

CANTOR FITZGERALD (GILTS) LIMITED

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27TH MARCH 1992

COMPANY REGISTRATION NUMBER: 2505767



CANTOR FITZGERALD (GILTS) LIMITED

DIRECTORS' REPORT

The directors have pleasure in presenting their report and the financial statements for the year ended 27th March 1992.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a member of the Securities and Futures Authority and of The Stock Exchange.

The company acts as an inter-dealer broker in Gilts and intends to continue in this activity.

RESULTS AND DIVIDENDS

The company made a loss of £173,567 in the financial year ended 27th March, 1992 (1991 - £281,572).

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who held office during the year were:

Mr D.T. Gardner	Appointed on 19/03/92
Mr A.F. Goldman	
Mr J.J. Hogan	Appointed on 25/09/91
Mr M.F. Howard	Resigned on 25/09/91
Mr J. Kiddy	
Mr H. Lutnick	
Mr J.A. Malvasio	
Mr H. Needleman	
Mr A. Pover	Appointed on 25/09/91
Mr R.L. Turner	

Mr G. Grossman was appointed as a director of the company on 14/05/92.

The directors had no interest in the shares of the company at the beginning or at the end of the financial year.

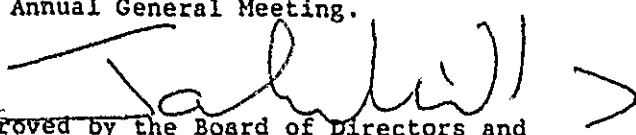
The company is not required to show directors' interests in its immediate and ultimate parent companies incorporated outside Great Britain.

CANTOR FITZGERALD (GILTS) LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

A resolution to re-appoint Touche Ross & Co. as auditors will be proposed at the Annual General Meeting.


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

24th June, 1992

**Touche
Ross**



Chartered Accountants

Touche Ross & Co.
Peterborough Court
133 Fleet Street
London EC4A 2TR

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**AUDITORS' REPORT TO THE MEMBERS OF
CANTOR FITZGERALD (GILTS) LIMITED**

We have audited the financial statements on pages 4 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 27th March 1992 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross

Chartered Accountants and Registered Auditor
24th June, 1992

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**Deloitte Touche
Tohmatsu
International**

Aberdeen, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Coleraine, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham and Southampton.

Principal place of business at which a list of partners' names is available:
Peterborough Court, 133 Fleet Street, London EC4A 2TR

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

CANTOR FITZGERALD (GILTS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 27th MARCH 1992

	Notes	1992 £	24th May 1990 to 29th March 1991 £
TURNOVER	2	27,179,438,674	5,993,616,100
TOTAL EXPENSES		27,179,679,187	5,994,057,697
OPERATING LOSS	3	(240,513)	(441,597)
Interest receivable	5	301,211	112,966
Interest payable	6	258,210	59,057
Loss before gain on foreign currency translation		(197,512)	(387,688)
Gain on foreign currency translation		0	10,389
Loss on ordinary activities before taxation		(197,512)	(377,299)
Tax credit on loss on ordinary activities	7	23,945	95,727
LOSS FOR THE FINANCIAL YEAR		(173,567)	(281,572)
Profit and loss account brought forward		(281,572)	0
Profit and loss account carried forward		£ (455,139) £	(281,572)

CANTOR FITZGERALD (GILTS) LIMITED

BALANCE SHEET AT 27th MARCH 1992

	Notes	1992	1991
		£	£
FIXED ASSETS			
Tangible assets	8	454,520	439,727
CURRENT ASSETS			
Debtors	9	69,976	149,236
Cash at bank and in hand		2,696,682	2,703,270
		2,766,658	2,852,506
CURRENT LIABILITIES			
Creditors - amounts falling due within one year	10	176,317	73,805
NET CURRENT ASSETS		2,590,341	2,778,701
TOTAL ASSETS LESS CURRENT LIABILITIES		3,044,861	3,218,428
Creditors - amounts falling due after more than one year	10	1,000,000	1,000,000
		2,044,861	2,218,428
CAPITAL AND RESERVES			
Called-up share capital	11	2,500,000	2,500,000
Profit and loss account		(455,139)	(281,572)
		2,044,861	2,218,428

The financial statements were approved by the board of directors on 24th June, 1992.

