

LAZARD & CO., LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010
REGISTERED NUMBER: 162175

<u>CONTENTS</u>	<u>PAGE</u>
Directors and officers	1
Report of the directors	2 - 5
Report of the independent auditors	6
Profit and loss account	7
Statement of total recognised gains and losses	7
Balance sheet	8
Notes to the accounts	9 - 22

SATURDAY



A60 *AQYBLSYK* 02/04/2011 117
COMPANIES HOUSE

LAZARD & CO., LIMITED

DIRECTORS AND OFFICERS

Directors

R J Farrer-Brown

P A Kiernan (resigned 10 February 2010)

G Myers (resigned 13 August 2010)

J A Rosen

R J Rountree

W J Rucker

N R Shott

Company Secretary

R J Farrer-Brown

LAZARD & CO., LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

PRINCIPAL AND FUTURE ACTIVITIES

The Company is authorised and regulated by the Financial Services Authority to conduct designated investment business. It carries out all Lazard UK Group investment banking business. The Company also holds a controlling interest in the Lazard business in Italy.

There have been no significant events since the balance sheet date requiring disclosure.

The directors expect the Company to continue to make progress in its core areas of business.

LOSS FOR THE YEAR, DIVIDENDS AND RESERVES

The profit of the Company after taxation amounted to £2,538,000 (2009: £11,837,000 loss). A dividend of £nil (2009: £33,000,000) was paid during the year.

KEY PERFORMANCE INDICATORS

The Company's primary activity is the provision of financial advisory services. Such advisory services are provided to a diverse set of clients across a broad range of business sectors. A wide array of advisory services are offered, including relating to mergers and acquisitions and strategic advisory matters, restructurings and capital markets advisory services, and other corporate finance matters.

The key indicator of the Company's performance is the level of revenues from these activities. The Company focuses on maximising operating profits by targeted growth and diversification of revenues and retention of key staff. The majority of the Company's operating expenses relate to compensation and benefits. Control over the level of compensation expense relative to the level of revenues is critical to the profitability of the Company. The Company's strategy in this regard is consistent with the targets and policies of the Lazard Ltd group globally.

DIRECTORS

The names of the present directors who have served during the year are shown on page 1.

All directors are directors of the holding company, Lazard & Co., Holdings Limited ("LCH"). As the directors' interests in shares in, or debentures of, group companies are disclosed in the group financial statements, there is no requirement to disclose these interests in this Company's financial statements.

In accordance with the Company's articles of association and subject to the provisions of the Companies Act 2006, the Company has made qualifying third party indemnity provisions for the benefit of its directors against all costs, charges, losses, expenses and liabilities incurred by them in the execution and/or discharge of their duties and/or the exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office.

LAZARD & CO., LIMITED

REPORT OF THE DIRECTORS (continued)

AUDITORS

The Company has elected to dispense with the obligation to appoint auditors annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 487 (2) of the Companies Act 2006

Each of the persons who is a director at the date of approval of the report confirms that

- (a) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (b) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provision of S418 of the Companies Act 2006

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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). 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

- (a) select suitable accounting policies and then apply them consistently,
- (b) make judgements and estimates that are reasonable and prudent,
- (c) state whether applicable UK Accounting Standards have been followed subject to any material departures disclosed and explained in the financial statements, and
- (d) 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 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LAZARD & CO., LIMITED

REPORT OF THE DIRECTORS (continued)

EMPLOYEES

The Company has no employees (2009 none)

RISK MANAGEMENT

The Company's risk is managed at the Operations Committee. The Committee's objective, in terms of risk, is to assess whether Lazard's businesses and support departments maintain adequate risk management structure and processes, are consistent with the Company's risk appetite, and are appropriately reported to senior management. The Committee meets on a bi-weekly basis and formally considers risk on a quarterly basis. The committee is chaired by the London Investment Banking COO, and comprises senior representatives from support functions (Legal, Compliance, HR and Finance).

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. The Company uses foreign exchange forward contracts to hedge these exposures. The Company does not use derivative financial instruments for speculative purposes. The Company's principal financial assets are cash, trade and other receivables and investments. The Company's credit risk is primarily attributable to its trade and other receivables.

The amounts presented in the balance sheet are net of allowances for doubtful receivables. The credit risk on liquid funds is limited because the counterparties are financial institutions with high credit-ratings assigned by international credit-rating agencies. The Company has no significant concentration of credit risk, with exposure spread over a large number of counterparties and clients. Operational risk is inherent in the Company and the Company maintains a framework including policies and a system of internal controls designed to monitor and manage operational risk and provide management with timely and accurate information. The Board of the Company has ultimate responsibility over the Company and its subsidiary undertakings to assess the risks and ensure adequate controls are in place to manage these risks.

