

**REGISTERED NUMBER: 01970853 (England and Wales)**

**LAZARD FUND MANAGERS LIMITED**

**Strategic Report, Report of the Directors and**

**Audited Financial Statements for the Year Ended 31 December 2021**



**LAZARD FUND MANAGERS LIMITED**

**Contents of the Financial Statements  
for the Year Ended 31 December 2021**

	<b>Page</b>
Company Information	1
Strategic Report	2
Report of the Directors	4
Statement of Directors' Responsibilities	6
Report of the Independent Auditor	7
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13

**LAZARD FUND MANAGERS LIMITED**

**Company Information**  
**for the Year Ended 31 December 2021**

**DIRECTORS:**

J Reinsberg  
N A Paul  
J M Taylor  
N I Emmins  
H V Tseayo

**SECRETARY:**

T Russell

**REGISTERED OFFICE:**

50 Stratton Street  
London  
W1J 8LL

**REGISTERED NUMBER:**

01970853 (England and Wales)

**AUDITOR:**

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

## **LAZARD FUND MANAGERS LIMITED**

### **Strategic Report** **for the Year Ended 31 December 2021**

The directors present their report for the year ended 31 December 2021.

#### **REVIEW OF BUSINESS**

At the end of the year there were 10 (2020: 10) sub-funds of Lazard Investment Funds.

The profit for the year after taxation was £366,040 (2020: £343,165).

There have been no changes to the allotted share capital during the year.

#### **KEY PERFORMANCE INDICATORS**

During the year total assets under management fell by £225,861,000 (15%) to £1,236,807,000 (2020: £1,462,668,000) through underlying market appreciation of £196,745,000 (13%) and net outflows of £422,606,000 (28%).

Annual average assets under management increased by £27,539,000 (2%) to £1,394,198,000 (2020: £1,366,659,000) and by consequence associated annual revenues of £9,037,948 were 5% below prior year (2020: £9,473,778).

Administrative expenses decreased by £417,000 (5%) to £8,586,047 (2020: £9,003,350). This was primarily due to reduced investment management fees as can be seen in note 5.

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

Principal risks and uncertainties faced by the company include the loss of clients and withdrawal of assets under management due to influences from general market conditions, product types and the performance of the company's strategies. In order to mitigate these risks, the Lazard Asset Management group - of which Lazard Fund Managers Limited is a part of - exerts strong control and oversight over its strategies and funds through the Lazard Oversight Committee, a global asset management committee based in New York which comprises the group's head of risk, senior management and investment professionals and through the London Operational Risk Committee ("LORC"). The company also calls on strong and experienced Marketing and Client Services departments to ensure clients are kept aware of market conditions and Lazard's relative performance through regular client meetings and reporting.

The Lazard Asset Management group takes appropriate steps to minimise the impact of operational risks faced by the company through the operation of the London Operating Committee ("LOC") and the LORC which oversee the company's risks and ensure that the company creates and implements processes to identify, measure and monitor those risks.

The company does not have any involvement in the use of financial instruments and the associated market risks of holding or trading in such instruments.

Credit risk is limited to amounts receivable through direct deduction of management fees from mutual funds by the Trustees.

In order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, cash and cash equivalents are held in a current account with major financial institutions. The company also assesses the adequacy of its liquidity on a constant basis through its obligations under the regulatory requirements of the Financial Conduct Authority ("FCA").

The LORC monitors the impact of cash flow risk on an ongoing basis.

The company managed its capital adequacy with reference to the Lazard Asset Management (UK) Holdings Limited group Internal Capital Adequacy Assessment Process (ICAAP), as required by the FCA. In particular, the ICAAP established the minimum capital requirement with reference to a number of stress tests and scenario analyses.

Details of Lazard Fund Managers Limited approach to capital adequacy, as required under Pillar III of the Capital Requirements Directive are included in Lazard Asset Management (UK) Holdings Limited consolidated financial statements as of the year ended 31 December 2021, which also provide information regarding the remuneration policies and practices for those staff whose professional activities have a material impact on the group's risk profile. These financial statements can be obtained from the Registered Office, 50 Stratton Street, W1J 8LL.

