

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 2018

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LAZARD & CO., LIMITED

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for the Year Ended 31 December 2018

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LAZARD & CO., LIMITED

Company Information
for the Year Ended 31 December 2018

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 2018**

The directors of the Company present their Strategic Report for the year ended 31 December 2018.

REVIEW OF BUSINESS

The Company's revenues increased by 4.6% to £147,188,000 (2017: £140,705,000). Operating expenses decreased to £136,017,000 (2017: £155,751,000) primarily due to decreased compensation expense, notably deferred remuneration amortisation. The profit for the year after taxation was £18,523,000 (2017: £2,560,000 loss).

The Company's management continue to focus on increasing the strength of 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 and strategic 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.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's risks are managed in a number of ways, including at regular Management Board, Operations Committee and Risk Committee meetings.

The Company's activities expose it 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.

UNITED KINGDOM EXIT FROM THE EUROPEAN UNION

The United Kingdom is scheduled to depart from the European Union ("EU") shortly after the date upon which these financial accounts are reviewed by the Company's Board of directors. However, details of the future arrangements between the UK and the EU are not known, and current uncertainty regarding their outcome is expected to continue for some time. From a regulatory perspective the Company currently does not believe that any of the potential arrangements that are likely to be agreed will have a material adverse impact on activities, although from a business perspective if the uncertainty continues to impact deal volumes in the UK public mergers and acquisitions market this may in turn adversely affect the Company's revenue.

ON BEHALF OF THE BOARD:



.....
R J Farrer-Brown - Director

Date: 26/03/2019

LAZARD & CO., LIMITED

Report of the Directors **for the Year Ended 31 December 2018**

The directors present their report with the financial statements of the Company for the year ended 31 December 2018.

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

The total distribution of dividends for the year ended 31 December 2018 was £8,000,000 (2017:£16,250,000).

FUTURE DEVELOPMENTS

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

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2018 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 at least twelve months from the date the financial statements are authorised for issue. 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 2018

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

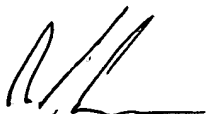
The Company has elected to dispense with the obligation to appoint an auditor annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditor for a further term under the provisions of Section 487 (2) of the Companies Act 2006.

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

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director 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 provisions of Section 418 of the Companies Act 2006.

ON BEHALF OF THE BOARD:



.....
R J Farrer-Brown - Director

Date:26/03/2019.....

LAZARD & CO., LIMITED

Statement of Directors' Responsibilities **for the Year Ended 31 December 2018**

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.

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

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

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lazard & Co., Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income;
- the Statement of Financial Position;
- the Statement of Changes in Equity; and
- the related notes 1 to 23 including a summary of significant accounting policies as set out in note 1.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report of the Directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

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

We have nothing to report in respect of these matters.

Responsibilities of directors

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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Report on other legal and regulatory requirements

Auditor's responsibilities for the audit of the financial statements

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

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

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors 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 or The Report of the Directors.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Andrew Partridge (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

Date: 26/3/19.....

LAZARD & CO., LIMITED**Statement of Comprehensive Income**
for the Year Ended 31 December 2018


	Notes	2018 £'000	2017 £'000
TURNOVER		147,188	140,705
Administrative expenses		(136,017)	(155,751)
		11,171	(15,046)
Other operating income	3	<u>9,707</u>	<u>8,909</u>
OPERATING PROFIT/(LOSS)	5	20,878	(6,137)
Income from shares in group undertakings		1,822	2,663
Interest receivable and similar income	7	<u>1,306</u>	<u>999</u>
		24,006	(2,475)
Interest payable and similar expenses	8	<u>(563)</u>	<u>(320)</u>
PROFIT/(LOSS) BEFORE TAXATION		23,443	(2,795)
Tax on profit/(loss)	9	<u>(4,920)</u>	<u>235</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		18,523	(2,560)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		<u>18,523</u>	<u>(2,560)</u>

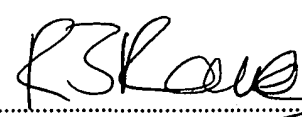
The notes on pages 12 to 22 form part of these financial statements