Regarding the disclosures required under the Basel II Pillar 3 regulations, it is the Company's belief that such disclosures are adequately covered in the Lazard Ltd consolidated financial statements (SEC Form 10-K) as of the year ended 31 December 2010 and as filed on 28 February 2011.

GOING CONCERN BASIS

Further to the Risk Management process discussed above, the Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders and complying with statutory requirements to maintain minimum capital. The Company encounters risk in the normal course of business and has designed risk management processes to help manage and monitor such risks considering both the nature of the business and operating model.

As stated on the Balance sheet on page 8, the Company has considerable financial resources and as a consequence the Directors believe that the Company is well placed to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

LAZARD & CO., LIMITED

REPORT OF THE DIRECTORS (continued)

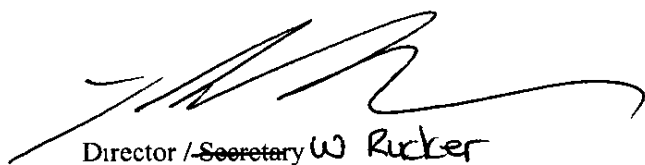
ENVIRONMENT

The Company recognises the importance of its environmental responsibilities, monitors its impact on the environment and designs and implements policies to reduce any damage that might be caused by the Company's activities. Initiatives designed to minimise the Company's impact on the environment include improving overall energy efficiency and the Company recycles wherever possible.

DONATIONS

During the year the company made charitable donations of £240,269 (2009 £205,503) predominantly to charities where employees are involved in fundraising activities.

By order of the Board



Director / ~~Secretary~~ W Rucker

Registered Office
50 Stratton Street
London W1J 8LL

23 March 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LAZARD & CO., LIMITED

We have audited the financial statements of Lazard & Co , Limited (the "Company") for the year ended 31 December 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 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 explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 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

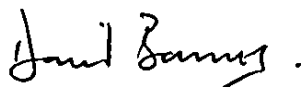
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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



David J Barnes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

23 March 2011

LAZARD & CO., LIMITED**PROFIT AND LOSS ACCOUNT**
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £000	2009 £000
TURNOVER		104,017	82,492
Other operating income	1(c)	4,457	7,454
Operating expenses	2	<u>(106,562)</u>	<u>(105,515)</u>
OPERATING PROFIT / (LOSS)		1,912	(15,569)
Profit on sale of fixed assets		17	-
Interest receivable and similar income	3	594	724
Write back of investment in group undertakings		-	364
Income from fixed asset investments		539	3,468
Interest payable and similar charges	4	<u>(588)</u>	<u>(826)</u>
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	2,474	(11,839)
Tax credit on profit on ordinary activities	7	<u>64</u>	<u>2</u>
PROFIT / (LOSS) FOR THE FINANCIAL YEAR		<u>2,538</u>	<u>(11,837)</u>

Results are derived from continuing operations. A reconciliation of the movements in shareholder's funds is shown in note 18.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2010 £000	2009 £000
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	2,538	(11,837)
Currency translation difference on foreign currency AFS investment	-	141
AFS investment - reclassification to profit and loss account	(349)	-
Fair value adjustment on Available for Sale Investments	<u>(181)</u>	<u>(1,195)</u>
Total gains and losses recognised since last annual report and financial statements	<u>2,008</u>	<u>(12,891)</u>

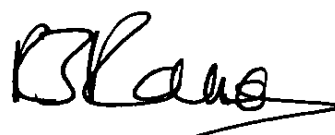
LAZARD & CO., LIMITED

BALANCE SHEET AT 31 DECEMBER 2010

	Notes	2010 £000	2009 £000
FIXED ASSETS			
Tangible assets	8	9,889	10,549
Investments in group undertakings	9	2,338	2,338
Available for sale investments	9	486	1,019
Held to maturity investments	11	6,416	6,299
		<u>19,129</u>	<u>20,205</u>
CURRENT ASSETS			
Debtors	10	68,394	53,282
Cash at bank and in hand	12	14,236	50,906
		<u>82,630</u>	<u>104,188</u>
Creditors amounts falling due within one year	13	(22,050)	(41,902)
NET CURRENT ASSETS		<u>60,580</u>	<u>62,286</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		79,709	82,491
Provision for liabilities and charges	15	(3,149)	(7,939)
NET ASSETS		<u>76,560</u>	<u>74,552</u>
CAPITAL AND RESERVES			
Called up share capital	16	32,803	32,803
Share premium account	17	45,282	45,282
Capital redemption reserve	17	408	408
Available for sale reserve	17	(221)	309
Profit and loss account	17	(1,712)	(4,250)
SHAREHOLDER'S FUNDS	18	<u>76,560</u>	<u>74,552</u>

