

REGISTERED NUMBER: 03536047 (England and Wales)

LAZARD ITALY LIMITED

Strategic Report, Report of the Directors and

Audited Financial Statements for the Year Ended 30 November 2018



LAZARD ITALY LIMITED

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LAZARD ITALY LIMITED

Company Information
for the Year Ended 30 November 2018

DIRECTORS:

R J Farrer-Brown
R J Rountree

SECRETARY:

R J Farrer-Brown

REGISTERED OFFICE:

50 Stratton Street
London
W1J 8LL

REGISTERED NUMBER:

03536047 (England and Wales)

AUDITOR:

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

LAZARD ITALY LIMITED

Strategic Report **for the Year Ended 30 November 2018**

The directors present their strategic report for the year ended 30 November 2018.

REVIEW OF BUSINESS

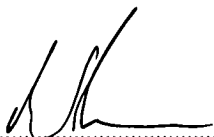
The Company holds an investment in an Italian investment banking advisory company as a long term investment and is expected to continue as an investment holding Company.

As a holding company, the Company receives income from shares in group undertakings. Dividends received for the year were £4,353,030 (2017: £4,578,427). Profit after taxation for the year was £4,353,013 (2017: £4,600,097).

PRINCIPAL RISKS AND UNCERTAINTIES

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

ON BEHALF OF THE BOARD:



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

9 April 2019

LAZARD ITALY LIMITED

Report of the Directors **for the Year Ended 30 November 2018**

The directors present their report with the financial statements of the Company for the year ended 30 November 2018.

PRINCIPAL ACTIVITY

The principal activity of the Company in the year under review was that of an investment holding Company.

DIVIDENDS

The total distribution of dividends for the year ended 30 November 2018 was £3,119,779 (2017: £4,559,677).

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 December 2017 to the date of this report.

R J Farrer-Brown
R J Rountree

GOING CONCERN BASIS

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.

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' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

LAZARD ITALY LIMITED

Report of the Directors
for the Year Ended 30 November 2018

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

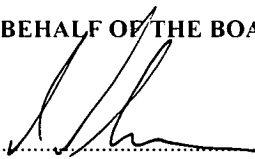
The Company has elected to dispense with the obligation to appoint an auditor annually and, accordingly, Deloitte LLP shall be deemed to be re-appointed as auditors for a further term under the provisions of section 487 (2) of the Companies Act 2006.

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

- 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

9 April 2019

LAZARD ITALY LIMITED

Statement of Directors' Responsibilities **for the Year Ended 30 November 2018**

The directors are responsible for preparing the Strategic Report, 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 101 'Reduced Disclosure Framework'. 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;
- 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 Italy Limited**

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Lazard Italy Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 30 November 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 101 "Reduced Disclosure Framework"; 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 18 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, including 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 Italy 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.

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.

Report on other legal and regulatory requirements

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 has 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:

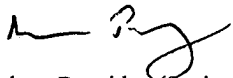
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law 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 Italy 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: 9/4/19

LAZARD ITALY LIMITED**Statement of Comprehensive Income**
for the Year Ended 30 November 2018

	Notes	2018 £	2017 £
TURNOVER		-	-
Administrative expenses		<u>(2,256)</u>	<u>(2,228)</u>
		(2,256)	(2,228)
Other operating income	3	<u>(21,036)</u>	<u>(7,236)</u>
OPERATING LOSS		(23,292)	(9,464)
Income from shares in group undertakings		4,353,030	4,578,427
Interest receivable and similar income	5	<u>41,495</u>	<u>40,494</u>
		4,371,233	4,609,457
Interest payable and similar expenses	6	<u>(25,000)</u>	<u>(25,000)</u>
PROFIT BEFORE TAXATION	7	4,346,233	4,584,457
Tax on profit	8	<u>6,780</u>	<u>15,640</u>
PROFIT FOR THE FINANCIAL YEAR		4,353,013	4,600,097
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>4,353,013</u></u>	<u><u>4,600,097</u></u>