John Kiddy

Robert Turner

Signed on behalf of the Board of Directors.

CANTOR FITZGERALD (GILTS) LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 27th MARCH 1992

NET CASH INFLOW FROM OPERATING ACTIVITIES

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Interest received
Interest paid

NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

TAXATION

Corporation tax recovered

TAX RECOVERED

INVESTING ACTIVITIES

Payments to acquire tangible fixed assets

Receipts from sales of tangible fixed assets

NET CASH OUTFLOW FROM INVESTING ACTIVITIES

NET CASH OUTFLOW BEFORE FINANCING

FINANCING

Issue of ordinary share capital
Receipt of subordinated loan

NET CASH INFLOW FROM FINANCING

(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENT

Notes	1992	24th May 1990 to 29th March 1991
	£	£
A.	60,577	(297,726)
	301,211 (258,210)	112,966 (59,057)
	43,001	53,909
	95,727	-
	95,727	-
	314,192 (108,299)	552,913
	(205,893)	(552,913)
	(6,588)	(796,730)
D.	0 0	2,500,000 1,000,000
	0	3,500,000
B.	£ (6,588)	£2,703,270

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 27th MARCH 1992

NOTES TO THE CASH FLOW STATEMENT

A. Reconciliation of operating profit to net cash inflow from operating activities

	1992	24th May 1990 to 29th March 1991
	£	£
Operating loss	(240,513)	(441,597)
Gain on foreign currency translation	-	10,389
Depreciation charges	188,701	113,186
Loss on sale of tangible fixed assets	2,399	-
Decrease/(increase) in debtors	7,478	(53,509)
Increase in creditors	102,512	73,805
NET CASH INFLOW FROM OPERATING ACTIVITIES	60,577	(297,726)

B. Analysis of changes in cash and cash equivalents during the year

	1992
	£
Balance at 30th March, 1991	2,703,270
Net cash (outflow)/inflow	(6,588)
Balance at 27th March, 1992	2,696,682

C. Analysis of the balances of cash and cash equivalents as shown in the balance sheet.

	1992	1991	Change in year
	£	£	£
Cash at bank and in hand	2,696,682	2,703,270	(6,588)
	2,696,682	2,703,270	(6,588)

D. Analysis of changes in financing during the year

	Share capital	Subordinated loan
	£	£
Balance at 30th March, 1991	2,500,000	1,000,000
Cash inflow from financing	-	-
Balance at 27th March, 1992	2,500,000	1,000,000

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 27th MARCH 1992

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies are described below.

a) Accounting Convention

The financial statements are prepared under the historical cost convention.

b) Foreign exchange

Profit and loss account items involving currencies other than Sterling are translated at the closing rate of exchange ruling in the month that the transaction occurred.

Monetary items in the balance sheet are translated at the rate of exchange ruling at the balance sheet date. Exchange differences are taken to the profit and loss account.

c) Tangible Fixed Assets

Depreciation is calculated to write off the cost of fixed assets over their estimated useful lives, at the following rates per annum:

Computer Equipment	15% to 22%
Motor Vehicles	33%
Equipment and Machinery and Office Furniture	15% to 22%

d) Operating Leases

Annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

e) Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

f) Penisons

See note 4.

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 27th MARCH 1992

2. TURNOVER

The company's income is derived from its principal activity which is acting as an inter-dealer broker in Gilts.

Turnover represents the value of transactions in respect of sales of Gilts.

3. OPERATING LOSS

	1992	24th May 1990 to 29th March 1991
	£	£
Operating loss is stated after charging :		
Depreciation of fixed assets	188,701	113,186
Auditors' remuneration	15,000	10,000
	=====	=====

4. DIRECTORS AND EMPLOYEES

	1992	24th May 1990 to 29th March 1991
	£	£
Staff costs during the year amounted to:		
Wages and salaries	1,028,559	329,618
Social security costs	114,137	33,176
Other pension costs	918	2,023
	=====	=====
	£ 1,143,614	£ 364,817
	=====	=====

The company operates a defined contribution pension scheme for certain employees. The pension cost charge represents contributions payable by the company to the scheme.