These financial statements were approved and authorised for issue by the Board of Directors on 23 March 2011

Signed on behalf of the board of Directors


Director Robert Rountree


Robert Farrer-Brown Director

Company registration number 162175

LAZARD & CO., LIMITED

NOTES TO THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2010**

1. ACCOUNTING POLICIES

a) Disclosure requirements and basis of accounting

The accounts have been prepared under the historical cost convention, modified to include the revaluation to fair value of certain financial assets and liabilities, and in accordance with applicable laws and accounting standards in the United Kingdom. The going concern basis of preparation is adopted as explained in the Report of the Directors on page 4.

b) Turnover

Turnover is comprised of corporate finance revenue and is derived from continuing operations.

The majority of fees are contingent on a future event and are therefore only recognised when that event occurs. Where the terms of the engagement allow for the issuance of invoices before the completion of an engagement, turnover is recognised when contractual performance has taken place.

c) Other Income

Other income comprises rental income and other sundry income and is accrued when its receipt is assured.

d) Investments in group undertakings

Participating interests and interests in group and associated undertakings are stated at cost less provision for any impairment in value.

e) Group accounts

The Company is exempt under section 400 of the Companies Act 2006 from preparing group accounts as it is a wholly owned subsidiary undertaking of Lazard & Co, Holdings Limited, a parent undertaking incorporated in Great Britain.

f) Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, with the exception of artwork and antiques, at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold & leasehold improvements	- over the term of the lease
IT equipment	- 3 years
Furniture and equipment	- 5 years

g) Foreign currencies

Transactions in foreign currencies are translated at the rate of exchange at the date of transaction or if hedged at the forward contract rate and monetary assets and liabilities are retranslated at the rates ruling at the balance sheet date with exchange differences dealt with in the profit and loss account.

LAZARD & CO., LIMITED

NOTES TO THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2010 continued**

1. ACCOUNTING POLICIES continued

h) Interest receivable and payable

Interest receivable and payable are accounted for on an accruals basis

i) Deferred taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise 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. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

j) Operating leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

k) Dividends

Dividends are recognised in the period in which they are declared and become a present obligation of the Company.

l) Current tax

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

m) Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

All financial assets are recognised and derecognised on trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs.

Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'available for sale', 'held-to-maturity' (HTM) and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Financial assets at FVTPL

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010 continued

1. ACCOUNTING POLICIES continued

n) Financial Instruments continued

Available for sale financial assets

The Company has investments in unlisted shares that are not traded in an active market but classified as AFS financial assets and are stated at fair value. Gains and losses arising from changes in fair value are recognised directly in equity in an Available for sale reserve. Where the assets are disposed of or are determined to be impaired, the cumulative gain or loss previously recognised in the Available for sale reserve is included in profit or loss for the period.

The fair value of AFS financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the balance sheet date. The foreign exchange gains/losses that arise are recognised in equity in the Available for sale reserve.

Held-to-maturity investments

Gilts with fixed or determinable payments and fixed maturity dates that the Company has the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are recorded at amortised cost using the effective interest method less any impairment, with revenue recognised on an effective yield basis.

Loans and receivables

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include

- significant financial difficulty of the issuer or counterparty, or
- default or delinquency in interest or principal payments, or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Gains and losses arising from changes in fair value in AFS Investments are recognised directly in equity in the AFS reserve. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is included in profit or loss for the period.

LAZARD & CO., LIMITED

NOTES TO THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2010 continued**

1. ACCOUNTING POLICIES continued

n) Financial Instruments continued

Cash at bank and in hand

Cash at bank and in hand comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity

Financial liabilities and equity

Financial liabilities are classified according to the substance of the contractual arrangements entered into

Financial liabilities

Financial liabilities are classified as either FVTPL or 'other financial liabilities'

Financial liabilities at FVTPL

Financial liabilities at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss account

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to foreign exchange rate risk, including foreign exchange forward contracts. Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. A derivative with a positive fair value is recognised as a financial asset whereas a derivative with a negative fair value is recognised as a financial liability. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship.