LAZARD & CO., LIMITED (REGISTERED NUMBER: 00162175)**Statement of Financial Position**
31 December 2018

	Notes	2018 £'000	2017 £'000
FIXED ASSETS			
Tangible assets	12	3,998	4,528
Investments	13	<u>2,336</u>	<u>2,336</u>
		<u>6,334</u>	<u>6,864</u>
CURRENT ASSETS			
Debtors	14	120,096	112,099
Cash at bank		<u>44,240</u>	<u>15,396</u>
		164,336	127,495
CREDITORS			
Amounts falling due within one year	15	<u>(65,318)</u>	<u>(38,557)</u>
NET CURRENT ASSETS		<u>99,018</u>	<u>88,938</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		105,352	95,802
PROVISIONS FOR LIABILITIES	18	<u>(3,375)</u>	<u>(4,348)</u>
NET ASSETS		<u>101,977</u>	<u>91,454</u>
CAPITAL AND RESERVES			
Called up share capital	19	32,803	32,803
Share premium	20	45,282	45,282
Capital redemption reserve	20	407	407
Retained earnings	20	<u>23,485</u>	<u>12,962</u>
SHAREHOLDERS' FUNDS		<u>101,977</u>	<u>91,454</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26/03/2019 and were signed on its behalf by:


.....
R J Farrer-Brown - Director


.....
R J Rountree - Director

The notes on pages 12 to 22 form part of these financial statements

LAZARD & CO., LIMITED**Statement of Changes in Equity**
for the Year Ended 31 December 2018

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Total equity £'000
Balance at 1 January 2017	32,803	31,772	45,282	407	110,264
Changes in equity					
Dividends	-	(16,250)	-	-	(16,250)
Total comprehensive loss	-	(2,560)	-	-	(2,560)
Balance at 31 December 2017	<u>32,803</u>	<u>12,962</u>	<u>45,282</u>	<u>407</u>	<u>91,454</u>
Changes in equity					
Dividends	-	(8,000)	-	-	(8,000)
Total comprehensive income	-	18,523	-	-	18,523
Balance at 31 December 2018	<u>32,803</u>	<u>23,485</u>	<u>45,282</u>	<u>407</u>	<u>101,977</u>

The notes on pages 12 to 22 form part of these financial statements

LAZARD & CO., LIMITED

Notes to the Financial Statements **for the Year Ended 31 December 2018**

1. STATUTORY INFORMATION

Lazard & Co., Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. 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"). See Note 21.

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 a period of at least twelve months from the date the financial statements are authorised for issue. 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 3.

Critical accounting judgements and key sources of estimation uncertainty

There were no critical accounting judgements or key sources of estimation uncertainty in the application of the Group's accounting policies.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Turnover comprises financial advisory fee revenue and reimbursable expenses and derives from continuing operations. The Company has no equivalent of sales, cost of sales or gross profit.

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 recognized 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

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2018**

2. ACCOUNTING POLICIES - continued

Investments in subsidiaries

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

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 reporting date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting 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

The functional currency of the Company is considered pound sterling because it is the currency of the primary economic environment in which the Company operates.

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.

Allowance for doubtful debts

An allowance for bad debt is provided for estimated losses relating to fees and customer receivables. The adequacy of the allowance is based on management's analysis of the client's creditworthiness and specifically reserve against exposures where we determine the receivable maybe impaired.

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2018**

3. OTHER OPERATING INCOME

	2018	2017
	£'000	£'000
Rental income	9,070	8,747
Other Income	81	40
Other foreign exchange gains/(losses)	<u>556</u>	<u>122</u>
	<u>9,707</u>	<u>8,909</u>

4. 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 £7,676,597 (2017: £5,965,754) 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.

5. OPERATING PROFIT/(LOSS)

The operating profit (2017 - operating loss) is stated after charging/(crediting):

	2018	2017
	£'000	£'000
Other operating leases	13,993	14,007
Depreciation - owned assets	966	876
Profit on disposal of fixed assets	(12)	-
Foreign exchange movement	(556)	(122)
LSL intercompany recharge	<u>87,102</u>	<u>105,472</u>

LSL intercompany recharge relates to compensation and benefits expenses recharged from LSL.