The company has reviewed changes that will apply from 1<sup>st</sup> January 2022 under rules as set out in the new Investment Firms Prudential Regime and has concluded that the changes will not have a material impact on the regulatory capital requirement of the company, and that a sufficient capital surplus will be maintained after transition.

## **LAZARD FUND MANAGERS LIMITED**

### **Strategic Report** **for the Year Ended 31 December 2021**

#### **UNITED KINGDOM EXIT FROM THE EUROPEAN UNION**

The UK left the European Union on 31 January 2020. Prior to that date, the UK adopted numerous European Union laws and regulations into domestic legislation in order to ensure continuity. However, the UK plans to evaluate the extent to which these European Union legacy laws should change going forward and in the future, the UK may diverge from these laws and regulations and may decide not to adopt rules that correspond to future European Union legislation. To the extent that different regulatory systems impose overlapping or inconsistent requirements on the conduct of the company's business, the company may face additional complexity and costs in its compliance efforts, as well as potential increased costs to the extent the company is required to make further adjustments to how the company operates its business in the UK and/or the European Union. The company does not believe that this will have a material adverse impact on its business activities.

#### **COVID-19 (CORONAVIRUS)**

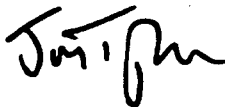
In March 2020, the World Health Organization declared the coronavirus ("COVID-19") a pandemic, which continues to affect the global community. The UK Government continued to implement social distancing measures during 2021, with the company continuing with remote working arrangements for most of its employees and restricted business travel; these arrangements and restrictions were modified during the year as per government guidance. As of 24 February 2022, the government started to remove social restrictions relating to COVID-19, from 1 April 2022 all remaining restrictions were removed.

These arrangements have not materially affected the company's ability to maintain and conduct its business operations, including the operation of financial reporting systems, internal controls over financial reporting and disclosure controls and procedures. While the COVID-19 pandemic has adversely affected the global economy, an economic recovery has since taken place. The nature and extent of COVID-19's effect on the company's operational and financial performance will continue to depend on future developments.

#### **CONFLICT IN UKRAINE**

The conflict in Ukraine, which began in February 2022, has affected market sentiment and increased market volatility. While the company has no direct exposure to clients or suppliers either in Ukraine or subject to sanctions imposed as a result of the conflict, the consequences of the global macroeconomic environment and how that will affect the business remain uncertain.

**APPROVED BY THE BOARD AND SIGNED ON ITS BEHALF:**



J M Taylor - Director

26 April 2022

## **LAZARD FUND MANAGERS LIMITED**

### **Report of the Directors for the Year Ended 31 December 2021**

The directors present their annual report with the audited financial statements of the company for the year ended 31 December 2021.

#### **PRINCIPAL ACTIVITY**

Lazard Fund Managers Limited ("the company") is a wholly-owned subsidiary of Lazard Asset Management Limited and acts as an authorised corporate director to Lazard Investment Funds; Lazard Investment Funds is an open ended investment company.

There have not been any significant changes in the company's principal activities in the year under review and the company expects to continue to trade in this way for the foreseeable future.

Information on Principle Risks and Uncertainties are detailed within the Strategic Report.

The company is regulated by the Financial Conduct Authority ("FCA").

#### **DIVIDENDS**

Interim dividends totalling £0.17949 per share were paid during the year (2020: £0.29487). The directors recommend that no final dividend be paid (2020: £nil).

The total distribution of dividends for the year ended 31 December 2021 was £350,000 (2020: £575,000).

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2021 to the date of this report.

J Reinsberg  
N A Paul  
J M Taylor  
N I Emmins  
H V Tseayo

In accordance with the company's articles of association and subject to the provisions of the Companies Act 2006, the company has made qualifying third party indemnity provisions for the benefit of its directors against all costs, charges, losses, expenses and liabilities incurred by them in the execution and/or discharge of their duties and/or the exercise of their powers and/or otherwise in relation to or in connection with their duties, powers or office.

N Emmins and H Tseayo remained as non-executive directors during the year.

All other mentioned directors are employees of the Lazard Group.

#### **GOING CONCERN BASIS**

As can be seen from the Statement of Financial Position, the company has considerable financial resources and as a consequence the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

After making enquiries, the directors have formed a judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason the directors continue to adopt the going concern basis in preparing the financial statements.