The notes on pages 12 to 17 form part of these financial statements

LAZARD ITALY LIMITED (REGISTERED NUMBER: 03536047)

Statement of Financial Position
30 November 2018

	Notes	2018 £	2017 £
FIXED ASSETS			
Investments	10	12,541,024	12,541,024
CURRENT ASSETS			
Debtors	11	2,940,204	2,879,849
Cash at bank		<u>1,232,963</u>	<u>87,155</u>
		4,173,167	2,967,004
CREDITORS			
Amounts falling due within one year	12	<u>(24,045)</u>	<u>(51,116)</u>
NET CURRENT ASSETS		<u>4,149,122</u>	<u>2,915,888</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		16,690,146	15,456,912
CREDITORS			
Amounts falling due after more than one year	13	<u>(500,000)</u>	<u>(500,000)</u>
NET ASSETS		<u>16,190,146</u>	<u>14,956,912</u>
CAPITAL AND RESERVES			
Called up share capital	15	3,999,717	3,999,717
Retained earnings		<u>12,190,429</u>	<u>10,957,195</u>
SHAREHOLDERS' FUNDS		<u>16,190,146</u>	<u>14,956,912</u>

The financial statements were approved by the Board of Directors and authorised for issue on 9 April 2019 and were signed on its behalf by:



R J Farrer-Brown - Director

The notes on pages 12 to 17 form part of these financial statements

LAZARD ITALY LIMITED**Statement of Changes in Equity**
for the Year Ended 30 November 2018

	Called up share capital £	Retained earnings £	Total equity £
Balance at 1 December 2016	3,999,717	10,916,775	14,916,492
Changes in equity			
Dividends	-	(4,559,677)	(4,559,677)
Total comprehensive income	-	4,600,097	4,600,097
Balance at 30 November 2017	<u>3,999,717</u>	<u>10,957,195</u>	<u>14,956,912</u>
Changes in equity			
Dividends	-	(3,119,779)	(3,119,779)
Total comprehensive income	-	4,353,013	4,353,013
Balance at 30 November 2018	<u>3,999,717</u>	<u>12,190,429</u>	<u>16,190,146</u>

The notes on pages 12 to 17 form part of these financial statements

LAZARD ITALY LIMITED

Notes to the Financial Statements **for the Year Ended 30 November 2018**

1. STATUTORY INFORMATION

Lazard Italy 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 preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of IFRS 7 Financial Instruments: Disclosures;
- the requirements of IAS 7 Statement of Cash Flows;
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures.

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 at least twelve months from the date the financial statements are authorised for issue.

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.

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.

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date.

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

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.

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 it is included in the consolidated financial statements of its parent, Lazard & Co., Holdings Limited. See note 16.

Fixed asset investments

Fixed asset investments are held at cost less provision for impairment in value.

LAZARD ITALY LIMITED

Notes to the Financial Statements - continued **for the Year Ended 30 November 2018**

2. ACCOUNTING POLICIES - continued

Interest

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

Dividends

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

3. OTHER OPERATING INCOME

	2018	2017
	£	£
Other foreign exchange gains/(losses)	<u>(21,036)</u>	<u>(7,236)</u>

4. DIRECTORS EMOLUMENTS

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 (2017: none).

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018	2017
	£	£
Foreign exchange forward contract	<u>41,495</u>	<u>40,494</u>

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2018	2017
	£	£
Interest on intercompany loans	<u>25,000</u>	<u>25,000</u>

Interest on intercompany loans relates to 5% interest due on preference shares.

