

REGISTERED NUMBER: 00162175 (England and Wales)

LAZARD & CO., LIMITED

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 31 December 2016

Deloitte LLP
Hill House
1 Little New Street
London
United Kingdom
EC4A 3TR

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LAZARD & CO., LIMITED

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for the Year Ended 31 December 2016

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LAZARD & CO., LIMITED

Company Information
for the Year Ended 31 December 2016

DIRECTORS:

R J Farrer-Brown
A J Norman
J A Rosen
R J Rountree
W J Rucker
N R Shott

SECRETARY:

R J Farrer-Brown

REGISTERED OFFICE:

50 Stratton Street
London
W1J 8LL

REGISTERED NUMBER:

00162175 (England and Wales)

AUDITOR:

Deloitte LLP
Hill House
1 Little New Street
London
United Kingdom
EC4A 3TR

LAZARD & CO., LIMITED

Strategic Report **for the Year Ended 31 December 2016**

The directors present their strategic report for the year ended 31 December 2016.

REVIEW OF BUSINESS

The Company's revenues were £149,723,000 (2015: £132,151,000) reflecting a strong performance, including an increased market share. The profit for the year after taxation was £39,975,000 (2015: £24,235,000).

The Company's management continue to focus on increasing the strength of the London based team and the Company's client base, to build a strong and sustainable advisory business for the long term.

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, restructuring, capital markets and capital structure advisory services, and other corporate finance matters.

The key indicator of the Company's performance is the level of revenues from these activities. Revenue for 2016 increased by 13% compared to 2015. 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's risk is managed in a number of ways, including at regular Operations Committee meetings and at periodic Risk Committee meetings. The Risk 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 Group's risk appetite, and are appropriately reported to senior management. The Committee meets on a periodic basis, and comprises senior representatives from investment banking and 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 spot and 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 Statement of Financial Position 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.

LAZARD & CO., LIMITED

Strategic Report
for the Year Ended 31 December 2016

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'R J Farrer-Brown', written in a cursive style.

R J Farrer-Brown - Director

27 April 2017

LAZARD & CO., LIMITED

Report of the Directors **for the Year Ended 31 December 2016**

The directors present their report with the financial statements of the Company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The Company is authorised and regulated by the Financial Conduct Authority to conduct designated investment business. It carries out the Lazard group's financial advisory business in the UK. The Company also holds a controlling interest in Lazard Italy Limited.

DIVIDENDS

No dividends have been distributed for the year ended 31 December 2016.

FUTURE DEVELOPMENTS

There have been no significant events since the statement of financial position date requiring disclosure. The directors expect the Company to continue to make progress in its core areas of business.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

R J Farrer-Brown
A J Norman
J A Rosen
R J Rountree
W J Rucker
N R Shott

None of the directors has any interests in the shares or debentures of any group company that are required to be disclosed in accordance with the Companies Act 2006.

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.

GOING CONCERN BASIS

Further to the Risk Management process discussed in the Strategic Report, 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 indicated on the Statement of Financial Position on page 10, the Company has sufficient net current assets and as a consequence the Directors believe that the Company is well placed to manage its business risks successfully throughout the business cycle.

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
for the Year Ended 31 December 2016

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The Company has elected to dispense with the obligation to appoint an auditor 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 auditor is unaware; and

(b) the director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provision of section 418 of the Companies Act 2006.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'R J Farrer-Brown', written over a horizontal line.

R J Farrer-Brown - Director

27 April 2017

LAZARD & CO., LIMITED

Statement of Directors' Responsibilities **for the Year Ended 31 December 2016**

The directors are responsible for preparing the Report of the Directors 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 Financial Reporting Standard 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 judgements 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Report of the Independent Auditor to the Members of Lazard & Co., Limited

We have audited the financial statements of Lazard & Co., Limited for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 19. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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.

Respective responsibilities of directors and auditor

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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2016 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, 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 the Directors' Report have been prepared in accordance with applicable legal requirements.

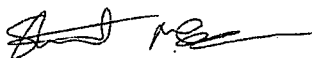
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report

**Report of the Independent Auditor to the Members of
Lazard & Co., Limited**

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.