The company's directors have assessed the situation and have a strong business model and as indicated on the Statement of Financial Position, the company has sufficient financial resources. As a consequence, the directors believe that the company is well placed to manage its business risks successfully throughout the business cycle.

**LAZARD FUND MANAGERS LIMITED**

**Report of the Directors**  
**for the Year Ended 31 December 2021**

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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

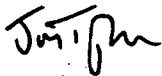
- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

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

**AUDITOR**

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

**APPROVED BY THE BOARD & SIGNED ON ITS BEHALF:**



J M Taylor - Director

26 April 2022

## **LAZARD FUND MANAGERS LIMITED**

### **Statement of Directors' Responsibilities for the Year Ended 31 December 2021**

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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable 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.



## **Independent auditor's report to the members of Lazard Fund Managers Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Lazard Fund Managers Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the Statement of Comprehensive Income
- the Statement of Financial Position
- the Statement of Changes in Equity; and
- the related notes 1 to 13

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**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

#### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Lazard Fund Managers Limited - continued**

### **Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities, 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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management and internal audit about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included the UK Companies Act, and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included compliance with Financial Conduct Authority (FCA) requirements and regulatory capital requirements.

We discussed among the audit engagement team including relevant internal specialists such as tax and pensions specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud or non-compliance with laws and regulations in the following areas, and our specific procedures performed to address it are described below:

- Fee rebates are payments made to customers based on their holdings in funds. Certain fee rebates are calculated manually and there is a risk that this calculation is done incorrectly. We performed a walkthrough of the rebate calculation process to assess how holdings are confirmed and how the rebate is calculated, and tested a sample of transactions.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

**Independent auditor's report to the members of Lazard Fund Managers Limited - continued**

**Extent to which the audit was considered capable of detecting irregularities, including fraud - continued**

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management, internal audit and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance and reviewing internal audit reports

**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 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 Report of the Directors have been prepared in accordance with applicable legal requirements.

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

**Matters on which we are required to report by exception**

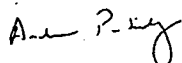
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

**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

26 April 2022

**LAZARD FUND MANAGERS LIMITED****Statement of Comprehensive Income**  
**for the Year Ended 31 December 2021**

	Notes	2021 £	2020 £
<b>TURNOVER</b>	3	9,037,948	9,473,778
Administrative expenses	5	<u>(8,586,047)</u>	<u>(9,003,350)</u>
<b>OPERATING PROFIT</b>	6	451,901	470,428
Interest receivable and similar income		<u>-</u>	<u>3,261</u>
<b>PROFIT BEFORE TAXATION</b>		451,901	473,689
Tax on profit	7	<u>(85,861)</u>	<u>(130,524)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>366,040</u></u>	<u><u>343,165</u></u>

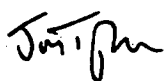
The notes form part of these financial statements

**LAZARD FUND MANAGERS LIMITED (REGISTERED NUMBER: 01970853)**

**Statement of Financial Position**  
**31 December 2021**

	Notes	2021 £	2020 £
<b>CURRENT ASSETS</b>			
Debtors	9	2,945,401	11,308,719
Prepayments and accrued income		36,220	52,514
Cash at bank		<u>2,242,249</u>	<u>2,261,956</u>
		5,223,870	13,623,189
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>(2,498,052)</u>	<u>(10,913,411)</u>
<b>NET CURRENT ASSETS</b>		<u>2,725,818</u>	<u>2,709,778</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>2,725,818</u>	<u>2,709,778</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1,950,000	1,950,000
Retained earnings		<u>775,818</u>	<u>759,778</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>2,725,818</u>	<u>2,709,778</u>

The financial statements were approved by the Board of Directors and authorised for issue on 26 April 2022 and were signed on its behalf by:



J M Taylor - Director

The notes form part of these financial statements

**LAZARD FUND MANAGERS LIMITED****Statement of Changes in Equity**  
**for the Year Ended 31 December 2021**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1 January 2020</b>	1,950,000	991,613	2,941,613
<b>Changes in equity</b>			
Dividends	-	(575,000)	(575,000)
Total comprehensive income	-	343,165	343,165
<b>Balance at 31 December 2020</b>	<u>1,950,000</u>	<u>759,778</u>	<u>2,709,778</u>
<b>Changes in equity</b>			
Dividends	-	(350,000)	(350,000)
Total comprehensive income	-	366,040	366,040
<b>Balance at 31 December 2021</b>	<u>1,950,000</u>	<u>775,818</u>	<u>2,725,818</u>

