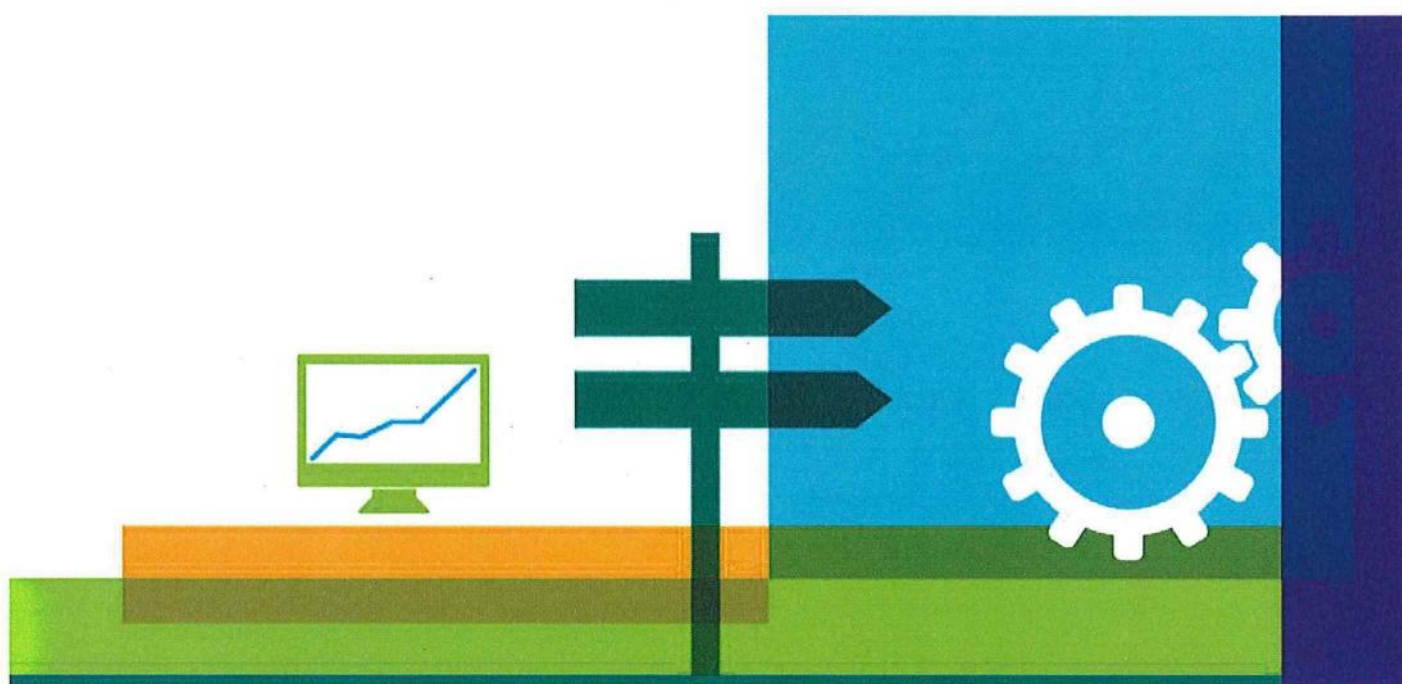


CAPITA



Lazard London Staff Pension Scheme

Scheme Registration Number: 1100513542

Trustees' Annual Report and Financial Statements

For the Year Ended 31 December 2015

CONFIDENTIAL

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Trustees' and their Advisers

Trustees

Mr D Anderson (*Chairman*)
 Mrs H.C.B. Britton
 Mr G.I. Evans* (*Retired 01/04/2015*)
 Mrs B. Albåge Gough-Cooper
 Mr P. Strutt*
 Ms M. Corti* (*Appointed 01/05/2015*)

The Law Debenture Pension Trust Corporation plc represented by Andrew Parker (*Independent Trustee*)
 * *Member-nominated Trustees*

Secretary to the Trustees

Inside Pensions
 3rd Floor
 54-56 Victoria Street
 St Albans AL1 3HZ (*Until 31/08/2015*)

Barnett Waddingham
 Cheapside House
 Cheapside
 London
 EC2V 6BW (*From 01/09/2015*)

Principal Employer

Lazard & Co., Services Limited
 50 Stratton Street
 London W1J 8LL

Actuary

Mr J. Dell
 Lane Clark & Peacock LLP
 95 Wigmore Street
 London W1U 1DQ

Administrator

Capita Employee Benefits Limited
 Hartshead House
 2 Cutlers Gate
 Sheffield S4 7TL

Legal Advisers

Linklaters LLP
 1 Silk Street
 London EC2Y 8HQ

Investment Adviser

Lane Clark & Peacock LLP
 95 Wigmore Street
 London W1U 1DQ

Independent Auditors

Grant Thornton UK LLP
 30 Finsbury Square
 London EC2P 2YN

Bankers

National Westminster Bank plc
 42 High Street
 Sheffield
 S1 1QG

Investment Managers

Lazard Asset Management Limited
 50 Stratton Street
 London W1J 8LL

Insight Investment Management Limited
 33 Old Broad Street
 London EC2N 1HZ

Odey Asset Management LLP
 12 Upper Grosvenor Street
 London W1K 2ND

Ruffer LLP
 80 Victoria Street
 London SW1E 5JL

Henderson Global Investors
 201 Bishopsgate
 London EC2M 3AE

Veritas Asset Management
 6th Floor Elizabeth House
 39 York Road
 London SE1 7NQ (*Until 12/01/2016*)

Baillie Gifford & Co
 Calton Square
 1 Greenside Row
 Edinburgh, EH1 3AN

ICG Longbow
 42 Wigmore Street
 London
 W1U 2RY (*From 12/01/2016*)

Trustees' and Advisors (continued)

AVC Manager

The Prudential Assurance Company Limited
Abbey Gardens
Reading RG1 3UG

Enquiries

Enquiries about the Scheme generally, or about an individual's entitlement to benefits should be addressed to Murray McDowall at the Scheme Administrator, Capita (see address above) or pensions2enquiries@capita.co.uk

Other useful addresses are provided in the Compliance Statement on pages 10 and 11.

Trustees' Report

The Trustees of Lazard London Staff Pension Scheme ("the Scheme") are pleased to present their report together with the financial statements for the year ended 31 December 2015.