The average weekly number of persons (including directors) employed by the company during the year:

	1992	24th May 1990 to 29th March 1991
	Number	Number
Direct operating	17	9
	=====	=====

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 27th MARCH 1992

4. DIRECTORS AND EMPLOYEES (continued)

The directors received no remuneration for the year.

5. INTEREST RECEIVABLE

Bank interest

1992	24th May 1990 to 29th March 1991
£	£
301,211	112,966
£ 301,211	£ 112,966

6. INTEREST PAYABLE

Interest charged by group company

1992	24th May 1990 to 29th March 1991
£	£
258,210	59,057
£ 258,210	£ 59,057

7. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

United Kingdom Corporation tax at 33%
(1991 - 34%) based on the losses
for the year

1992	24th May 1990 to 29th March 1991
£	£
23,945	95,727
£ 23,945	£ 95,727

The amount recoverable is in respect of group relief which is available to the company.

Deferred Taxation

There is no deferred tax provision. There is no unprovided potential deferred tax.

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 27th MARCH 1992

8. TANGIBLE FIXED ASSETS

	Computer Equipment £	Motor Vehicles £	Equipment & Machinery £	Office Furniture £	Total £
COST					
At 30th March 1991	275,689	154,093	119,808	3,323	552,913
Additions	-	262,594	41,943	9,655	314,192
Disposals	-	(136,520)	-	-	(136,520)
At 27th March 1992	275,689	280,167	161,751	12,978	730,585
DEPRECIATION					
At 30th March 1991	41,353	51,374	19,961	498	113,186
Charge for year	60,652	93,735	32,134	2,180	188,701
Released on disposals	-	(25,822)	-	-	(25,822)
At 27th March 1992	102,005	119,287	52,095	2,678	276,065
NET BOOK VALUE					
At 30th March 1991 £	234,336 £	102,719 £	99,847 £	2,825 £	439,727
At 27th March 1992 £	173,684 £	160,880 £	109,656 £	10,300 £	454,520

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 27th MARCH 1992

9. DEBTORS

	1992	1991
	£	£
Amounts falling due within one year:		
Trade debtors	15,751	28,946
Other debtors	1,800	1,553
Corporation tax recoverable	23,945	95,727
Prepayments and accrued income	28,480	23,010
	£ 69,976	£ 149,236

Trade debtors includes amounts due from counterparties of £111,392,987 (1991 - £4,879,910) and amounts due to counterparties of £111,885,240 (1991 - £4,879,558).

10. CREDITORS

	1992	1991
	£	£
Amounts falling due within one year:		
Amount owed to parent company	89,115	29,968
Other creditors	18,500	7,146
Accruals and deferred income	68,702	36,691
	£ 176,317	£ 73,805

Amounts falling due after more than one year:
Amounts owed to group companies
Subordinated loan stock

£ 1,000,000	1,000,000
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Interest on the loan is charged each month at the Sterling LIBOR rate of Chase Manhattan Bank, London at that time

Repayment of the loan is subject to six months notice and the permission of The Bank of England. The loan agreement was dated 1 November 1990 and the loan may not be recalled within two years from the time when the loan was first made.

CANTOR FITZGERALD (GILTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 27th MARCH 1992

11. CALLED UP SHARE CAPITAL

	1992	1991
	£	£
Authorised:		
20,000,000 ordinary shares of £1 each	£ 20,000,000	£ 20,000,000
	*****	*****
Alotted and fully paid:		
2,500,000 ordinary shares of £1 each	£ 2,500,000	£ 2,500,000
	*****	*****

12. PARENT COMPANIES

The immediate parent company is Cantor Fitzgerald (UK) Limited, a company incorporated in Great Britain and registered in England and Wales. The financial statements of the group are available from Companies House, Crown Way, Cardiff CF4 3UZ.

The ultimate parent company is Cantor Fitzgerald Incorporated, a company incorporated in the United States of America.