The notes form part of these financial statements

## **LAZARD FUND MANAGERS LIMITED**

### **Notes to the Financial Statements** **for the Year Ended 31 December 2021**

#### **1. STATUTORY INFORMATION**

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

#### **2. ACCOUNTING POLICIES**

##### **Basis of preparing the financial statements**

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

##### **Financial Reporting Standard 102 - reduced disclosure exemptions**

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

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of paragraphs 12.26, 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and;
- the requirement of paragraph 33.7.

##### **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 when the financial statements are authorised for issue. For this reason the directors continue to adopt the going concern basis in preparing the financial statements. Further information can be found in the Report of the Directors on page 4.

##### **Critical accounting judgements and key sources of estimation uncertainty**

Due to the nature of the company's business and having considered the key sources of income and expenditure, assets and liabilities, and the company's accounting policies, the directors do not believe there are any critical accounting judgements or key sources of estimation uncertainty.

## **LAZARD FUND MANAGERS LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2021**

#### **2. ACCOUNTING POLICIES - continued**

##### **Turnover**

Turnover, net of VAT, represents investment management income and expenses from advisory and administrative services, as well as income derived from the sale and cancellation of units, which is recognised on the net basis in accordance with the requirements of FRS 102 Section 23 as the company is considered to be acting as agent for such transactions. These activities are performed in the normal course of business.

Investment management and investment advisory and administration services are recognised as the services are performed. Such fees are primarily based on predetermined percentages of the market value of the assets under management. Income derived from the sale and cancellation of units is recognised as the services are performed.

The company contracts with third parties and affiliates for various mutual fund distribution, investment management and shareholder servicing to be performed on behalf of certain funds of Lazard Investment Funds of which the company is the authorised corporate director ("ACD"). Such arrangements generally are priced as a portion of the fee paid by the fund to the company under the ACD Agreement. In certain cases, the fund takes on the primary responsibility for payment for services such that the company bears no credit risk to the third party. The company accounts for such retrocession arrangements in accordance with Section 23 Revenue of FRS 102, and has recorded its turnover net of retrocessions.

Under contracts with Lazard Investment Funds and the company, the affiliates responsible for the investment management of the funds are entitled to a portion of the fee paid to the company. The company is responsible for collecting the fee and paying the fee share to affiliates on a limited recourse basis.

##### **Taxation**

Taxation for the year comprises current tax. Tax is recognised in the Statement of Comprehensive Income.

Current taxation assets and liabilities are not discounted.

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

##### **Interest receivable and payable**

All interest receivable and payable is reflected in the income statement as it accrues.

#### **3. TURNOVER**

The turnover and profit before taxation are attributable to the principal activities of the company.

	2021	2020
	£	£
Investment Management fees collected on behalf of affiliates	6,366,666	6,804,012
Investment management fees retained as authorised corporate director of Lazard Investment Funds	<u>2,671,282</u>	<u>2,669,766</u>
Net income from transactions in units	<u>9,037,948</u>	<u>9,473,778</u>



## **LAZARD FUND MANAGERS LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2021**

#### **4. DIRECTORS EMOLUMENTS**

The company has no direct employees (2020: none). Other than the non-executive directors, the directors receive no emoluments in respect of their services as directors of the company (2020: £nil). The directors, and other staff involved in the company's operations, are employed by Lazard Asset Management Limited, and are remunerated by that company and that remuneration is included in a management charge levied by that company.

Effective April 2021, Hemen Tseayo was remunerated through payroll for his services as a non-executive director. Nicholas Emmins was also remunerated 50% via payroll for his services as a non-executive director. The remaining 50% was remunerated via invoices for his services as a consultant.

Aggregate emoluments paid to directors and former directors for services in respect of the company for 2021 amounted to £60,000 (2020: £55,000).