The Scheme is a defined benefit Scheme, provided for former eligible employees of the Principal Employer, Lazard & Co., Services Limited ("the Company") and its predecessors and Lazard Asset Management Limited, together the "UK employing companies". It provides members with a retirement pension based on pensionable salary and years of membership. In addition, members were previously able to secure money purchase benefits by making voluntary contributions.

The Scheme was closed to new entrants with effect from 1 January 2002 and ceased accrual of future benefits from 31 March 2006. This does not affect benefits accrued up to 31 March 2006.

Members of the Lazard London Staff Scheme were contracted out of the State Second Pension (S2P) while they were members of the Scheme. They are still entitled to receive the Basic State Pension.

Scheme Management

Two thirds of the Scheme Trustees are Company Nominated however in accordance with the Pensions Act 2004, one third of the Trustees are nominated by the members under the rules notified to the members of the Scheme, to serve for an initial period of five years. Nominations from Scheme members are invited and the incumbents may also put themselves forward for an additional five year term. Members are asked to vote to elect the Member Nominated Trustees for the next five year term. In the event that there is only one nomination, the person nominated will automatically be appointed as a Trustee.

Any removal of a Member Nominated Trustee before the end of the five year term requires the agreement of all of the other Trustees.

The Trustees who served during the year ended 31 December 2015 are listed on page 2. Although the appointed Trustees are responsible for the overall management of the Scheme, the operation of the Scheme is delegated to the Secretary and certain third party advisors, whose performance is monitored by the Trustees.

In the year ended 31 December 2015 the Trustees met on 8 occasions, including 1 meeting to focus principally on investment matters.

Changes to the Scheme

The Trustees approved a change to the rules so that members over the lifetime allowance on retirement can choose whether to take benefits in excess of the lifetime allowance as a pension or a cash lump sum in order to facilitate the payment of tax due. In addition the option of a partial transfer has been approved for greater flexibility.

Trustees' Report (continued)

Scheme Management (continued)

Membership

Details of the membership of the Scheme are given below:

	2015	2014
Pensioners		
Pensioners at the start of the year	415	409
Pensioners re-instated	1	2
Members with deferred benefits reaching retirement	8	20
Pensioners who died during the year	(15)	(16)
New spouse and dependant pensions	4	4
Pensions Suspended	(1)	(4)
Full commutations	(1)	-
	<hr/>	<hr/>
Pensioners at the end of the year	411	415
 Deferred members		
Deferred members at the start of the year	654	687
Late notification of deferment	-	(3)
Deferred members becoming pensioners during the year	(8)	(20)
Transfers out	(8)	(10)
Full commutation	(3)	-
	<hr/>	<hr/>
Deferred members at the end of the year	635	654
	<hr/>	<hr/>
Total membership at the end of the year	1,046	1,069

Of the 411 pensioners at the year end, there were 68 individuals (2014: 69) receiving a pension following the death of their spouse and there were 26 (2014: 33) pensioner annuitants who remain members of the Scheme and have had part of their benefits secured by the purchase of annuities. The previous years total for pensioner annuitants has changed from the 2014 signed accounts as the incorrect figure was used.

These membership figures do not include movements notified to the Administrator after the Scheme year end date.

Trustees' Report (continued)

Scheme Management (continued)

Summary of Contributions Payable in the year

During the year, the contributions payable to the Scheme by the Employer were as follows:

	Employer £'000
Required by the Schedule of Contributions	
Deficit contributions	11,550
Other	325
	<hr/> 11,875 <hr/>

Signed on behalf of the Trustees of the Lazard London Staff Pension Scheme

on 20th July 2016

Trustee

D J F Ande

Trustee

The Law Debenture Pension
Trust Corporation p.l.c.

By:

Andrew Foster Director

Trustee's Report (continued)

Investment Matters

Overview

The Trustees, with the assistance of their appointed investment adviser, determine the overall investment strategy for the Scheme and set out the broad policy to be adopted by each of the appointed fund managers.

Investment managers

The names of those who have managed the Scheme's investments during the year are listed on page 2. The Trustees have delegated the day-to-day management of investments to their appointed fund managers. A written agreement between the Trustees and each manager sets out the terms on which the manager will act.

The managers' duties include the consideration of social, environmental or ethical issues in the selection, retention and realisation of investments as well as voting and corporate governance in relation to the Scheme's assets. The Trustees have reviewed each of the investment managers' policies on these issues. The Trustees believe that the policies adopted by the managers are consistent with their own views.

Investment principles

In accordance with Section 35 of the Pensions Act 1995, the Trustees have prepared a Statement of Investment Principles (SIP) which includes the Trustees' policy relating to ethical investment and the exercise of the rights attaching to investments. Any member may request a copy. This Statement may change from time to time according to advice received from the investment manager or consultants.

Departures from investment principles

To the best of its knowledge, The Trustees can report that they have not been made aware of or has not been any departure from the SIP by the Scheme's investment managers during the year ended 31 December 2015.

Custodial arrangement

The Scheme's equity managers are each responsible for custody of their assets of the pooled equity funds in which the Scheme invests, with BNY Mellon the sub-custodian for Baillie Gifford and Lazard Asset Management. Veritas and Odey have delegated the custodial duties to HSBC Institutional Trust Services and RBC Investor Services respectively.

Under the investment management agreement with Ruffer LLP, the Trustees use RBC Investor Services as custodian, with the custody being arranged by Ruffer.

Northern Trust is custodian for the pooled funds invested with Insight Investment Management Limited. BNP Paribas Securities Services is custodian for the pooled secured loans fund invested with Henderson Global Investors.

The custodians are responsible for the safekeeping, monitoring and reconciliation of documentation relating to the ownership of listed investments and are authorised under the Financial Services and Markets Act 2000 to carry out such activities.

Investments are held in the name of the custodians' nominee companies, in line with common practice for pension Scheme investments.

Employer-related investments

The Scheme's investment managers have confirmed that, as at 31 December 2015, there were no employer-related investments held by the Scheme.

Trustee's Report (continued)

Investment Matters (continued)

Asset allocation

As at 31 December 2015, the Scheme had seven investment managers:

- Ruffer LLP ("Ruffer"), which manages an multi-asset absolute return portfolio;
- Lazard Asset Management ("LAM"), which manages a defensive equity portfolio;
- Veritas Asset Management ("Veritas"), which manages a defensive global equity portfolio;
- Odey Asset Management ("Odey"), which manages a global equity portfolio;
- Baillie Gifford & Co ("Baillie Gifford"), which manages a global equity portfolio;
- Insight Investment Management ("Insight"), which manages a liability matching portfolio, which includes pooled liability matching funds, absolute return bond funds, an asset backed securities fund and cash funds; and
- Henderson Global Investors ("Henderson"), which manages a secured loans portfolio.

