Nature of business	Country	Registration
BGC International LP	77.0%	Servicing entity	U.K.	England and Wales

As per the partnership agreement, BGCI has a non-controlling interest in BGC International LP and therefore it is not consolidated into the Company's financial statements. Under the partnership agreement, BGCI is entitled to 0.01% of the retained surplus of BGC International LP. Any losses are fully allocated to other partners' capital in the first instance. Once the other partners' capital has been fully utilised to absorb losses, any remaining losses incurred by BGC International LP are charged against BGC International's capital account.

BGC INTERNATIONAL**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****11. DEBTORS**

	2017 US\$000	2016 US\$000
Trade debtors	11	28
Amounts owed by group companies	-	2,980
Other debtors	103	3,308
Corporation tax receivable	-	85
	<u>114</u>	<u>6,401</u>

The directors consider the carrying value of debtors approximates to their fair value.

During the year, other debtors decreased as an amount of funds was returned to the Company from two employee benefit trusts.

Amounts owed by group undertakings are unsecured, non-interest bearing and payable on demand.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 US\$000	2016 US\$000
Trade creditors	15	664
Amounts owed to group undertakings	1,382	-
Corporation tax	209	-
Other taxation and social security	-	352
Other creditors	941	815
Accruals and deferred income	15	17
	<u>2,562</u>	<u>1,848</u>

The directors consider the carrying value of creditors falling due within one year approximates to fair value.

BGC INTERNATIONAL

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2017

13. PROVISIONS FOR LIABILITIES

	2017 US\$000	2016 US\$000
At 1 January	1,105	1,337
Provided during the year	2,658	(232)
As at 31 December	3,763	1,105

Deferred tax provision

The provision for deferred tax has been calculated in relation to the revaluation of the available for sale investment using the tax rate applicable in the year. The net timing differences between taxable profits and accounting profits, that have arisen as a result of the inclusion of the revaluation of available for sale investment, are recognised within the other comprehensive income.

14. SHARE CAPITAL

	2017 US\$000	2016 US\$000
Shares classified as equity		
Allotted, called up and fully paid		
11,280,806 (2016: 11,280,806) Ordinary shares of £1 each	19,308	19,308

15. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemption in FRS 102 not to disclose transactions with other BGC Group entities that are directly or indirectly wholly owned by BGC Partners, Inc., whose financial statements are publicly available. BGC Partners, Inc. is partially owned by Cantor Fitzgerald, LP, the ultimate controlling party of the BGC Group.

During the year, the Company did not enter into any transactions, in the ordinary course of business with other members of the Cantor Group therefore was charged NIL (2016: US\$1k).

The Company enters into derivative transactions with Cantor Fitzgerald Europe, details of which are provided in note 16. Related party transactions requiring disclosure are as follows:

	2017 US\$000	2016 US\$000
Amount due from / (payable to) related party		
Entities with control over the Company	(1,382)	2,980
Other affiliated entities	-	1,000
	(1,382)	3,980

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

16. DERIVATIVE FINANCIAL INSTRUMENTS

The Company utilises the following derivative instruments for funding purposes:

	Contract or underlying principal amount US\$000	Fair Value Asset US\$000	Fair Value Liability US\$000
2017			
Currency swaps	4,637	2	(9)
Forward contracts	2,213	-	(15)
	<u>6,850</u>	<u>2</u>	<u>(24)</u>
	Contract or underlying principal amount US\$000	Fair Value Asset US\$000	Fair Value Liability US\$000
2016			
Currency swaps	3,094	28	-
Forward contracts	-	-	-
	<u>3,094</u>	<u>28</u>	<u>-</u>

Changes in the fair value of the financial assets and liabilities are recorded within administrative expenses in the Statement of Comprehensive Income.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following fair value measurement hierarchy is used for financial statements that are measured in the Consolidated Statement of Financial Position at fair value:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities;

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly; and

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	2017 US\$000	2016 US\$000
Level 1		
Listed available for sale investments	213	171
Total Level 1	<u>213</u>	<u>171</u>
Level 2		
Derivative financial instruments - assets	2	28
Derivative financial instruments - liabilities	(24)	-
Unlisted available for sale investments	31,995	-
Total Level 2	<u>31,973</u>	<u>28</u>
Level 3		
Unlisted available for sale investments	3,351	15,912
Total Level 3	<u>3,351</u>	<u>15,912</u>
Total	<u><u>35,537</u></u>	<u><u>16,111</u></u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

17. FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

Derivative financial instruments

The currency swaps are derivative financial instruments valued using a valuation technique with market observable inputs. The valuation technique uses forward pricing and swap models applying present value calculations. The model incorporates various inputs including the credit quality of counterparties, foreign exchange spot and forward rates and interest rate curves.

