

**LAZARD ITALY LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR TO 30 NOVEMBER 2013**  
**REGISTERED NUMBER: 3536047**

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## **LAZARD ITALY LIMITED**

### **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the year ended 30 November 2013.

This directors' report has been prepared in accordance with the special provisions relating to small companies under section 415(A) (1) & (2) of the Companies Act 2006.

### **PRINCIPAL ACTIVITY**

The Company is an investment holding company. The Company's principal subsidiary is a holding company for a company carrying on investment banking business in Italy.

### **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

The Company intends to remain an investment holding company. There were no changes in operations during the year and no significant transactions or events.

### **RESULTS**

The profit on ordinary activities after tax was £5,884,594 (2012: £1,441,094 profit). A dividend of £5,944,581 (2012: £1,584,890) was paid during the year.

### **DIRECTORS DURING THE YEAR**

The names of the directors who served during the year and to the date of this report, except as noted are as follows:

R J Farrer-Brown

R J Rountree

M J Siviter (resigned 19 July 2013)

### **COMPANY SECRETARY**

R J Farrer-Brown

### **DIRECTORS' INDEMNITIES**

In accordance with the Company's articles of association and subject to the provisions of and so far as may be permitted by law, directors are indemnified by the Company out of its own funds against all costs, charges, losses, expenses and liabilities incurred by them in the actual or purported execution and/or discharge of their duties and/or the exercise or purported exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office.

### **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 an 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 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/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 auditor is aware of that information.

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

## **LAZARD ITALY LIMITED**

### **REPORT OF THE DIRECTORS (continued)**

#### **GOING CONCERN BASIS**

After making enquiries, the directors have formed a judgment, 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.

The Company is in a net asset position at year end and for this reason the directors continue to adopt the going concern basis in preparing the financial statements.

#### **DIRECTORS' RESPONSIBILITIES STATEMENT**

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:

- select suitable accounting policies and then apply them consistently;
- make judgments 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.

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



Director / Secretary  
50 Stratton Street  
London  
W1J 8LL

R J FARRER-BROWN

23 April 2014

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LAZARD ITALY LIMITED**

We have audited the financial statements of Lazard Italy Limited for the year ended 30 November 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. 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 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.

### **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 30 November 2013 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; or

Calum Thomson (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
London, United Kingdom



24 April 2014

**LAZARD ITALY LIMITED****PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 30 NOVEMBER 2013**

	Notes	2013 £	2012 £
Other operating income	1	31,313	-
Administrative expense		(2,007)	(60,147)
OPERATING PROFIT / (LOSS)		29,306	(60,147)
Interest receivable	1	8,863	11,527
Interest payable		(4,574)	(1,889)
Dividend from shares in group undertakings		5,850,999	1,566,875
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,884,594	1,516,366
Tax charge on profit on ordinary activities	3	-	(75,272)
PROFIT FOR THE FINANCIAL YEAR		5,884,594	1,441,094

The Company has no recognised gains or losses other than as shown above and therefore no statement of total recognised gains and losses has been presented. A reconciliation of the movement in shareholders' funds is shown in note 10.

All activities derive from continuing operations.

The notes on pages 6 to 10 form an integral part of these accounts.

**LAZARD ITALY LIMITED**

**BALANCE SHEET AT 30 NOVEMBER 2013**

	Notes	2013 £	2012 £
FIXED ASSETS			
Investments in subsidiaries	4	12,541,024	12,541,024
Foreign tax debtor	5	2,632,126	2,576,560
		<u>15,173,150</u>	<u>15,117,584</u>
CURRENT ASSETS			
Cash at bank and in hand		387,286	590,212
Debtors	6	46,249	11,681
		<u>433,535</u>	<u>601,893</u>
CURRENT LIABILITIES			
Amounts falling due within one year	7	(24,924)	(77,729)
NET CURRENT ASSETS		<u>408,611</u>	<u>524,164</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>15,581,761</u>	<u>15,641,748</u>
CAPITAL AND RESERVES			
Called up share capital	8	4,499,717	4,499,717
Profit and loss account	9	11,082,044	11,142,031
SHAREHOLDERS' FUNDS	10	<u>15,581,761</u>	<u>15,641,748</u>

These financial statements were approved and authorised for issue by the Board of Directors on **23** April 2014.

Signed on behalf of the Board of Directors:



Director

R J ROUNTREE

Company registration number 3536047

## **LAZARD ITALY LIMITED**

### **NOTES TO THE ACCOUNTS** **FOR YEAR ENDED 30 NOVEMBER 2013**

#### **1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with the provisions of the Companies Act 2006 and applicable accounting standards in the United Kingdom. The particular accounting policies which have been applied are set out below:

##### **a) Basis of accounting**

The financial statements have been prepared on the historical cost basis of accounting.

##### **b) Group accounts**

Group accounts of the Company and its subsidiaries have not been prepared because the Company is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as the Company is a majority-owned subsidiary undertaking incorporated in the United Kingdom and registered in England and Wales.

##### **c) Interest**

Interest receivable and payable is accounted for on an accruals basis.

##### **d) Fixed asset investments**

Fixed asset investments are held at the lower of cost and net realisable value and assessed for impairment annually.

##### **e) Foreign exchange**

Transactions in foreign currencies are translated into sterling at current rates during the year 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.

##### **f) Dividends**

Dividends are recognised in the period in which they are declared and become present obligations of the Company

##### **g) 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.

##### **h) Other income**

Other income comprises foreign exchange differences and other sundry income and is accounted for on an accrual basis.