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

LAZARD & CO., LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 DECEMBER 2010 continued****2. OPERATING EXPENSES**

	2010	2009
	£000	£000
Premises cost	10,532	13,841
Recharge from group company	76,173	73,229
Other administrative expenses	20,244	18,445
	<u>106,562</u>	<u>105,515</u>

Recharge from group company comprises a recharge of operating expenses from Lazard & Co , Services Limited ("LSL")

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2010	2009
	£000	£000
Interest receivable	<u>594</u>	<u>724</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2010	2009
	£000	£000
Interest payable and similar charges on		
Bank loans and overdrafts	113	191
Unwinding of discount on onerous lease provision	475	635
	<u>588</u>	<u>826</u>

LAZARD & CO., LIMITED

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010 continued**

5. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2010	2009
	£000	£000
Profit / (loss) on ordinary activities before taxation is stated after crediting / charging		
(a) Income		
Rental income on land and buildings	2,539	4,934
Reversal of past impairment losses	-	2,397
(b) Charges		
Rental charged on land and buildings held under operating lease	13,921	13,923
Depreciation of fixed assets	1,069	1,026
The analysis of auditors' remuneration is as follows		
Fees payable to the Company's auditors for the audit of the Company's annual accounts	131	131

Fees payable to Deloitte LLP and their associates for non-audit services to the Company are not required to be disclosed because these amounts are disclosed in the consolidated financial statements of LCH

6. DIRECTORS EMOLUMENTS

The directors of LCH are also the directors of the Company and LSL. The directors received total emoluments of £7,620,831 (2009 £5,138,518) from the Group during the year, but it is not practicable to allocate this between their services as directors of LCH, LSL and the Company

LAZARD & CO., LIMITED**NOTES TO THE ACCOUNTS**
FOR THE YEAR ENDED 31 DECEMBER 2010 continued**7. TAXATION**

	2010	2009
	£000	£000
United Kingdom corporation tax at 28% (2009 28%)		
Foreign taxation	-	(2)
Deferred tax	(64)	-
Tax credit on profit on ordinary activities	<u>(64)</u>	<u>(2)</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 28% (2009 28%) There is a credit for current year tax for the reasons set out in the following reconciliation

	2010	2009
	£000	£000
Profit /(loss) on ordinary activities before tax	<u>2,474</u>	<u>(11,839)</u>
Tax on profit/ (loss) on ordinary activities at standard rate	692	(3,315)
Factors affecting charge.		
Dividends from UK subsidiaries	(491)	(738)
Disallowed expenses	265	251
Provision for investments	(148)	(227)
Other	64	41
Write back provision for loan	-	(671)
Losses and other timing differences for which no deferred tax asset was recognised when losses were incurred		
Benefit in period	<u>(382)</u>	<u>4,657</u>
Credit for current tax for the year	<u>-</u>	<u>(2)</u>

LAZARD & CO., LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2010 continued

8. TANGIBLE FIXED ASSETS

	Fixtures, fittings and equipment £000	Leasehold & leasehold improvements £000	Total £000
Cost			
At 1 January 2010	4,033	17,612	21,645
Disposals	(48)	-	(48)
Additions	409	-	409
At 31 December 2010	<u>4,394</u>	<u>17,612</u>	<u>22,006</u>
Depreciation			
At 1 January 2010	(3,320)	(7,776)	(11,096)
Disposals	48	-	48
Charge for the year	(303)	(766)	(1,069)
At 31 December 2010	<u>(3,575)</u>	<u>(8,542)</u>	<u>(12,117)</u>
Net book value			
At 31 December 2010	<u>819</u>	<u>9,070</u>	<u>9,889</u>
At 31 December 2009	<u>713</u>	<u>9,836</u>	<u>10,549</u>

9. FIXED ASSET INVESTMENTS

	Available for sale investments Equity Shares Unlisted £000
At 1 January 2010	1,019
Disposals	(349)
Fair value adjustment	(183)
Balance at 31 December 2010	<u>486</u>
Balance at 31 December 2009	<u>1,019</u>

LAZARD & CO., LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010 continued

9. FIXED ASSET INVESTMENTS (continued)

	Interest in group undertakings £000
Cost	
At 1 January and 31 December 2010	2,338
Provision	
At 1 January and 31 December 2010	-
Balance at 31 December 2010	<u>2,338</u>
Balance at 31 December 2009	<u>2,338</u>

In the opinion of the directors, the value of the Company's investment in group undertakings is not less than its carrying value. These undertakings are engaged in the businesses of investment banking, investment holding and alternative investment. Details of investments which are not significant are not disclosed.