The Scheme's asset allocation as at 31 December 2015 (excluding AVC-based insurance policies and investments, money purchase accounts and cash held to meet net outflows), was split approximately as follows:

Name	Portfolio	Asset allocation at 31 December 2015 (%)
Ruffer	Absolute return portfolio	10
LAM	Defensive equities	10
Veritas	Defensive equities	8
Odey	Global equities	8
Baillie Gifford	Global equities	9
	Total "growth" assets	45
Insight	Liability matching portfolio	45
Henderson	Secured loans	10
	Total "defensive" assets	55
	Total Scheme	100

The asset allocation has been set by the Trustees such that the Scheme's investments (excluding cash held to meet net outflows) should comprise 42.5% 'growth' assets and 57.5% 'defensive' assets. The Trustees will review the Scheme's asset allocation from time to time, to ensure that the split between growth and defensive assets remains within 5% of the target allocation.

During the year ending 31 December 2015 there were no changes to the strategy of the Scheme's assets.

Trustee's Report (continued)

Investment Matters (continued)

Review of investment performance

The investment performance in this section is for the Scheme's defined benefit invested assets. The returns from the Scheme's AVC investments, money purchase accounts, insurance policies, Insight's cash sub-portfolio and Trustees' bank accounts are not included. Unless otherwise stated, all the returns are shown after the deduction of investment management fees.

The overall Scheme benchmark return is calculated as a composite of each of the underlying investment manager's benchmark returns weighted by each manager's asset allocation.

Total Returns	2015	3 Years Annualised	5 Years Annualised
Scheme (% pa)	2.0	8.7	7.9
Benchmark (% pa)	1.4	8.3	6.9
Relative Performance (% pa)	0.6	0.4	1.0

Over 2015, the Scheme's assets returned 2.0%.

The Scheme's return over 2015 was lower than the annualised three year and five year periods to 31 December 2015, this was mainly due to generally lower investment market returns in 2015 compared with previous years.

Over three years to 31 December 2015, the Scheme outperformed its benchmark return by 0.4% pa. Outperformance was driven by strong relative performance from the Scheme's absolute return manager and the Insight portfolios.

Over five years to 31 December 2015, the Scheme outperformed its benchmark return by 1.0% pa.

Post year end changes

Trustees decided to cancel the mandate with Veritas Asset Management and have reinvested the funds with ICG Longbow on 12 January 2016 following several years of unsatisfactory performance.

Investment risk disclosures

Investment risks are disclosed in note 17 on pages 31 to 33.

Trustees' Report (continued)

Compliance Matters

Constitution

The Scheme is governed by a definitive Trust Deed dated 26 June 1997, with subsequent amendments.

Taxation Status

The Scheme is a registered pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004. The Trustees know of no reason why this status may be prejudiced or withdrawn.

Pension Increases

The post April 1998 Guaranteed Minimum Pension (GMP) was increased by 1.2% (2014: 2.7%). This increase did not apply to any GMP which was earned in respect of service before 1988, since such increases are determined separately by the government. Pensions in payment as at 1 January 2015 were increased by 3% (2014: 3%).

Calculation of Transfer Values

Transfer values paid during the year were calculated and verified in the manner required by the Regulations. None of the transfer values were less than the amount required by the Regulations.

The Pensions Regulator

The statutory body that regulates occupational pension Schemes is the Pensions Regulator ("tPR"). tPR can be contacted at:

The Pensions Regulator

Napier House

Trafalgar Place

Brighton

BN1 4DW

Telephone: 0870 6063636

Email: customersupport@thepensionsregulator.gov.uk

Website: www.thepensionsregulator.gov.uk

Trustees' Report (continued)

Compliance Matters (continued)

Pension Tracing

A pension tracing service is provided by the Department for Work and Pensions. This service can be contacted as follows:

Pension Tracing Service

The Pension Service 9

Mail Handling Site A

Wolverhampton

WV98 1LU

Telephone: 0345 600 2537

Website: www.thepensionservice.gov.uk

The Pensions Advisory Service

Any concern connected with the Scheme should be referred to the Secretary to the Trustees, Barnett Waddingham, Cheapside House, 138 Cheapside, London, EC2V 6BW, who will try to resolve the problem as quickly as possible. Members and beneficiaries of pension Schemes who have problems concerning their Scheme which are not satisfied by the information or explanation given by the administrators or the Trustees can consult with The Pensions Advisory Service. A local advisor can usually be contacted through a Citizens Advice Bureau. Alternatively The Pensions Advisory Service can be contacted at:

11 Belgrave Road

London SW1V 1RB

Telephone: 0845 601 2923

Email: enquiries@pensionsadvisoryservice.org.uk

Website: www.pensionsadvisoryservice.org.uk

Pensions Ombudsman

In cases where a complaint or dispute cannot be resolved, normally after the intervention of the Pensions Advisory Service, an application can be made to the Pensions Ombudsman to investigate and determine any complaint or dispute of fact or law involving occupational pension Schemes. The address is:

11 Belgrave Road

London SW1V 1RB

Telephone: 0207 834 9144

Email: enquiries@pensions-ombudsman.org.uk

Website: www.pensions-ombudsman.org.uk

Trustees' Report (continued)

Statement of Trustees' Responsibilities

The financial statements, which are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, are the responsibility of the Trustees. Pension Scheme regulations require the Trustees to make available to Scheme members, beneficiaries and certain other parties, audited financial statements for each Scheme year which :

- show a true and fair view of the financial transactions of the Scheme during the Scheme year and of the amount and disposition at the end of that year of the assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year; and
- contain the information specified in the Schedule to the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, including a statement whether the financial statements have been prepared in accordance with the Statement of Recommended Practice "Financial Reports of Pension Schemes".

The Trustees have supervised the preparation of the financial statements and have agreed suitable accounting policies, to be applied consistently, making any estimates and judgements on a prudent and reasonable basis.

The Trustees are also responsible for making available certain other information about the Scheme in the form of an annual report.