6. AUDITORS' REMUNERATION

	2018	2017
	£'000	£'000
Fees payable to the Company's auditor for the audit of the Company's financial statements	134	132
Audit-related assurance services	118	121
Taxation advisory services	<u>18</u>	<u>74</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.

LAZARD & CO., LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 31 December 2018**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	2018	2017
	£'000	£'000
Bank interest	31	(1)
Foreign exchange forward contracts	174	205
Interest on intercompany loans	1,101	750
Other interest	-	45
	<u>1,306</u>	<u>999</u>

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£'000	£'000
Foreign exchange forward contracts	384	253
Unwinding of discount on leasehold provision	179	67
	<u>563</u>	<u>320</u>

9. TAXATION**Analysis of the tax charge/(credit)**

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

	2018	2017
	£'000	£'000
Current tax:		
UK corporation tax	<u>2,755</u>	<u>-</u>
Deferred tax:		
Current year charge/(credit)	1,476	(751)
Changes in tax rates	224	490
Prior period adjustments	<u>465</u>	<u>26</u>
Total deferred tax	<u>2,165</u>	<u>(235)</u>
Tax on profit/(loss)	<u>4,920</u>	<u>(235)</u>

UK corporation tax has been charged at 19% (2017 - 19.25%).

Difference in tax rates is due to tax rates changing from 20% to 19% (maintained in 2018) during 2017 per the Finance Act 2015.

LAZARD & CO., LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 31 December 2018**9. TAXATION - continued****Reconciliation of total tax charge/(credit) included in profit and loss**

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

	2018 £'000	2017 £'000
Profit/(loss) before tax	<u>23,443</u>	<u>(2,795)</u>
Profit/(loss) multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	4,454	(538)
Effects of:		
Expenses not deductible for tax purposes	309	279
Dividends from UK subsidiaries	(346)	(513)
Other items	(186)	21
Timing differences recognised	<u>689</u>	<u>516</u>
Total tax charge/(credit)	<u>4,920</u>	<u>(235)</u>

10. DIVIDENDS

	2018 £'000	2017 £'000
Ordinary shares of £1 each		
Final	<u>8,000</u>	<u>16,250</u>

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued for the Year Ended 31 December 2018

11. DEFERRED TAXATION

	2018	2017
	£000	£000
Deferred taxation asset		
Capital allowances	410	280
Losses	-	2,295
	<u>410</u>	<u>2,575</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 17% with effect from 1 April 2020. It is believed that this asset will be fully recoverable.

	Capital Allowances	Losses	Total
	£'000	£'000	£'000
Balance at 31 December 2017	280	2,295	2,575
Credit/(charge) to profit and loss	130	(2,295)	(2,165)
Balance at 31 December 2018	<u>410</u>	<u>-</u>	<u>410</u>

12. TANGIBLE FIXED ASSETS

	Improvements to property	Fixtures and fittings	Totals
	£'000	£'000	£'000
COST			
At 1 January 2018	14,008	4,111	18,119
Additions	-	436	436
Disposals	-	(130)	(130)
Reclassification/transfer	(8)	8	-
At 31 December 2018	<u>14,000</u>	<u>4,425</u>	<u>18,425</u>
DEPRECIATION			
At 1 January 2018	10,584	3,007	13,591
Charge for year	619	347	966
Eliminated on disposal	-	(130)	(130)
Reclassification/transfer	(310)	310	-
At 31 December 2018	<u>10,893</u>	<u>3,534</u>	<u>14,427</u>
NET BOOK VALUE			
At 31 December 2018	<u>3,107</u>	<u>891</u>	<u>3,998</u>
At 31 December 2017	<u>3,424</u>	<u>1,104</u>	<u>4,528</u>

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

13. FIXED ASSET INVESTMENTS

	Shares in group undertakings £'000
COST OR VALUATION	
At 1 January 2018 and 31 December 2018	<u>2,336</u>
NET BOOK VALUE	
At 31 December 2018	<u>2,336</u>
At 31 December 2017	<u>2,336</u>

Cost or valuation at 31 December 2018 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 financial and strategic advisory services.