Principal subsidiary undertakings

Monamoor Limited⁽¹⁾
Lazard Italy Limited⁽²⁾
Lazard F&C Limited⁽¹⁾ (purchased October 2010)

Unless otherwise indicated, all principal subsidiary undertakings are wholly-owned, incorporated in Great Britain, investment holding companies and have an accounting date of 31 December.

⁽¹⁾ Direct subsidiary of Lazard & Co, Limited

⁽²⁾ Lazard & Co, Limited holds 58.4% of the share capital of Lazard Italy Limited, the holding company of a corporate finance advisory group incorporated in Italy. Lazard Italy Limited has an accounting year end date of 30 November. Within that group the main business is carried on by Lazard & Co, Srl. Lazard Italy Limited controls 99% (2009: 99%) of Lazard & Co, Srl with the 1% (2009: 1%) owned directly by Lazard Group LLC. The indirect interest in Lazard & Co, Srl held by the Company represents a 58% (2009: 58%) interest, with the 42% (2009: 42%) direct and indirect interests held by other Lazard Group companies.

LAZARD & CO., LIMITED**NOTES TO THE ACCOUNTS**
FOR THE YEAR ENDED 31 DECEMBER 2010 continued**10. DEBTORS**

	2010	2009
	£000	£000
Amounts falling due within one year		
Trade debtors	16,953	8,823
Amounts owed by group undertakings	41,507	34,518
Deferred tax asset	1,291	1,227
Amount owed by related parties	182	1,695
Prepayments and accrued income	4,928	4,653
Derivative assets Forward foreign exchange contracts	-	246
VAT debtor	1,083	906
Other debtors	2,450	1,214
	<u>68,394</u>	<u>53,282</u>

Included in Amounts owed by related parties is a \$nil (2009 \$1.2m) receivable from LFCM Holdings LLC relating to the net present value of committed payments on an indemnity arrangement dealing with potential losses arising from the sub-letting of surplus property

11. HELD-TO-MATURITY INVESTMENT

	2010	2009
	£000	£000
Listed investment		
Opening balance	6,299	-
Additions	-	6,250
Accrued interest	117	49
Closing balance	<u>6,416</u>	<u>6,299</u>
Aggregate market value of listed investment	6,466	6,365
Effective interest rate	1.85%	1.85%

The listed investment comprises of UK gilts that will mature in September 2011. This investment forms part of the pension escrow arrangement between LSL and the Lazard defined benefit pension schemes

LAZARD & CO., LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 DECEMBER 2010 continued****12. CASH AT BANK AND IN HAND**

	2010 £000	2009 £000
Cash at bank	<u>14,236</u>	<u>50,906</u>

Cash includes £6 25m (2009 £6 25m) which forms part of the pension escrow arrangement between LSL and the Lazard defined benefit pension schemes

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £000	2009 £000
Amounts owed to group undertakings	18,374	37,467
VAT creditor	-	575
Derivative liabilities Forward foreign exchange contracts	63	487
Other creditors	1,022	2,300
Accruals and deferred income	<u>2,591</u>	<u>1,073</u>
	<u>22,050</u>	<u>41,902</u>

14. DEFERRED TAXATION

	2010 £000	2009 £000
Deferred taxation asset		
- losses carried forward	3,847	3,994
- accelerated capital allowances	(847)	(944)
- gains rolled over	<u>(1,709)</u>	<u>(1,773)</u>
	<u>1,291</u>	<u>1,227</u>

UK deferred taxation has been calculated at 27% (2009 28%), the rate of corporation tax at which the liability is expected to crystallise

	£000
At 1 January and 31 December 2010	1,227
Change in UK taxation rate	<u>64</u>
At 31 December 2010	1,291

The Company has a potential future tax benefit, not recognised, of approximately £10,380,000 (2009 £10,900,000) in respect of losses carried forward that may be used to shelter specific sources of profits

LAZARD & CO., LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010 continued

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Leasehold Provisions £000
Provision at 1 January 2010	7,939
Utilised in the year	(5,265)
Adjustment arising from unwinding of discounting (Note 4)	475
Provision at 31 December 2010	<u>3,149</u>

A provision has been made in relation to space in the Stratton Street offices, which became surplus and has been sublet. The amount of the provision reflects the net present value of future premises costs in excess of actual or expected rent from tenants.

