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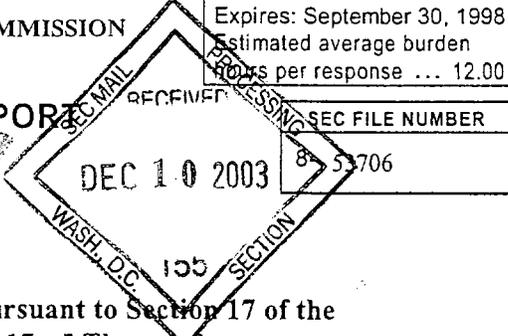
MISSION

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



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 10/1/02 AND ENDING 9/30/03
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

Gordian Knot Inc.

OFFICIAL USE ONLY
FIRM ID. NO.

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

410 Park Avenue - Suite 740

(No. and Street)

New York

NY

10022

(City)

(State)

(Zip Code)

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

Juliette Saisselin

212-897-4454

(Area Code - Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Pricewaterhouse Coopers LLP

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

1177 Avenue of the Americas

New York

NY

10036

(Address)

(city)

(State)

Zip Code)

CHECK ONE:

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

PROCESSED

DEC 23 2003

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THOMSON FINANCIAL

*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 240.174-5(e)(2).

SEC 1410 (3-91)

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917-18

OATH OR AFFIRMATION

I, Juliette Saisselin, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Gordian Knot Inc., as of November 20⁰³, 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:

Juliette Saisselin
Signature

President

Title

Karen A. Wilson
KAREN A. WILSON
Notary Public, State of New York
No. 314946714
Qualified in New York County
Commission Expires 2/6/2007

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

- (a) Facing page.
- (b) Statement of Financial Condition.
- (c) Statement of Income (Loss).
- (d) Statement of Cash Flows.
- (e) Statement of Changes in Stockholders' Equity Equity or Partners' or Sole Proprietor's 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.
- (o) Independent auditor's report on internal accounting control
- (p) Schedule of segregation requirements and funds in segregation - customers' regulated commodity futures account pursuant to Rule 171-5.

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

Gordian Knot Inc.
Statement of Financial Condition
September 30, 2003

This report is available for public inspection in accordance with Rule 17a-5(e)(3) under the Securities Exchange Act of 1934.

PricewaterhouseCoopers LLP
1177 Avenue of the Americas
New York NY 10036
Telephone (646) 471 4000
Facsimile (813) 286 6000

Report of Independent Auditors

To the Board of Directors and Shareholder of
Gordian Knot Inc.

In our opinion, the accompanying statement of financial condition presents fairly, in all material respects, the financial position of Gordian Knot Inc. at September 30, 2003, in conformity with accounting principles generally accepted in the United States of America. This financial statement is the responsibility of the Company's management; our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit of this statement in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

PricewaterhouseCoopers LLP

November 13, 2003

Gordian Knot Inc.
Statement of Financial Condition
September 30, 2003

Assets	
Cash	\$ 344,010
Due from Parent	225,653
Fixed assets, at cost, less accumulated depreciation of \$104,538	60,968
Leasehold deposit	504,390
Deferred tax asset	11,872
Other assets	33,301
Total assets	<u>\$ 1,180,194</u>
Liabilities and Shareholder's Equity	
Accounts payable and accrued expenses	\$ 116,902
Deferred rent	39,640
Income taxes payable	7,146
	<u>163,688</u>
Common stock, \$.01 par value, 10,000 shares authorized, issued and outstanding	100
Additional paid in capital	944,032
Retained earnings	72,374
	<u>1,016,506</u>
Total liabilities and shareholder's equity	<u>\$ 1,180,194</u>

The accompanying notes are an integral part of this statement of financial condition.