Principal subsidiary undertaking:
- Lazard Italy Limited

Lazard & Co., Limited holds 58.4% of the ordinary share capital of Lazard Italy Limited, the holding company of Lazard S.R.L., 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 the ordinary share capital of Lazard S.R.L. with 1% owned directly by Lazard Group LLC.

Registered office: Lazard Italy Limited, 50 Stratton Street, London, W1J 8LL

	2018 £'000	2017 £'000
Aggregate Capital and Reserves	16,185	14,957
Profit for the year	<u>4,347</u>	<u>4,600</u>

LAZARD & CO., LIMITED**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018****14. DEBTORS**

	2018	2017
	£'000	£'000
Amounts falling due within one year:		
Trade debtors	17,863	14,249
Amounts owed by group undertakings	86,688	84,090
Amounts owed by participating interests	10	10
Other debtors	2,065	1,733
Foreign exchange contracts	91	70
Tax	-	21
VAT	227	144
Prepayments	3,632	5,086
Accrued income	9,110	4,121
	<u>119,686</u>	<u>109,524</u>
Amounts falling due after more than one year:		
Deferred tax asset	<u>410</u>	<u>2,575</u>
Aggregate amounts	<u>120,096</u>	<u>112,099</u>

Further information relating to deferred tax asset can be found in note 11.

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

	2018	2017
	£'000	£'000
Lazard Group LLC	<u>44,681</u>	<u>42,842</u>
	<u>44,681</u>	<u>42,842</u>

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

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£'000	£'000
Trade creditors	-	176
Amounts owed to group undertakings	57,540	33,524
Tax	2,669	-
Other creditors	1,459	506
Accruals and deferred income	<u>3,650</u>	<u>4,351</u>
	<u>65,318</u>	<u>38,557</u>

LAZARD & CO., LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 31 December 2018**16. LEASING AGREEMENTS**

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

	2018	2017
	£'000	£'000
Within one year	13,896	13,946
Between one and five years	<u>34,353</u>	<u>48,290</u>
	<u>48,249</u>	<u>62,236</u>

These include costs provided in the leasehold provision in Note 18.

17. FINANCIAL INSTRUMENTS

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

18. PROVISIONS FOR LIABILITIES

	2018	2017
	£'000	£'000
Other provisions		
Leasehold provision	<u>3,375</u>	<u>4,348</u>

	Leasehold Provision £'000
Balance at 1 January 2018	4,348
Utilised during year	(1,019)
Decrease in provision	(133)
Unwinding of discount	<u>179</u>
Balance at 31 December 2018	<u>3,375</u>

A leasehold provision has been made in relation to space in the Berkeley Street offices, which became surplus and have 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 24 June 2022 when the term of the lease will expire.

The following assumptions have been used:

	2018	2017
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	15%	14.9%

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued **for the Year Ended 31 December 2018**

19. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £'000	2017 £'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.

20. RESERVES

	Retained earnings £'000	Share premium £'000	Capital redemption reserve £'000	Totals £'000
At 1 January 2018	12,962	45,282	407	58,651
Profit for the year	18,523	-	-	18,523
Dividends	<u>(8,000)</u>	<u>-</u>	<u>-</u>	<u>(8,000)</u>
At 31 December 2018	<u>23,485</u>	<u>45,282</u>	<u>407</u>	<u>69,174</u>

The capital redemption reserve arose on 27 October 2000 when the Company redeemed all of the previously issued Swiss Franc shares at a cost of £1 per share

21. ULTIMATE PARENT COMPANY

Lazard Ltd is the parent company of the largest group which includes the Company and for which group accounts are prepared. Lazard Ltd is also the ultimate controlling party of the Company. The registered address for Lazard Ltd is Clarendon House, 2 Church Street, Hamilton HM1, Bermuda.

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 (registered address stated below)..

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.

22. 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.

LAZARD & CO., LIMITED

Notes to the Financial Statements - continued
for the Year Ended 31 December 2018

23. POST BALANCE SHEET EVENTS

There have been no significant events or transactions since the statement of financial position date that require disclosure.