The following assumptions have been used

	At 31 December 2010	At 31 December 2009
Discount rate per annum	6%	6%
Percentage of floor space recovered from sub letting – third party	39.1%	39.1%
Percentage of floor space recovered from sub letting - related party	14.6%	14.6%

16. CALLED UP SHARE CAPITAL

	2010 £000	2009 £000
Authorised		
28,750,000 (2009 28,750,000) ordinary shares of £1 each	28,750	28,750
5,000,000 (2009 5,000,000) deferred shares of £1 each	5,000	5,000
	<u>33,750</u>	<u>33,750</u>
Called up, allotted and fully paid		
27,803,221 (2009 27,803,221) ordinary shares of £1 each	27,803	27,803
5,000,000 (2009 5,000,000) deferred shares of £1 each	5,000	5,000
	<u>32,803</u>	<u>32,803</u>

The ordinary shares constitute equity interests and the deferred shares constitute non-equity interests.

The deferred shares do not confer the right to receive any dividend, nor the right to receive notice of, attend, or vote at any general meeting. They confer the right, on a winding up, to the repayment of the amounts paid up thereon, after payment to the holders of the ordinary shares of the sum of £100 in respect of each ordinary share held by them.

LAZARD & CO., LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2010 continued

17. RESERVES

	Share Premium £000	Capital Redemption Reserve £000	Available for Sale Reserve £000	Profit and Loss Account £000
As at 1 January 2010	45,282	408	309	(4,250)
Fair value adjustment	-	-	(181)	-
AFS investment - reclassification to profit and loss account	-	-	(349)	-
Retained profit for the year	-	-	-	2,538
As at 31 December 2010	<u>45,282</u>	<u>408</u>	<u>(221)</u>	<u>(1,712)</u>

18. SHAREHOLDER'S FUNDS

	2010 £000	2009 £000
Reconciliation of movements in shareholder's funds		
Profit / (loss) for the year	2,538	(11,837)
Fair value movement on Available for sale investment	(530)	(1,054)
	<u>2,008</u>	<u>(12,891)</u>
Dividends	-	(33,000)
Net addition / (reduction) to shareholder's funds	<u>2,008</u>	<u>(45,891)</u>
Opening shareholder's funds	74,552	120,443
Closing shareholder's funds	<u>76,560</u>	<u>74,552</u>

19. RELATED PARTY TRANSACTIONS

In accordance with FRS 8, paragraph 3(c), the Company is exempt from disclosing transactions with companies within the same group as it is a wholly-owned subsidiary of a company that publishes consolidated financial statements. There were no other related party transactions requiring disclosure.

20. FINANCIAL COMMITMENTS

	2010 £000	2009 £000
Commitments and guarantees		
Commitments		
Undrawn formal standby facilities, credit lines and other commitments to lend	-	54
	<u>-</u>	<u>54</u>

LAZARD & CO., LIMITED

NOTES TO THE ACCOUNTS **FOR THE YEAR ENDED 31 DECEMBER 2010 continued**

21. CASH FLOW STATEMENT

The Company is exempt from preparing a cash flow statement under paragraph 5 of Financial Reporting Standard No 1 (revised 1996) "Cash Flow Statements"

22. FINANCIAL INSTRUMENTS

The Company is exempt from FRS 29 Financial Instrument disclosures per FRS29 2D

23. OPERATING LEASE COMMITMENTS

At 31 December 2010 the Company was committed to making the following payments during the year in respect of operating leases

	Land and buildings 2010 £000	Land and buildings 2009 £000
Annual commitment in respect of leases which expire		
After five years	<u>13,855</u>	<u>13,855</u>
	<u>13,855</u>	<u>13,855</u>

These include costs provided in the leasehold provision in Note 15

24. ULTIMATE PARENT COMPANY

Lazard Ltd, a Bermudian company, is the parent company of the largest group which includes the Company and for which group accounts are prepared. The Company's ultimate parent company and ultimate controlling party is Lazard Ltd.

The parent company of the smallest group which includes the Company, and for which group accounts are prepared and the Company's immediate controlling party, is LCH, a company incorporated in Great Britain and registered in England and Wales.

Copies of LCH's financial statements may be obtained from the Company Secretary, Lazard & Co., Holdings Limited, 50 Stratton Street, London W1J 8LL.

Copies of Lazard Ltd's financial statements may be obtained from The Secretary, Lazard Ltd, 30 Rockefeller Plaza, New York, NY 10020, USA.