The Trustees are responsible under pensions legislation for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates of contributions payable towards the Scheme by or on behalf of the employer and the members of the Scheme and the dates on or before which such contributions are to be paid.

The Trustees are also responsible for keeping records in respect of contributions received in respect of any active member of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedule of Contributions. Where breaches of the Schedule occur, the Trustees are required by the Pensions Acts 1995 and 2004 to consider making reports to the Pensions Regulator and the members.

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

The Trustees also have a general responsibility for ensuring that adequate accounting records are kept and for taking such steps as are reasonably open to them to safeguard the assets of the Scheme and to prevent and detect fraud and other irregularities, including the maintenance of an appropriate system of internal control. The Trustees have ensured that they have fulfilled all of their responsibilities in the above areas.

Trustees' Report (continued)

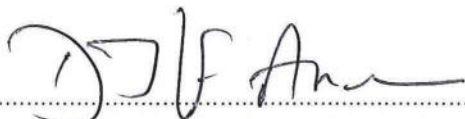
Contact for Further Information

Any enquiries or complaints about the Scheme, including requests from individuals for information about their benefits or Scheme documentation, should be sent to:

Murry McDowall
Capita Employee Benefits Limited
Hartshead House
2 Cutlers Gate
Sheffield
S4 7TL

Pensions2enquiries@capita.co.uk

Signed on behalf of the Lazard London Staff Pension Scheme by:

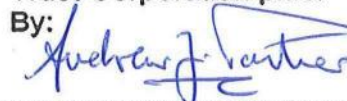


Trustee

Date: 20th July 2016

The Law Debenture Pension
Trust Corporation p.l.c.

By:

 Director

Trustee

Date: 20th July 2016

Report on Actuarial Liabilities

Under Section 222 of the Pensions Act 2004, every scheme is subject to the Statutory Funding Objective, which is to have sufficient and appropriate assets to cover its technical provisions. The technical provisions represent the present value of the benefits members are entitled to based on pensionable service to the valuation date, assessed using the assumptions agreed between the Trustees and the Employer and set out in the Statement of Funding Principles, which is available to Scheme members on request.

The Trustees of the Lazard London Staff Pension Scheme agreed with the UK employing companies the terms of the Funding Deed, which was executed on 30 August 2005, and amended on 31 March 2015.

The main ongoing funding objectives of the Deed are:

- to achieve full funding on a "Gilts basis" by 31 May 2020; and
- to achieve full funding on a "Buyout basis" by 31 May 2030.

As part of discussions with the UK employing companies regarding the 2013 valuation, the Trustees agreed:

- Additional security in the form of an uncapped guarantee from Lazard Group LLC. The security is conditional on the Trustees and UK employing companies continuing to work together to agree the Scheme's investment strategy over the period to 2030; and
- A payment of £11.55m to the Scheme during 2015, consisting of £2.5m payable by the UK employing companies together with a transfer of £9.05m from the Security Arrangement agreed as part of the 2010 valuation, which is to then be dissolved. These contributions were in addition to the £0.8m that was paid in 2014.

In return for the above, the Trustees agreed to waive the "Gilts basis" objective.

The most recent actuarial valuation of the Scheme, at 31 December 2013, showed the funding position on a Technical provisions basis as follows:

Assets	£218.8m
Amount needed to provide benefits	£228.9m
Deficit	£10.1m
Funding level	96%

The agreed contributions, as set out above, were expected to repair the deficit (based on market conditions at the valuation date) by 31 December 2015.

The Scheme Actuary has estimated that, as at 31 December 2015, the funding level of the Scheme had deteriorated significantly to an estimated deficit of approximately £20.2m. The deterioration since 31 December 2013 is primarily driven by a fall in government bond yields which has significantly increased the assessment of the amount needed to provide the benefits.

The actuarial method used in the calculation of the technical provisions is the Projected Unit Method.

Report on Actuarial Liabilities (continued)

Assumptions

Discount interest rate: Term dependent rates set by reference to the fixed interest gilt curve (as derived from Bank of England data) at the valuation date plus an overall return in excess of gilts (summarised in the table below):

Period	Overall return in excess of gilts
31/12/2013 – 31/05/2020	1.4% pa
01/06/2013 – 31/05/2030	1.1% pa
From 01/06/2030	0.0% pa

Future Retail Price inflation: Term dependent rates derived from the Bank of England fixed interest and index-linked gilt curves at the valuation date.

Future Consumer Price inflation: Term dependent rates derived from the assumption for future retail price inflation less an adjustment equal to 1.0% per annum.

Pension increases: derived from the term dependent rates for future price inflation allowing for the caps and the floors on pension increases according to the provisions in the Scheme's rules.

Mortality: For the period in retirement, standard tables S1NMA with a scaling factor of 92% for male members projected from 2003 in line with the CMI 2013 core projections with a long-term annual rate of improvement of 1.5%; and S1NFA with a scaling factor of 92% for female members projected from 2003 in line with the CMI 2013 core projections with a long-term annual rate of improvement of 1.25%. For pre-retirement mortality the AC00 tables are used.

Actuary's Certification of the Schedule of Contributions



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Actuary's certification of schedule of contributions

Page 1 of 2

This certificate is provided for the purpose of Section 227(5) of the Pensions Act 2004 and Regulation 10(6) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Name of scheme: Lazard London Staff Pension Scheme

Adequacy of rates of contributions

1. I certify that, in my opinion, the rates of contributions shown in this schedule of contributions are such that the statutory funding objective could have been expected on 31 December 2013 to be met by the end of the period specified in the recovery plan dated 31 March 2015.

Adherence to statement of funding principles

2. I hereby certify that, in my opinion, this schedule of contributions is consistent with the Statement of Funding Principles dated 31 March 2015.

The certification of the adequacy of the rates of contributions for the purpose of securing that the statutory funding objective can be expected to be met is not a certification of their adequacy for the purpose of securing the scheme's liabilities by the purchase of annuities, if the scheme were to be wound up.

Signature:

Date: 31-3-2015

Name: Jeremy Dell

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Lane Clark & Peacock LLP
95 Wigmore Street
London
W1U 1DQ

Name of employer: Lane Clark & Peacock LLP
(if applicable)

Lane Clark & Peacock LLP is a limited liability partnership registered in England and Wales with registered number 02196456. LCP LLP is registered in the UK (B194, TIN No 2315467) and in the EU (Roid, TIN No 02025680). All partners are members of Lane Clark & Peacock LLP.
A detailed financial return is available for inspection at 95 Wigmore Street, London, W1U 1DQ, the firm's principal place of business and registered office. This is regulated by the Institute and Faculty of Actuaries in respect of a range of regulatory, business activities. Locations: Amsterdam, Washington, Belgium, the Netherlands, Ireland and the UAE.