Stuart McLaren (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
London
United Kingdom

Date: 27/04/2017

LAZARD & CO., LIMITED**Statement of Comprehensive Income**
for the Year Ended 31 December 2016

	Notes	2016 £'000	2015 £'000
TURNOVER		149,723	132,151
Administrative expenses		(123,929)	(115,747)
		25,794	16,404
Other operating income	2	<u>9,008</u>	<u>8,006</u>
OPERATING PROFIT	4	34,802	24,410
Income from shares in group undertakings		2,756	-
Interest receivable and similar income	5	<u>427</u>	<u>178</u>
		37,985	24,588
Interest payable and similar expenses	6	<u>(326)</u>	<u>(334)</u>
PROFIT BEFORE TAXATION		37,659	24,254
Tax on profit	7	<u>2,316</u>	<u>(19)</u>
PROFIT FOR THE FINANCIAL YEAR		39,975	24,235
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u>39,975</u>	<u>24,235</u>

The notes on pages 12 to 20 form part of these financial statements

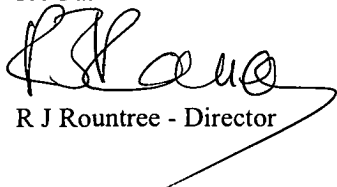
LAZARD & CO., LIMITED (REGISTERED NUMBER: 00162175)**Statement of Financial Position**
31 December 2016

	Notes	2016 £'000	2015 £'000
FIXED ASSETS			
Tangible assets	9	4,960	5,754
Investments	10	<u>2,336</u>	<u>2,386</u>
		<u>7,296</u>	<u>8,140</u>
 CURRENT ASSETS			
Debtors	11	123,717	62,441
Cash at bank		<u>36,893</u>	<u>17,083</u>
		160,610	79,524
CREDITORS			
Amounts falling due within one year	12	<u>(56,483)</u>	<u>(14,750)</u>
NET CURRENT ASSETS		<u>104,127</u>	<u>64,774</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		111,423	72,914
PROVISIONS FOR LIABILITIES	15	<u>(1,159)</u>	<u>(2,625)</u>
NET ASSETS		<u>110,264</u>	<u>70,289</u>
 CAPITAL AND RESERVES			
Called up share capital	16	32,803	32,803
Share premium	17	45,282	45,282
Capital redemption reserve	17	407	407
Retained earnings	17	<u>31,772</u>	<u>(8,203)</u>
SHAREHOLDERS' FUNDS		<u>110,264</u>	<u>70,289</u>

The financial statements were approved by the Board of Directors on 27 April 2017 and were signed on its behalf by:



R J Farrer-Brown - Director



R J Rountree - Director

The notes on pages 12 to 20 form part of these financial statements

LAZARD & CO., LIMITED**Statement of Changes in Equity**
for the Year Ended 31 December 2016

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 January 2015	32,803	(32,438)	45,282	407	46,054
Changes in equity					
Total comprehensive income	-	24,235	-	-	24,235
Balance at 31 December 2015	32,803	(8,203)	45,282	407	70,289
Changes in equity					
Total comprehensive income	-	39,975	-	-	39,975
Balance at 31 December 2016	32,803	31,772	45,282	407	110,264

The notes on pages 12 to 20 form part of these financial statements

LAZARD & CO., LIMITED

Notes to the Financial Statements **for the Year Ended 31 December 2016**

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102, "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 11 Financial Instruments paragraphs 11.41(b), 11.41(c), 11.41(e), 11.41(f), 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c).

Preparation of consolidated financial statements

The financial statements contain information about Lazard & Co., Limited as an individual Company and do not contain consolidated financial information as the parent of a group. The Company is exempt under Section 400 of the Companies Act 2006 from the requirements to prepare consolidated financial statements as it and its subsidiary undertaking are included by full consolidation in the consolidated financial statements of its parent, Lazard & Co., Holdings Limited ("LCH"), .

Going Concern

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. Further information can be found in the Report of the Directors on page 4.

Turnover

Turnover is comprised of financial advisory 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 so the revenue is recognised as contractual work is performed.

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 to 5 years

Furniture and equipment - 5 to 10 years

Investments in subsidiaries

Investments in subsidiary undertakings are stated at cost less provision for any impairment in value.

Investments in group undertakings

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

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2016**

1. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the statement of financial position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

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.

2. OTHER OPERATING INCOME

	2016	2015
	£'000	£'000
Rental Income	8,527	8,339
Other Income	30	2
Other Foreign Exchange - gains/(losses)	456	(328)
Fixed Asset Investments - Revaluations	(5)	(4)
Fixed Asset Investments - Exchange differences	-	(3)
	<u>9,008</u>	<u>8,006</u>

Other foreign exchange gains/(losses) and exchange differences on fixed asset investments are categorised as other operating income, with the previous year balance reclassified from turnover for consistency.