#### **5. ADMINISTRATIVE EXPENSES**

	2021 £	2020 £
Investment Management fees collected on behalf of affiliates	6,366,666	6,804,012
External fund administration	1,660,298	1,667,882
Other direct costs	559,083	531,456
	<u>8,586,047</u>	<u>9,003,350</u>

#### **6. OPERATING PROFIT**

- Audit fees are charged to and paid by Lazard Asset Management Limited. The amount allocated to the company in 2021 was £44,141 (2020: £33,641). In addition, the amount to be paid directly by Lazard Fund Managers Limited in 2021 for Client Assets Assurance Opinion Fees (CASS) was £45,175 (2020: £32,800).

**LAZARD FUND MANAGERS LIMITED****Notes to the Financial Statements - continued**  
**for the Year Ended 31 December 2021****7. TAXATION****Analysis of the tax charge**

The tax charge on the profit for the year was as follows:

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Current tax		
Current year charge	85,861	90,001
Adjustment in respect of previous periods	<u>-</u>	<u>40,523</u>
 Tax on profit	 <u><u>85,861</u></u>	 <u><u>130,524</u></u>

UK corporation tax has been charged at 19% (2020: 19%).

**Reconciliation of total tax charge included in profit and loss**

The tax assessed for the year is the same as the standard rate of corporation tax in the UK.

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Profit before tax	<u><u>451,901</u></u>	<u><u>473,689</u></u>
 Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	 85,861	 90,001
Effects of:		
Adjustments to tax charge in respect of previous periods	<u>-</u>	<u>40,523</u>
 Total tax charge	 <u><u>85,861</u></u>	 <u><u>130,524</u></u>

The Finance Act 2021 was substantially enacted in May 2021 and has increased the corporation tax rate from 19% to 25% with effect from 1 April 2023.

**LAZARD FUND MANAGERS LIMITED****Notes to the Financial Statements - continued  
for the Year Ended 31 December 2021****8. DIVIDENDS**

	2021	2020
	£	£
Ordinary 1 shares of £1 each		
<b>Paid:</b>		
Interim dividend for the year ended 31 December 2021 £0.17p (2020: £0.29p)		
per ordinary share	<u>350,000</u>	<u>575,000</u>

**9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade debtors	2,820,618	11,272,128
Amounts owed by group undertakings	122,410	36,591
Other debtors	<u>2,373</u>	<u>-</u>
	<u>2,945,401</u>	<u>11,308,719</u>

The remaining balance of amounts owed by group undertakings is made up of intercompany trading balances which are all unsecured, have no specified repayment terms and do not accrue interest.

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2021	2020
	£	£
Trade creditors	2,142,526	10,487,122
Amounts owed to group undertakings	13,883	-
Tax	15,861	90,000
Social security and other taxes	14,119	-
Accruals and deferred income	<u>311,663</u>	<u>336,289</u>
	<u>2,498,052</u>	<u>10,913,411</u>

The remaining balance of amounts owed to group undertakings is made up of intercompany trading balances which are all unsecured, have no specified repayment terms and do not accrue interest.

**11. CALLED UP SHARE CAPITAL****Allotted, issued and fully paid:**

Number:	Class:	Nominal value:	2021	2020
			£	£
1,950,000	Ordinary	£1	<u>1,950,000</u>	<u>1,950,000</u>

## **LAZARD FUND MANAGERS LIMITED**

### **Notes to the Financial Statements - continued** **for the Year Ended 31 December 2021**

#### **12. ULTIMATE PARENT COMPANY**

Lazard Limited (incorporated in Bermuda) is regarded by the directors as being the company's ultimate parent company and is the largest group which includes the company and for which group accounts are prepared. Lazard Limited is also the ultimate controlling party of the company.

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

The company's immediate controlling party is Lazard Asset Management Limited, a company incorporated and registered in England and Wales.

The parent company of the smallest group, which includes the company and for which group accounts are to be prepared, is Lazard Asset Management (UK) Holdings Limited a company incorporated and registered in England and Wales.

Copies of the Lazard Asset Management (UK) Holdings Limited financial statements may be obtained from The Secretary, Lazard Asset Management (UK) Holdings Limited, 50 Stratton Street, London W1J 8LL.

#### **13. RELATED PARTY DISCLOSURES**

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

The related party debtors and creditors, as at year end, have been disclosed within notes 9 and 10.