Lane Clark & Peacock LLP Finance Consulting Investment Consulting Corporate Consulting Regulatory Compliance Consulting Business Analytics

Actuary's Certification of the Schedule of Contributions



3037162 **Notes not forming part of the certification**

Page 2 of 2 **Qualification where actuarial opinion is not given as at signature date**

In giving the above opinion I have interpreted the phrase "could have been expected to be met" as being satisfied by consideration of the proposed contributions under the economic and demographic scenario implied by the trustees' funding assumptions as set out in their statement of funding principles dated 31 March 2015 and their Recovery Plan dated 31 March 2015 and without any further allowance for adverse contingencies that may arise in the future. My opinion does not necessarily hold in any other scenarios.


Furthermore, I have taken no account of either adverse or beneficial outcomes that have become known to me since the effective date of the valuation. However, I have taken account of contributions that are payable to the Scheme between the effective date of the valuation and the date that I have certified this Schedule.

LCP INSIGHT
CLARITY
ADVICE

Actuary's certification of the calculation of technical provisions

This certificate is provided for the purpose of Section 225(1) of the Pensions Act 2004 and Regulation 7(4)(a) of the Occupational Pension Schemes (Scheme Funding) Regulations 2005

Calculation of technical provisions.

Signature: 

Date: 31-3-2015

Name: Jeremy Dell

Qualification: Fellow of the Institute and Faculty of Actuaries

Address: Lane Clark & Peacock LLP
95 Wigmore Street
London
W1U 1DQ

Name of employer: Lane Clark & Peacock LLP
(if applicable)

[illegible]

Independent Auditor's Report

We have audited the financial statements of the Lazard London Staff Pension Scheme for the year ended 31 December 2015 which comprise the Fund Account, the Statement of Net Assets available for Benefits and the related notes. 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 Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereafter. Our audit work has been undertaken so that we might state to the Scheme's Trustees 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 Scheme and the Scheme's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditor

As explained more fully in the Statement of Trustees' Responsibilities on page 12 the Scheme's Trustees are responsible for the preparation of financial statements which show 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion

In our opinion, the financial statements:

- show a true and fair view of the financial transactions of the Scheme during the year ended 31 December 2015 and of the amount and disposition at that date of its assets and liabilities, other than liabilities to pay pensions and benefits after the end of the Scheme year;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- contain the information specified in Regulation 3 and 3a of, and the Schedule to, the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996 made under the Pensions Act 1995.



Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
LONDON
Date



Independent Auditor's Statement about Contributions

We have examined the Summary of Contributions to the Lazard London Staff Pension Scheme in respect of the Scheme year ended 31 December 2015 which is set out on page 6.

This statement is made solely to the Trustees, as a body, in accordance with the Pensions Act 1995 and Regulations made thereafter. Our work has been undertaken so that we might state to the Schemes Trustees those matters we are required to state to them in an auditor's statement about contributions and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Scheme and the Schemes Trustees as a body, for our work, for this statement, or for the opinions we have formed.

Respective responsibilities of Trustees and the auditor

As explained more fully in the Trustees' Responsibilities Statement on page 12, the Scheme's Trustees are responsible for ensuring that there is prepared, maintained and from time to time revised a Schedule of Contributions showing the rates and due dates of certain contributions payable towards the Scheme by or on behalf of the employer and the active members of the Scheme. The Trustees are also responsible for keeping records in respect of contributions received in respect of the active members of the Scheme and for monitoring whether contributions are made to the Scheme by the employer in accordance with the Schedules of Contributions.

It is our responsibility to provide a statement about contributions paid under the Schedules of Contributions and to report our opinion to you.

Scope of work on Statement about Contributions

Our examination involves obtaining evidence sufficient to give reasonable assurance that contributions reported in the Summary of Contributions have in all material respects been paid at least in accordance with the Schedules of Contributions. This includes examination, on a test basis, of evidence relevant to the amounts of contributions payable to the Scheme and the timing of those payments under the Schedules of Contributions.

Statement about contributions payable under the Schedules of Contributions

In our opinion, contributions for the Scheme year ended 31 December 2015 as reported in the Summary of Contributions and payable under the Schedules of Contributions have, in all material respects, been paid at least in accordance with the Schedules of Contributions certified by the Scheme Actuary on 30 April 2012 and 31 March 2015.

Grant Thornton UK LLP

Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

LONDON

Date

20th July 2016

Fund Account

		Total 2015 £'000	Total 2014 £'000
Contributions and benefits			
Employer contributions		11,875	1,230
Total contributions	3	11,875	1,230
Benefits paid or payable	4	(5,670)	(6,214)
Payment to and on account of leavers	5	(2,191)	(3,722)
Administration expenses	7	(438)	(711)
		(8,299)	(10,647)
Net additions/(withdrawals) from dealings with Members		3,576	(9,417)
Returns on investments			
Investment income	8	1,209	969
Change in market value of investments	9	3,854	33,487
Investment management expenses	10	(661)	(452)
Investment management rebates	6	59	47
Net returns on investments		4,461	34,051
Net increase in the fund during the year		8,037	24,634
Net assets of the Scheme at start of year		245,077	220,443
Net assets of the Scheme at end of year		253,114	245,077

The accompanying notes on pages 23 to 34 are an integral part of these financial statements.

Statement of Net Assets available for Benefits

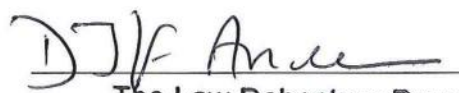
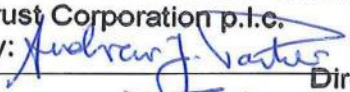
	Note	Total 2015 £'000	Total 2014 £'000
Investment assets:	9		
Equities		7,104	7,744
Bonds		10,639	8,051
Pooled investment vehicles	12	230,245	223,522
Derivatives	13	-	130
Insurance policies	14	608	668
AVC investments	15	1,678	1,635
Cash		2,312	2,675
Other investment balances		25	20
		252,611	244,445
Investment liabilities:	9		
Derivatives	13	(239)	(12)
		(239)	(12)
Total net investments		252,372	244,433
Current assets	18	985	1,033
Current liabilities	19	(243)	(389)
Net assets of the Scheme at end of year		253,114	245,077

The financial statements summarise the transactions of the Scheme and deal with the net assets at the disposal of the Trustees. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Scheme year. The actuarial position of the Scheme, which takes into account such obligations for the defined benefit section, is dealt with in the Report on Actuarial Liabilities on page 14 of the Annual Report and these financial statements should be read in conjunction with this report.