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2016**

3. DIRECTORS' EMOLUMENTS

The directors of the Company are also the directors of Lazard & Co., Holdings Limited ("LCH") and Lazard & Co., Services Limited ("LSL"). The directors' emoluments relate to those directors of the Company who provided their services either wholly or primarily to the Company, LCH and LSL. The directors received total emoluments of £6,501,325 (2015: £6,739,901) from LSL during the year, but it is not practical to allocate the amount of remuneration between their services as directors of LCH, LSL and the Company. Further disclosure is provided in the LCH group accounts.

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2016	2015
	£'000	£'000
Depreciation - owned assets	925	861
Profit on disposal of fixed assets	(10)	-
Auditor's remuneration for the audit of the annual accounts	132	132
Audit-related assurance services	138	222
Auditor services relating to taxation	45	21
Rental charged on land and buildings held under operating lease	14,034	14,034
Recharge from Group company	81,949	77,417
Rental income on land and buildings	<u>(8,527)</u>	<u>(8,339)</u>

Fees payable to Deloitte and their associates for non-audit services to the Company are not required to be disclosed because the consolidated financial statements of the parent company are required to disclose such fees on a consolidated basis.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£'000	£'000
Interest income	<u>427</u>	<u>178</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2016	2015
	£'000	£'000
Foreign exchange forward contracts	173	33
Interest on intercompany loans	-	66
Unwinding of discount on leasehold provision	<u>153</u>	<u>235</u>
	<u>326</u>	<u>334</u>

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2016**

7. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the profit for the year was as follows:

	2016	2015
	£'000	£'000
Current tax:		
Foreign tax	24	19
Deferred tax:		
Current year (credit)/charge	(2,340)	-
Tax on profit	<u>(2,316)</u>	<u>19</u>

UK corporation tax has been charged at 20% (2015 - 20.25%).

Reconciliation of total tax (credit)/charge included in profit and loss

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	£'000	£'000
Profit before tax	<u>37,659</u>	<u>24,254</u>
Profit multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	7,532	4,911
Effects of:		
Expenses not deductible for tax purposes	245	222
Dividends from UK subsidiaries	(551)	-
Other items	(4)	-
Foreign tax suffered	24	19
Losses and other timing differences not recognised	(7,321)	(5,133)
Timing differences recognised	<u>(2,241)</u>	<u>-</u>
Total tax (credit)/charge	<u>(2,316)</u>	<u>19</u>

UK corporation tax has not been charged due to losses brought forward.

LAZARD & CO., LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 31 December 2016**8. DEFERRED TAXATION**

	2016	2015
	£000	£000
Deferred taxation asset		
Capital allowances	118	-
Losses	<u>2,222</u>	<u>-</u>
	<u><u>2,340</u></u>	<u><u>-</u></u>

UK deferred taxation has been calculated at the rate of corporation tax at which the asset is expected to crystallise to reflect the reduction in the rate of corporation tax to 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020 (2015: 20%). It is believed that this asset will be fully recoverable.

A deferred tax asset in respect of capital allowances and tax losses has been recognised due to the improved trading performance of the Company and anticipation of future profitability.

9. TANGIBLE FIXED ASSETS

	Improvements to property £'000	Fixtures and fittings £'000	Totals £'000
COST			
At 1 January 2016	14,588	6,165	20,753
Additions	-	131	131
Disposals	<u>-</u>	<u>(58)</u>	<u>(58)</u>
At 31 December 2016	<u>14,588</u>	<u>6,238</u>	<u>20,826</u>
DEPRECIATION			
At 1 January 2016	9,929	5,070	14,999
Charge for year	618	307	925
Eliminated on disposal	<u>-</u>	<u>(58)</u>	<u>(58)</u>
At 31 December 2016	<u>10,547</u>	<u>5,319</u>	<u>15,866</u>
NET BOOK VALUE			
At 31 December 2016	<u>4,041</u>	<u>919</u>	<u>4,960</u>
At 31 December 2015	<u>4,659</u>	<u>1,095</u>	<u>5,754</u>

LAZARD & CO., LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 31 December 2016**10. FIXED ASSET INVESTMENTS**

	Shares in group undertakings £'000	Unlisted investments £'000	Totals £'000
COST OR VALUATION			
At 1 January 2016	2,336	50	2,386
Disposals	-	(50)	(50)
At 31 December 2016	<u>2,336</u>	<u>-</u>	<u>2,336</u>
NET BOOK VALUE			
At 31 December 2016	<u>2,336</u>	<u>-</u>	<u>2,336</u>
At 31 December 2015	<u>2,336</u>	<u>50</u>	<u>2,386</u>

Cost or valuation at 31 December 2016 is represented by:

	Shares in group undertakings £'000
Cost	<u>2,336</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 and investment holding.