Gordian Knot Inc.
Notes to Statement of Financial Condition
September 30, 2003

1. Organization and Summary of Significant Accounting Policies

Description of Business

Gordian Knot Inc. ("Gordian" or the "Company") is a registered broker and dealer and a member of the National Association of Securities Dealers (NASD), and was incorporated in the State of New York in December 1998. The Company is a wholly owned subsidiary of Gordian Knot, Ltd. (the "Parent"), a private limited company incorporated under the laws of England and Wales. The Company was established to engage in brokerage activity in connection with the sale of securities to customers for which the Parent provides investment management services.

Use of Estimates

The preparation of the statement of financial condition 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 the disclosure of contingent assets and the disclosure of contingent assets and liabilities at the date of in the financial statement. Actual results could differ from the estimates included in the financial statement.

Fixed Assets

Fixed assets include furniture, office equipment and leasehold improvements. Depreciation of furniture is provided on a straight-line basis over their estimated useful lives, generally five years. Leasehold improvements are amortized on a straight-line basis over the lesser of their economic useful lives or the terms of the underlying leases. Office equipment includes computer hardware and software which is depreciated on a straight-line basis over a three-year period.

Income Taxes

The Company accounts for income taxes under the asset and liability method. Deferred income taxes are recognized for the tax consequences of temporary differences between the financial statement and tax bases of assets and liabilities. The Company has not established a valuation allowance for deferred tax assets as it has a history of profitable operations and management believes that the tax asset will be fully realized through future operating profits.

2. Related Party Transactions

Under a servicing agreement, the Parent pays a fee to the Company for its investor relations services to certain customers of the Parent equal to 105% of the expenses attributable to such activities, excluding income taxes. Due from Parent on the Statement of Financial Condition includes amounts due to the Company, not yet paid by the Parent under such agreement.

3. Fixed Assets

Fixed assets at September 30, 2003 consisted of the following:

Furniture and fixtures	\$	86,308
Office equipment		68,373
Leasehold improvements		10,825
Less: Accumulated depreciation and amortization		<u>(104,538)</u>
Fixed assets, net	\$	<u>60,968</u>

Gordian Knot Inc.
Notes to Statement of Financial Condition
September 30, 2003

4. Leasehold Deposit

The Company entered into a property rental lease on January 29, 2001 ("rental commencement date") for a term of eighty-six months which ends March 31, 2008. In connection with the Company's lease, the Company placed cash on deposit with the lessor in the amount of \$504,390 which is to be held in an interest bearing account. The lessor is entitled to an administration fee of 1% for the management of such interest bearing account. Provided the Company is not in default under the lease agreement, the deposit will be reduced by \$126,098 effective on the fourth anniversary of the rental commencement date. The deposit will further be reduced by \$126,098 on the fifth anniversary date of the rental commencement date.

5. Commitments

Facilities are leased under noncancelable lease agreements which require minimum annual rentals as follows:

Year ending September 30,	
2004	\$ 256,644
2005	261,096
2006	261,096
2007	261,096
Thereafter (through March 2008)	<u>130,548</u>
	<u>\$ 1,170,480</u>

The lease also contains provisions for escalation based on certain increases in costs incurred by the lessor.

The Company received a two-month rent abatement at the rental commencement date. Such abatement has been reflected as a liability in the Statement of Financial Condition and is amortized over the life of the lease to recognize such amounts ratably.

6. Defined Contribution Plan

The Company sponsors a defined contribution plan ("the Plan"). In accordance with the Plan, the Company matches nine percent of eligible gross annual wages and employees can invest up to 2% of their salary. Employer contributions vest immediately.

7. Net Capital Requirements

The Company is subject to the SEC's Uniform Net Capital Rule 15c3-1 (the "Rule") 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. The Company is required to maintain net capital in accordance with the greater of \$5,000 or 6-2/3% of aggregate indebtedness, as defined. At September 30, 2003, the Company had net capital of \$178,499 which was \$167,485 in excess of its required capital of \$11,014.

The Company is exempt from Rule 15c3-3 under the provisions of Section (k)(2)(i).