Derivative financial assets and liabilities are held at the net fair value at counterparty level. The net fair value of the derivative financial assets and liabilities, if a total asset, is included in other debtors (see note 11) and is designated as fair value through P&L financial assets. The net fair value of the derivative financial assets and liabilities, if a total liability, is included in other creditors (see note 12) and is designated as fair value through P&L.

Available for sale investments

Listed available for sale investments are held at fair value and valued using quoted market prices. Unlisted available for sale investments held at fair value are valued using the last traded price of the investment.

The following table shows a reconciliation of the opening and closing amount of level 3 financial assets and liabilities which are recorded at fair value:

	At 1 January 2017 US\$000	Additions at cost US\$000	Transfer out to Level 2 US\$000	Gain recorded in reserves US\$000	At 31 December 2017 US\$000
Financial investments available-for-sale					
Unlisted equity investments	15,912	1,919	(31,995)	17,515	3,351
	<u>15,912</u>	<u>1,919</u>	<u>(31,995)</u>	<u>17,515</u>	<u>3,351</u>

In the table above US\$31,995k was reclassified to fair value level 2 (2016: reported as level 3 in terms of fair value hierarchy) as there is recent transactional information.

The revaluation of level 3 financial instruments is recognised in Total Comprehensive Income and recorded in the available for sale reserve. The sensitivity of the level 3 investments' carrying value has been determined by varying key inputs to the valuation model. For unquoted equity investments, the Company considered the effect of a movement in the fair value by 10%, which is considered by the Company to be a reasonably possible alternative assumption. The carrying value of the level 3 investments would change by US\$335k (2016: US\$1,591k) for a 10% movement in the net assets of the underlying companies.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. RISK MANAGEMENT

Risk is inherent in the Company's activities but is carefully managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and controls. This process of risk management is critical to the Company's continuing business. The Company is exposed to credit, market, foreign exchange, interest rate, liquidity, operational and capital risks in the course of its normal business.

BGC Group entities are exempt from preparing certain of the FRS 102 (Financial Instruments Disclosures) disclosures because of equivalent disclosures in the consolidated financial statements of BGC Partners, Inc., which are publicly available.

The directors place reliance on the BGC Group's Risk Management function and receive reports on specific risks affecting the Company.

Credit Risk

Credit risk is the risk of loss from a customer default. As the Company acts as an investment holding company, its credit risk is mitigated because it does not trade. The directors do not consider the receivables to be past due or impaired and that the carrying value of the financial assets best represents the maximum credit risk exposure at the balance sheet date.

Market Risk

The Company faces market price risk arising from uncertainties about future values in respect of its available for sale investments. The effect of a 10% movement in the underlying valuation of its listed and unlisted available for sale investments, assuming all other factors remain constant, would be a US\$3,556k (2016: US\$1,608k) change in shareholders' funds. There would be no material impact on comprehensive income unless a decline in valuation was prolonged and an investment's carrying value exceeded its recoverable amount.

Foreign Exchange Risk

The Company is exposed to risk associated with changes in foreign exchange rates. Changes in the translation of the Company's monetary net assets are recorded as part of its operating results and fluctuate with changes in exchange rates.

Based on the Statement of Financial Position, a 1% foreign exchange movement for all non-US currencies against the US Dollar, with all other variables held constant, would result in an increase or decrease in the profit and loss account and a corresponding increase or decrease in shareholders' funds as at the balance sheet date by US\$288k (2016: US\$83k).