Principal subsidiary undertaking:
- Lazard Italy Limited

Lazard & Co., Limited holds 58.4% of the share capital of Lazard Italy Limited, the holding company of Lazard SRL, incorporated in Italy, being the company through which the Lazard Group's Italian operations are conducted. Lazard Italy Limited has an accounting year end date of 30 November. Lazard Italy Limited holds 99% of Lazard SRL with 1% owned directly by Lazard Group LLC.

Registered office: 50 Stratton Street, London, W1J 8LL

	2016 £'000	2015 £'000
Aggregate Capital and Reserves	14,927	14,924
Profit or (Loss) for the year	<u>4,713</u>	<u>(33)</u>

LAZARD & CO., LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 31 December 2016**11. DEBTORS**

	2016	2015
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	25,429	21,436
Amounts owed by group undertakings	86,123	33,323
Amounts owed by participating interests	497	269
Other debtors	3,007	2,301
VAT	1,327	-
Prepayments and accrued income	<u>4,994</u>	<u>5,112</u>
	<u>121,377</u>	<u>62,441</u>
Amounts falling due after more than one year:		
Deferred tax asset	<u>2,340</u>	<u>-</u>
Aggregate amounts	<u>123,717</u>	<u>62,441</u>

Further information relating to deferred tax asset can be found in note 8.

Included within amounts owed by group undertakings are the following intercompany loans and accrued interest:

	2016	2015
	£'000	£'000
Lazard Group LLC	12,575	-
Lazard & Co., Holdings Limited	601	-
Lazard & Co., Services Limited	<u>30,418</u>	<u>-</u>
	<u>43,595</u>	<u>-</u>

Interest is receivable at a variable rate of 3 month LIBOR + 50 basis points per annum.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£'000	£'000
Trade creditors	177	533
Amounts owed to group undertakings	52,856	9,591
VAT	-	1,274
Other creditors	119	18
Foreign exchange contracts	107	349
Accruals and deferred income	<u>3,224</u>	<u>2,985</u>
	<u>56,483</u>	<u>14,750</u>

LAZARD & CO., LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 31 December 2016**13. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2016	2015
	£'000	£'000
Within one year	13,946	13,946
Between one and five years	55,552	55,644
In more than five years	<u>8,948</u>	<u>22,803</u>
	<u>78,446</u>	<u>92,393</u>

These include costs provided in the leasehold provision in Note 13.

14. FINANCIAL INSTRUMENTS

The Company is exempt from FRS 102 Section 11 Basic Financial Instrument disclosures as full disclosure is provided in the Group accounts.

15. PROVISIONS FOR LIABILITIES

	2016	2015
	£'000	£'000
Other provisions		
Leasehold provision	<u>1,159</u>	<u>2,625</u>

	Leasehold Provision £'000
Balance at 1 January 2016	2,625
Utilised during year	(1,619)
Unwinding of discount	<u>153</u>
Balance at 31 December 2016	<u>1,159</u>

A leasehold provision has been made in relation to space in the Berkeley 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 provision will be released over time up to June 2017 when a sub-tenant rent review will take place.

The following assumptions have been used:

	2016	2015
Discount rate per annum	6%	6%
Percentage of floor space recovered from sub-letting - third party	50.3%	50.3%
Percentage of floor space recovered from sub-letting - group undertaking	14.9%	14.9%

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2016**

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 £'000	2015 £'000
27,803,222	Ordinary	£1	27,803	27,803
5,000,000	Deferred Shares	£1	<u>5,000</u>	<u>5,000</u>
			<u>32,803</u>	<u>32,803</u>

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

The non-interest bearing 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.

17. RESERVES

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1 January 2016	(8,203)	45,282	407	37,486
Profit for the year	<u>39,975</u>	<u>-</u>	<u>-</u>	<u>39,975</u>
At 31 December 2016	<u>31,772</u>	<u>45,282</u>	<u>407</u>	<u>77,461</u>

18. ULTIMATE PARENT COMPANY

Lazard Ltd (incorporated in Bermuda) is regarded by the directors as being the Company's ultimate parent company.

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 and registered in England and Wales.

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

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

19. RELATED PARTY DISCLOSURES

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.