#### **2. DIRECTORS' EMOLUMENTS AND AUDITOR'S REMUNERATION**

There were no directors' fees or other emoluments for their services to this Company during the current or previous years. The Company has no employees (2012: none). The auditor's remuneration in the current year for audit services was £2,007 (2012: £2,007).

## **LAZARD ITALY LIMITED**

### **NOTES TO THE ACCOUNTS FOR YEAR ENDED 30 NOVEMBER 2013 (continued)**

#### **3. TAXATION**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
UK corporate tax at 23.33% (2012: 24.67%)	-	-
Increase in provision against tax reclaim	-	75,272
Tax charge on profit on ordinary activities	<u>-</u>	<u>75,272</u>

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 23.33% (2012: 24.67%). The current period tax charge for 2013 is less than 23.33% (2012: less than 24.67%) for the reasons set out in the following reconciliation:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	5,884,594	1,516,366
Tax on profit on ordinary activities at standard rate	<u>1,372,964</u>	<u>374,037</u>
Factors affecting charge:		
Increase in provision against tax reclaim	-	75,272
Dividends not taxable	(1,365,126)	(386,496)
Losses brought forward for which credit not taken	5,126	4,134
Exchange gain	<u>(12,964)</u>	<u>8,325</u>
Current tax (credit) / charge for the year	<u>-</u>	<u>75,272</u>

As at 30 November 2013 the Company had losses with a tax value of £27,000 (2012: £26,000) for which credit was not taken.

#### **4. INVESTMENTS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
At 30 November	<u>12,541,024</u>	<u>12,541,024</u>

On 30 November 2012 the Company owned 100% of the ordinary share capital of Lazard Investments s.r.l. Lazard Investment s.r.l. was principally engaged in the business of investment banking, and is registered in Italy.

On 31 December 2012 Lazard Investment s.r.l. merged with its 99% owned subsidiary Lazard & Co., s.r.l and was renamed Lazard SRL. At 30 November 2013 the Company owned 99% of the ordinary share capital of Lazard SRL, 1% is owned directly by Lazard Group LLC. Lazard SRL is principally engaged in the business of investment banking and is registered in Italy.



**LAZARD ITALY LIMITED****NOTES TO THE ACCOUNTS  
FOR YEAR ENDED 30 NOVEMBER 2013 (continued)****5. FOREIGN TAX DEBTOR**

	2013 £	2012 £
Foreign tax debtor (net of provision)	2,632,126	2,576,560
	<u>2,632,126</u>	<u>2,576,560</u>

The company has set up a provision of a reclaim of a tax credit from Italy.

**6. DEBTORS**

	2013 £	2012 £
Intercompany FX forward	46,249	11,681
	<u>46,249</u>	<u>11,681</u>

**7. CURRENT LIABILITIES**

	2013 £	2012 £
Amounts due to related parties	24,924	77,729
	<u>24,924</u>	<u>77,729</u>

**8. SHARE CAPITAL**

	2013 £	2012 £
Allotted, called and fully paid:		
3,999,716 (2012: 3,999,716) Ordinary shares of £1 each	3,999,716	3,999,716
Allotted, called and unpaid:		
1 (2012: 1) Ordinary share of £1	1	1
Allotted, called and fully paid:		
500,000 (2012: 500,000) Preference shares of £1 each	500,000	500,000
	<u>4,499,717</u>	<u>4,499,717</u>

The £1 preference shares are non-cumulative, non-redeemable and bear an interest rate of 5%. There are no voting or other rights attached to these shares.

**9. RESERVES**

	2013 £	2012 £
At 1 December	11,142,031	11,285,827
Retained profit for the year	5,884,594	1,441,094
Dividends paid	(5,944,581)	(1,584,890)
At 30 November	<u>11,082,044</u>	<u>11,142,031</u>

## **LAZARD ITALY LIMITED**

### **NOTES TO THE ACCOUNTS**

#### **FOR YEAR ENDED 30 NOVEMBER 2013 (continued)**

#### **10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Retained profit	5,884,594	1,441,094
Dividends paid	(5,944,581)	(1,584,890)
Net reduction shareholders' funds	(59,987)	(143,796)
Opening shareholders' funds	15,641,748	15,785,544
Closing shareholders' funds	15,581,761	15,641,748

#### **11. 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".

#### **12. RELATED PARTY DISCLOSURES**

During the year the Company transacted with companies within the same group. The transactions in the year were:

- (1) Audit remuneration of £2,007 (2012: £2,007) was paid by Lazard & Co., Limited and recharged to the Company.
- (2) Preference dividends of £25,000 (2012: £25,000) were paid to Casinvest SA.
- (3) To provide foreign exchange cover to the tax reclaim, an FX contract with a maturity date 27 June 2014, has been created with Lazard Freres Banque SA.
- (4) Dividend paid during 2013 to Lazard & Co., Limited £3,456,840 (2012:£910,924) and to Maison Lazard (SAS) £2,462,741 (2012: £648,965).

The balances due to and from related parties at the year end were as follows:

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Amounts due from related parties:		
Lazard Freres Banque SA.	387,286	590,195
Amounts due from related parties	387,286	590,195
Amounts due to related parties:		
Casinvest SA	22,917	22,917
Lazard Freres Banque SA	-	68
Lazard & Co., Limited	2,007	54,746
Amounts due to related parties	24,924	77,731

## **LAZARD ITALY LIMITED**

### **NOTES TO THE ACCOUNTS** **FOR YEAR ENDED 30 NOVEMBER 2013 (continued)**

#### **13. 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, is Lazard & Co., Holdings Limited, a company incorporated and registered in England and Wales.

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

The Company's immediate controlling party is Lazard & Co., Limited, a company incorporated and registered in England and Wales.