7. PROFIT BEFORE TAXATION

The profit before taxation is stated after charging:

	2018	2017
	£	£
Auditor's remuneration for the audit of the annual accounts	2,256	2,228
Foreign exchange differences	<u>21,036</u>	<u>7,236</u>

LAZARD ITALY LIMITED**Notes to the Financial Statements - continued**
for the Year Ended 30 November 2018**8. TAXATION****Analysis of tax income**

	2018	2017
	£	£
Deferred tax:		
Current year charge	19,428	(15,640)
Prior period adjustments	(26,208)	-
Total deferred tax	(6,780)	(15,640)
Total tax income in statement of comprehensive income	(6,780)	(15,640)

Factors affecting the tax expense

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

	2018	2017
	£	£
Profit before income tax	4,346,233	4,584,457
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 19.25%)	825,784	882,508
Effects of:		
Dividends not taxable	(827,076)	(881,347)
Foreign exchange loss	23,005	(18,871)
Deferred tax	(2,285)	2,070
Timing differences recognised	(26,208)	-
Tax income	(6,780)	(15,640)

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.

9. DIVIDENDS

	2018	2017
	£	£
Ordinary shares of £1 each		
Final	3,119,779	4,559,677

LAZARD ITALY LIMITED

Notes to the Financial Statements - continued **for the Year Ended 30 November 2018**

10. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 December 2017 and 30 November 2018	<u>12,541,024</u>
NET BOOK VALUE	
At 30 November 2018	<u>12,541,024</u>
At 30 November 2017	<u>12,541,024</u>

The Company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Lazard S.R.L.

Registered office: Via Dell'Orso 2, Milan, 20121

Nature of business: Financial Advisory

	%
Class of shares:	holding
Ordinary	99.00

11. DEBTORS

	2018 £	2017 £
Amounts falling due within one year:		
Foreign exchange contracts	<u>30,528</u>	<u>-</u>
Amounts falling due after more than one year:		
Foreign tax debtor	2,824,177	2,801,130
Deferred tax asset	<u>85,499</u>	<u>78,719</u>
	<u>2,909,676</u>	<u>2,879,849</u>
Aggregate amounts	<u>2,940,204</u>	<u>2,879,849</u>

Foreign tax debtor of £2,824,177 (2017: £2,801,130) is included within the tax debtor balance, this relates to a reclaim of a tax credit from Italian tax authorities. The amount net of a provision is based on the best estimate of the expected transfer of economic benefit.

The remainder of the tax debtor balance relates to deferred tax of £85,499 (2017: £78,719). 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 (2017: 17%). It is believed that this asset will be fully recoverable.

LAZARD ITALY LIMITED

Notes to the Financial Statements - continued **for the Year Ended 30 November 2018**

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Amounts owed to group undertakings	24,045	47,549
Foreign exchange contracts	<u>-</u>	<u>3,567</u>
	<u>24,045</u>	<u>51,116</u>

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2018	2017
	£	£
Preference shares (see note 14)	<u>500,000</u>	<u>500,000</u>

The preference shares are non-cumulative, non-redeemable and bear an interest rate of 5%. Lazard Italy Limited has no discretion over the payment of interest and there are no voting rights or other rights attached to these shares.

14. FINANCIAL LIABILITIES - BORROWINGS

	2018	2017
	£	£
Non-current:		
Preference shares	<u>500,000</u>	<u>500,000</u>

Terms and debt repayment schedule

	More than 5 years
	£
Preference shares	<u>500,000</u>

Details of shares shown as liabilities are as follows:

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
500,000	Preference	£1	<u>500,000</u>	<u>500,000</u>

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018	2017
			£	£
3,999,717	Ordinary	£1	<u>3,999,717</u>	<u>3,999,717</u>

LAZARD ITALY LIMITED

Notes to the Financial Statements - continued **for the Year Ended 30 November 2018**

16. 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, is Lazard & Co., Holdings Limited, a company incorporated and registered in England and Wales (registered address stated below).

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.

17. RELATED PARTY DISCLOSURES

The Company has taken advantage of exemption, under the terms of IAS 24 paragraphs 17 and 18A Related Party Disclosures, not to disclose related party transactions with wholly owned subsidiaries within the group.

18. EVENTS AFTER THE REPORTING PERIOD

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