The notes on pages 23 to 34 form an integral part of these financial statements.

These financial statements were approved by the Trustees on 20th July 2016

Signed on behalf of the Trustees

 Trustee
The Law Debenture Pension
Trust Corporation p.l.c.
By:  Trustee
Director

Notes to the Financial Statements

Basis of preparation

The financial statements have been prepared in accordance with the Occupational Pension Schemes (Requirement to obtain Audited Accounts and a Statement from the Auditor) Regulations 1996, Financial Reporting Standard 102 – The Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council and with guidance set out in the Statement of Recommended Practice (Revised November 2014). This is the first year FRS 102 and the Revised SORP have applied to the Scheme's financial statements.

In March 2016, amendments were made to FRS 102 revising the disclosure requirements for financial institutions and retirement benefits plans with respect to the fair value hierarchy disclosure. Schemes shall apply these amendments for accounting periods commencing on or after 1 January 2017, however early adoption is permitted. The Trustees have chosen to early adopt the amendments.

The SORP will require amendment in due course, however amendments will not be necessary before any changes to FRS 102 can take effect. This is because a change in accounting standards after SORP has been issued means that any inconsistent provisions of a SORP cease to have effect.

Accounting policies

The principal accounting policies of the Scheme are as follows:

Contributions

Employer deficit funding contributions are accounted for on the due dates on which they are payable under the Schedule of Contributions or on receipt if earlier with the agreement of the employer and Trustee.

Payments to members

Benefits are accounted for in the period in which the member notifies the Trustees of his decision on the type or amount of benefit to be taken, or if there is no member choice, on the date of retiring or leaving.

Pensions in payment are accounted for in the period to which they relate.

Individual transfers in or out of the Scheme are accounted for when member liability is accepted or, discharged which is normally when the transfer amount is paid or received.

Expenses

Expenses are accounted for on an accruals basis.

Investment income

Income from cash and short term deposits is accounted for on an accruals basis.

Dividends from equities are accounted for on the ex-div date.

Income from bonds is accounted for on an accruals basis and includes interest bought and sold on investment purchases and sales.

Income from pooled investment vehicles is accounted for when declared by the fund manager.

Receipts from annuity policies are accounted for as investment income on an accruals basis to match the timing of the related benefits payable.

Notes to the Financial Statements (continued)

2. Accounting policies (continued)

Investments

The change in market value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

Investments are included at fair value as described below:

Quoted securities in active markets are usually valued at the current bid prices at the reporting date.

Accrued interest is excluded from the market value of fixed income securities and is included in invested income receivable.

Unitised pooled investment vehicles have been valued at the latest available bid price or single price provided by the pooled investment manager. Shares in other pooled arrangements have been valued at the latest available net asset value (NAV), determined in accordance with fair value principles, provided by the pooled investment manager.

Over the counter (OTC) derivatives are valued using the following valuation techniques:

Forward foreign exchange (Forward FX) – the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract at that date.

Annuities have been valued by the Scheme Actuary at the amount of the related obligation, determined using the most recent Scheme Funding valuation assumptions updated for market conditions at the reporting date.

Presentation currency

The Scheme's functional and presentation currency is pounds sterling. Monetary items denominated in foreign currency are translated into sterling using the closing exchange rates at the Scheme year end. Foreign currency transactions are recorded in sterling at the spot exchange rate at the date of the transaction.

Contributions

	2015 £'000	2014 £'000
Employer contributions		
Deficit funding	11,550	800
Other	325	430
	<u>11,875</u>	<u>1,230</u>

Other contributions relate to employer reimbursements of the expenses of administration, professional fees and levies up to an agreed maximum. The employer paid deficit contributions of £11,550,000 in the year. No further deficit contributions are due under the Schedule of Contributions dated 31 March 2015, which reflect the 31 December 2013 actuarial valuation.

Notes to the Financial Statements (continued)

Benefits paid or payable

	2015 £'000	2014 £'000
Pensions	5,455	5,327
Commutations of pensions and lump sum retirement benefits	215	887
	<u>5,670</u>	<u>6,214</u>

Payments to and on account of leavers

	2015 £'000	2014 £'000
Individual transfers out to other Schemes	<u>2,191</u>	<u>3,722</u>

Investment Manager fee rebate

	2015 £'000	2014 £'000
Rebate of investment management fees	<u>59</u>	<u>47</u>

7. Administration expenses

	2015 £'000	2014 £
Actuarial*	108	148
Administration and processing*	51	52
Audit fee*	16	17
Professional fees*	167	316
PPF Levy*	30	130
Fees in respect of Trustee Services	66	48
	<u>438</u>	<u>711</u>

*reimbursed by the Company, up to a ceiling agreed annually, as agreed in the Schedule of Contributions, see note 3.

Actuarial fees were lower in 2015 due to the Actuarial Valuation that took place in 2014. Also Professional fees were lower in 2015 due to a Transfer exercise undertaken during 2014.

Notes to the Financial Statements (continued)

8. Investment income

	2015 £'000	2014 £'000
Dividends from equities	170	167
Income from bonds	65	61
Income from pooled investment vehicles	882	757
Annuity income*	75	(23)
Interest on cash deposits and other	3	5
Other Income	14	2
	<u>1,209</u>	<u>969</u>

*Annuity income was negative in 2014 due to repayment of overpaid annuities received.