Liquidity Risk

Liquidity risk is the risk that the Company does not have sufficient financial resources to meet its obligations when they fall due, or will have to do so at excessive cost. Liquidity risk can arise from mismatching in the timing of cash flows.

Aside from net current assets, the remainder of the assets tend to be investments and loans to associated undertakings, which are illiquid and are funded by share capital.

As at 31 December 2017, the Company had non-derivative financial liabilities with maturities of less than 1 year totaling US\$1,412k (2016: US\$681k). Derivative financial instruments are settled within one year of the balance sheet date on a net basis and are included in trade debtors and trade creditors, dependant on the total net fair value.

The Company has sufficient liquid assets to meet its liabilities as they fall due. Liquidity is managed on a day-to-day basis by the BGC Group treasury department, and the Company participates in the BGC Group's centralised treasury arrangement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017**

18. RISK MANAGEMENT (continued)

Interest rate risk profile of financial assets and liabilities

Certain financial assets and liabilities of the Company are exposed to interest rate changes as a result of contractual re-pricing. The carrying value of interest bearing monetary assets and liabilities have been classified according to the earliest date at which the interest rate may change:

	Less than 1 year US\$000	Non-interest bearing US\$000	Total US\$000
31 December 2017			
Cash at bank and in hand	7,658	-	7,658
Amounts owed by other group undertakings	-	(1,382)	(1,382)
Other financial assets	-	114	114
Other financial liabilities	-	(971)	(971)
Total	7,658	(2,239)	5,419
31 December 2016			
Cash at bank and in hand	430	-	430
Amounts owed by other group undertakings	-	2,980	2,980
Other financial assets	-	3,336	3,336
Other financial liabilities	-	(681)	(681)
Total	430	5,635	6,065

Other financial assets and liabilities include other debtors and accruals and deferred income, details of which can be found in notes 11 and 12.

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments. The intercompany loans are carried at amortised cost and are issued and redeemed at par with maturity in less than five years and are therefore not affected by any significant interest rate risk. Given that the Company's only other interest bearing asset is cash and that it has no interest bearing liabilities at the year end, the impact of an adverse movement in interest rates on the future cash flow of the entity is expected to be immaterial given the current low interest rates (2016: immaterial).

Operational Risk

Operational risk is the risk of loss, resulting from inadequate or failed internal processes, people and systems, or from external events. When controls fail to perform, operational risks can cause damage to reputation, have regulatory and legal implications or lead to financial loss. The Company cannot expect to eliminate all operational risks, but by implementing a rigorous control framework and by monitoring and responding to potential risks, the Company is able to manage the risks. Controls include effective segregation of duties, access controls, authorisation controls, reconciliation procedures, various assessment processes and the use of Internal Audit.

The Company has placed reliance on the Risk Management Function of the BGC Group to establish comprehensive control and governance structures to ensure that the risks faced by the BGC Group are managed carefully.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017****18. RISK MANAGEMENT (continued)****Capital Risk Management**

The Company maintains an adequate capital base to cover risks inherent in the business. The primary objective of the Company's capital risk management is to ensure that the Company will be able to continue as a going concern. The capital structure consists of called up share capital, as disclosed in note 14, the revaluation reserve and retained earnings, as disclosed in the Statement of Changes in Equity.

The Company manages its capital structure and makes adjustments to it in light of economic conditions and the risk characteristics of its activities. In order to maintain or adjust the capital structure, the Company may adjust the amount of distributions paid or request additional capital contributions from its parent entity.

	2017 US\$000	2016 US\$000
Called up share capital, available for sale reserve and retained earnings	37,375	20,330

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent and controlling party is BGC International Holdings, LP, which is registered in the United States of America. The ultimate controlling party is Cantor Fitzgerald, LP, which is registered at 499 Park Avenue, New York, NY 10022, United States of America.

The smallest group to make its financial statements publicly available into which the results of the Company are consolidated is BGC European Holdings LP, a limited partnership registered in England and Wales. The largest group into which the results of the Company are consolidated is Cantor Fitzgerald, L.P.

20. SUBSEQUENT EVENTS

The Company purchased an additional 21,836 shares in LCH Group Holdings Limited at a cost of €24 per share for a total consideration of €524K EUR (\$629K USD) in March 2018.