9. Reconciliation of investments held at the beginning and end of the year

(a) The movements in total investments during the year were as follows:

	Value at 1 January 2015 £'000	Purchases at cost & derivative payments £'000	Sales proceeds & derivative receipts £'000	Change in market value £'000	Value at 31 December 2015 £'000
Defined Benefit Section					
Equities	7,744	3,514	(4,736)	582	7,104
Bonds	8,051	3,447	(992)	133	10,639
Pooled investment vehicles	223,522	94,995	(91,735)	3,463	230,245
Derivatives	118	354	(385)	(326)	(239)
Insurance policies	668	-	-	(60)	608
AVC investments	1,635	-	(19)	62	1,678
	<u>241,738</u>	<u>102,310</u>	<u>(97,867)</u>	<u>3,854</u>	<u>250,035</u>
Cash deposits	2,675				2,312
Other investment balances	20				25
	<u>244,433</u>				<u>252,372</u>

Transaction costs are included in the cost of the purchase and sale proceeds. Transaction costs include costs charged directly to the Scheme such as fees, commissions, stamp duty and other fees. Indirect costs are incurred through the bid-offer spread on investments within pooled investments vehicles. The amount of indirect costs is not provided to the Scheme separately.

The investments are held in the name of the custodians' nominee companies, as detailed in the Trustees' Report.

Notes to the Financial Statements (continued)

9. Reconciliation of investments held at the beginning and end of the year (continued)

Concentration of Investments

Each of the following investments account for more than 5% of the Scheme's net assets, as at 31 December 2015:

	2015 %	2014 %
Lazard Global Managed	9.91	9.50
Insight Bonds Plus Fund	13.28	11.42
Insight Global Fund	10.16	6.52
Odey Allegra International Fund	7.43	6.18
Baillie Gifford Global Alpha Pension Fund	8.95	6.23
Henderson's Global Investors Secured Loan Fund	9.95	9.84
Insight LDI enhanced	9.20	18.63
Insight LDI enhanced (2)	-	7.18
Insight Bonds 400s Fund	6.05	5.24
Veritas Global Equities	7.63	8.17

Transaction costs

Transaction costs are included in the cost of purchases and sale proceeds. Direct transaction costs include costs charged to the Scheme such as fees, commissions and stamp duty.

Transaction costs analysed by main asset class and type of cost are as follows:

	Commission £'000	Stamp Duty £'000	Total 2015 £'000
Equities	9	2	11

	Commission £'000	Stamp Duty £'000	Total 2014 £'000
Equities	6	3	9

In addition to the transaction costs disclosed above, indirect costs are incurred through the bid-offer spread on investments within pooled investment vehicles and charges made within those vehicles.

Notes to the Financial Statements (continued)

10. Investment management expenses

	2015 £'000	2014 £'000
Administration, management and custody	661	452

11. Taxation

The Scheme is a registered Pension Scheme under Chapter 2 of Part 4 of the Finance Act 2004 and is therefore exempt from income tax and capital gains tax.

12. Pooled investment vehicles

The Scheme's investments in pooled investment vehicles at the year end comprised:

	2015 £'000	2014 £'000
Defined Benefit Section		
Equity	87,770	75,858
Bonds	74,100	64,953
Hedge funds	62,168	80,103
Cash	5,279	1,591
Precious metals	928	1,017
	230,245	223,522

13. Derivatives

Objectives and policies

The Trustees have authorised the use of derivatives by their investment managers as part of their investment strategy for the Scheme as follows:

Forward FX – in order to maintain appropriate diversification of investments within the portfolio and take advantage of overseas investment returns, a proportion of the underlying investment portfolio is invested overseas. To balance the risk of investing in foreign currencies whilst having an obligation to settle benefits in GBP, a currency hedging programme, using forward FX contracts, has been put in place to reduce the currency exposure of these overseas investments to the targeted level.

Notes to the Financial Statements (continued)

13. Derivatives (continued)

Forward Foreign Exchange (FX)

Contract	Settlement date	Currency bought	Currency sold	Aggregate asset £'000	Aggregate liability £'000
Forward OTCs	1-3 months	EUR	GBP	-	(3)
Forward OTCs	1 month	JPY	GBP	-	(58)
Forward OTCs	1-2 months	USD	GBP	-	(178)
Total 2015				-	(239)
Total 2014				130	(12)

The use of foreign exchange contracts have been put in place by certain investment managers to reduce the currency exposure.

14. Insurance policies

The Scheme held insurance policies at the year end as follows:

	2015 £'000	2014 £'000
Annuities with Prudential	584	642
Annuities with Generali	24	26
Total annuities	608	668

15. AVC investments

The Trustees hold assets invested separately from the main Defined Benefit Section investments to secure additional benefits on a money purchase basis for those Defined Benefit Section members electing to pay Additional Voluntary Contributions. Members participating in this arrangement each receive an annual statement made up to 31 December confirming the amounts held in their account and the movements in the year.

The aggregate amounts of AVC investments are as follows:

	2015 £'000	2014 £'000
The Prudential Assurance Company Limited	1,678	1,635

Notes to the Financial Statements (continued)

16. Fair value determination

The fair value of financial instruments has been determined using the following fair value hierarchy:

Level 1	The unadjusted quoted price in an active market for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Inputs other than quoted prices included within Level 1 that are observable (i.e. developed using market data) for the asset or liability, either directly or indirectly.
Level 3	Inputs are unobservable (i.e. for which market data is unavailable) for the asset or liability.

The Scheme's investment assets and liabilities have been fair valued using the above hierarchy levels as follows:

As at 31 December 2015	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Equities	7,104	-	-	7,104
Bonds	10,639	-	-	10,639
Pooled investment vehicles	-	228,230	2,015	230,245
Derivatives	-	(239)	-	(239)
Insurance policies	-	-	608	608
AVC investments	-	-	1,678	1,678
Cash	2,312	-	-	2,312
Other investment balances	25	-	-	25
	20,080	227,991	4,301	252,372

As at 31 December 2014	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Defined Benefit Section				
Equities	7,744	-	-	7,744
Bonds	8,051	-	-	8,051
Pooled investment vehicles	-	222,476	1,046	223,522
Derivatives	-	118	-	118
Insurance policies	-	-	668	668
AVC investments	-	-	1,635	1,635
Cash	2,675	-	-	2,675
Other investment balances	20	-	-	20
	18,490	222,594	3,349	244,433

Notes to the Financial Statements (continued)

17. Investment risk disclosures

FRS 102 requires the disclosure of information in relation to certain investment risks. These risks are set out by FRS 102 as follows:

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation, either directly or indirectly.

Market risk comprises currency risk, interest rate risk and other price risk, defined as follows:

- Currency risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in foreign exchange rates.
- Interest rate risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market interest rates.
- Other price risk is the risk that the fair value or future cash flows of a financial asset will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Trustees determined the Scheme's investment strategy after taking advice from its investment adviser. The Scheme has exposure to the aforementioned risks via the investments held to implement the investment strategy. The Trustees manage investment risks, including credit risk and market risk, considering the Scheme's investment objectives and strategy, and the advice of their investment advisers.

Within each investment portfolio, investment objectives and restrictions to manage risk are implemented through the legal agreements in place with the Scheme's investment managers. The Trustees monitor the performance of the strategy and associated risks, and each investment manager against its objectives and restrictions, on a regular basis.

Further information on these risks and the approach of the Trustees to risk management is set out below. This does not include the legacy insurance policies nor AVC investments as these are not considered significant in relation to the overall investments of the Scheme.

Investment Strategy

The investment objective set by the Trustees is to achieve the best overall investment return in moving towards the 2030 target set out in the Funding Deed, with a level of risk that is commensurate with this objective, having regard to the agreed level of employer contributions and the covenant of the employers.

The Trustees set the investment strategy for the Scheme after taking advice from the Scheme's Investment Adviser and consulting with the Employer. The investment strategy is set out in its Statement of Investment Principles (SIP). Day to day investment management has been delegated to the seven investment managers with whom the Trustees have put in place investment mandates to implement the strategy.

Notes to the Financial Statements (continued)

17. Investment risk disclosures (continued)

Investment Strategy (continued)

The current strategy is to hold:

- a. 57.5% in "defensive" investments. These are investments that either move in line with the long term liabilities of the Scheme or which the Trustees consider less risky investments. The underlying investments include corporate and government bonds, company loans, interest rate and inflation swaps and other derivatives.
- b. 42.5% in return seeking investments comprising global equities and a multi-asset mandate whereby the investment manager has discretion to invest in a wide range of asset classes.

Credit risk

Where the Scheme invests in pooled funds it is directly exposed to credit risk in relation to the solvency of the investment manager and custodian of those funds. In addition, where the Scheme holds assets via a segregated portfolio with Ruffer, the Scheme is directly exposed to credit risk in relation to the custodian.

These direct credit risks are mitigated by the underlying assets of the pooled funds and segregated portfolios being ring-fenced from the investment managers and the custodians, the regulatory environments in which the pooled fund managers and custodians operate and diversification of the Scheme's investments across a number of pooled funds and segregated portfolios. The Trustees carry out due diligence checks prior to the appointment of any new investment manager or fund, and monitor for changes to the operating environment of the existing pooled funds and custodian of the segregated assets.

The Scheme is indirectly exposed to credit risks arising from the underlying investments held by the pooled funds, where they invest in company loans, bonds, derivatives or cash. This is relevant for the Scheme's loan and liability matching portfolios held with Henderson and Insight. The Scheme is directly exposed to credit risks arising from the underlying investments held by the segregated portfolio with Ruffer. The amount invested in each of these mandates is shown in the Statement of Net Assets.

The managers of these funds manage credit risk by having a diversified exposure to bond or loan issuers, conducting thorough research on the probability of default of those issuers. The magnitude of credit risk within each fund will vary over time, as the manager changes the underlying investments in line with its views on markets and specific issuers.

Within the LDI portfolio, there is exposure to credit risk as the LDI portfolio manager uses derivative instruments to match the Scheme's liabilities. The terms under which the LDI portfolio is managed include provisions to manage the exposure to credit risk, such as limits on the exposure to any single counterparty and minimum credit ratings that all counterparties must meet. In addition, the derivative positions are collateralised daily, so as to aim to limit credit risk to one day's market movements. Cash is held within financial institutions which are at least investment grade credit rated.

Notes to the Financial Statements (continued)

17. Investment risk disclosures (continued)

Currency risk

As the Scheme's liabilities are denominated in Sterling, any non-Sterling currency exposure within the assets presents additional currency risk.

Whilst the majority of the currency exposure of the Scheme's assets is to Sterling, the Scheme is subject to currency risk because some of the Scheme's investments are held in overseas markets, either as segregated investments or via pooled investment vehicles. In some cases, the Trustees have delegated the decision on whether or not to hedge any currency risk to their investment managers, some of which maintain a fully hedged position. Even where currency hedging arrangements are in place, there will still be residual currency risks, as these hedging arrangements may not be perfectly aligned to the assets.

The Scheme's assets that are exposed to indirect currency risk are the various international equity, multi-asset, bond and loan funds. The amount invested in each of these mandates is shown in the Statement of Net Assets

Interest rate risk

The Scheme is subject to interest rate risk because some of the Scheme's investments are held in bonds, interest rate swaps and cash, both directly as segregated investments and indirectly through the pooled investments with Insight. The amount invested in each of these mandates is shown in the Statement of Net Assets.

However, the interest rate exposure of these assets is structured to hedge around 50% of the corresponding risks associated with the Fund's liabilities. The net effect is to reduce the volatility of the funding level, and so the Trustees believe that it is appropriate to take exposures to these risks in this manner.

Other price risk

The Scheme's assets are exposed to risks of market prices other than currencies and interest rates, such as the equity pooled fund holdings being subject to movements in equity prices and property investments being subject to movements in property prices. The Trustees believe that the Scheme's assets are adequately diversified between different asset classes and within each asset class to manage this risk.

Notes to the Financial Statements (continued)

18. Current assets

	2015 £'000	2014 £'000
Pensions paid in advance	376	369
Cash balances	609	664
	<u>985</u>	<u>1,033</u>

19. Current liabilities

	2015 £'000	2014 £'000
Benefits payable	-	3
Administrative and investment management expenses	241	264
Other	2	-
Repayment of Annuity Income	-	122
	<u>243</u>	<u>389</u>

20. Related party transactions

There was no direct investment in any Lazard company, including in the employers participating in the Scheme, at any time during the year or at the year end.

Investments under management by Lazard Asset Management Limited represented 9.91% of the net assets of the Scheme as at 31 December 2015 (2014: 9.50%).

During the year fee rebates have been received from the associates of Lazard & Co., Services Limited as disclosed in note 6 amounting to £59,000 (2014: £47,000).

Two (2014: three) of the Trustees of the Scheme are pensioners receiving benefits from the Scheme.

Fees of £32,000 (2014: £30,000) in respect of Trustee Services were paid in the year by Lazard & Co., Services Limited. The company was reimbursed for these payments made on behalf of the Scheme as disclosed in note 7. In addition, further fees of £34,000 (2014: £18,000) were paid by the scheme.

21. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on the Fund Account or Net Assets.