JEFFERIES INTERNATIONAL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 November 2013

Company Registration No. 1978621

TABLE OF CONTENTS

The directors present their strategic report on Jefferies International Limited (the "Company") for the year ended 30 November 2013.

1. REVIEW OF THE BUSINESS

The Company acts as the principal operating subsidiary for Jefferies International (Holdings) Limited which in turn is an intermediate holding company for Jefferies Group LLC Jefferies Group LLC is a full service investment banking firm owned by Leucadia National Corporation, a company listed on the New York Stock Exchange.

Jefferies Group LLC provides clients with capital markets, and financial advisory services, institutional brokerage, securities research as well as wealth and asset management services It provides research and trade execution in equity, fixed income, foreign exchange, futures and commodities markets and a full range of investment banking services including underwriting, merger and acquisition, restructuring and recapitalisation and other advisory services

Financial Performance

The Company has recorded a profit after tax for the financial year of £16,500,274 (2012: loss of £25,364,422).

The Company has seen a significant increase in activity across all sectors of the business which has generated the positive results for the year.

The table below sets out the key results and performance indicators for the year.

	Year ended 30 November 2013 £000	Year ended 30 November 2012 £000
Turnover	339,844	282,719
Profit / (loss) for the financial year	16,500	(25,364)
Total shareholders' funds	329,805	259,794
Operating profit margin	12%	-6%
Return on capital employed	7%	-3%
Current ratio	111%	109%

The return on capital employed ratio is calculated by dividing net operating profit by total assets less current liabilities The statutory Profit and Loss Account for the year is set out on page 10. The consolidated financial statements of Jefferies International (Holdings) Limited, that include the Company, disclose relevant non-financial key performance indicators

Future developments and prospects

The Board believes that the Company is well positioned to take advantage of the improving economic environment and the Company has made a positive start to the current financial year. The Company provides a wide range of investment banking services to clients and the Board believes that focus on client needs is the foundation for future growth and success

The Company does face a number of risks and uncertainties in implementing the Board's strategic plan. These risks and uncertainties include. market risk, credit risk, operational risk; liquidity risk and capital adequacy risk.

1. REVIEW OF THE BUSINESS (continued)

Future developments and prospects (continued)

The Board believes that these risks and uncertainties are satisfactorily mitigated through the comprehensive systems of controls and senior management oversight that have been implemented throughout the business. The financial risks faced by the business are discussed in more detail within note 26

The Company continues to enjoy the full support of both Jefferies Group LLC and the ultimate parent company, Leucadia National Corporation On 31 December 2013 the Company received an additional capital contribution of £30.2 million from its immediate parent, Jefferies International (Holdings) Limited, thus further strengthening the Company's capital base

2. GENERAL

On 1 March 2013, Jefferies Group, Inc merged with Leucadia National Corporation. Jefferies Group, Inc. converted to a Delaware limited liability company, Jefferies Group LLC, which is now a subsidiary of Leucadia National Corporation. As a result Leucadia National Corporation has become the ultimate parent of the Company (see note 30).

The Company continues to operate branches in Frankfurt, Paris, Milan and Dubai. In 2013 the Company established a branch in Moscow. The Company currently has a subsidiary in Zurich, Jefferies (Schweiz) AG ("JSA"). On 27 November 2013, the Board approved a proposal to change the status of JSA from a subsidiary of the Company to a branch of the Company. The change will be actioned in the current financial year.

The Company is authorised and regulated by the Financial Conduct Authority ("FCA") in the United Kingdom. The FCA requires a specified minimum level of regulatory capital and liquidity to be maintained by the Company The operations of the Company's branches in France, Germany, Italy, Dubai, Russia and subsidiary in Switzerland are regulated by the relevant authorities in those countries.

The Company is a member of the London Stock Exchange, Euronext, Deutsche Boerse (Xetra platform), Oslo Bors, SIX Swiss Exchange, Borsa Italia, BATS Europe (MTF) and Chi-X (MTF).

The Company currently operates in the primary sovereign debt markets, participating in debt issuances for the governments of Austria, Belgium, Germany, the Netherlands, Portugal, Slovenia and the United Kingdom. The Company is also a dealer for the European Financial Stability Fund (EFSF).

By order of the Board

D W Weaver
Director

25 March 2014

Vintners Place
68 Upper Thames Street
London EC4V 3BJ

The directors present their annual report and the audited financial statements of the Company for the year ended 30 November 2013 The information in relation of the Company's future developments is discussed within the Strategic Report.

1. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 30 November 2013 (2012: £nil).

2. GOING CONCERN

The directors have a reasonable expectation that there is both the intent and adequate resources, both in terms of liquidity and regulatory capital, for the Company to continue in operational existence for the foreseeable future This assessment is made taking into account both the positive result in the financial year and the continuing support of the Company's parent, Jefferies International (Holdings) Limited and Jefferies Group LLC.

The Company's shareholder's funds have increased from £259.8 million as at 30 November 2012 to £329 8 million as at 30 November 2013. The Company had cash, excluding clients' monies, of £102 9 million as at 30 November 2013 compared to £188 2 million as at 30 November 2012. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company acknowledges the risks it faces in undertaking its business and seeks to understand, assess and mitigate those risks in such a way that the financial impact is managed in accordance with the overall risk appetite of the Board.

Risk is an inherent part of the Company's business and activities. Accordingly, the Company has a comprehensive risk management approach, with a formal governance structure (see section 4 overleaf) and processes to identify, assess, monitor and manage risk.

Risk management is a multifaceted process that requires communication, judgment and knowledge of financial products and markets. Accordingly, the Company's risk management process encompasses the active involvement of senior management, and several departments independent of the revenue-producing business units, including Risk, Operations, Compliance, Legal and Finance.

The principal financial risks of the Company are discussed in note 26 of the financial statements

Other risks considered include:

- The Company operates in a competitive market environment and the continued success of the business is based on its staff, their knowledge and understanding of the market and on meeting client requirements The Company looks to retain and recruit staff through the offering of a competitive and comprehensive compensation and benefits package that is regularly reviewed in light of market changes

- The Company's activities are authorised and regulated by the FCA in the United Kingdom. It is required by the FCA to maintain specified levels of regulatory capital, which if the minimum conditions are not met would expose the Company to various sanctions, ranging from fines, censorship or to partial or complete restrictions on the Company to conduct business. This imposes extensive reporting requirements and continuing self-assessment and appraisal. The Company is subject to capital adequacy reporting and supervision requirements of the FCA and has maintained adequate levels of capital resources.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

- In line with the rest of the Jefferies Group, the business of the Company falls under the group business recovery plan. The overall purpose of the plan is to ensure that the organisation is ready to manage the effects of an emergency on its business operations. These plans not only facilitate a recovery in the event of a major catastrophe, they also assist the organisation in dealing with local disasters such as power outages, fires, floods or technology based failures.

4. CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance as evidenced by the level of senior management oversight and review

The Board

The Board comprises six executive directors and three independent non-executive directors. The Board meets at least quarterly and has adopted a schedule of matters specifically reserved for its approval and/or review. In addition to the quarterly scheduled meetings the Board meets when required.

Committees

The Board is supported in its activities by four committees being (1) the Audit Committee, (2) the Board Risk Committee, (3) the Risk Management Committee; and (4) the Operating Committee. The Risk Management Committee and Operating Committee each have sub-committees. Each committee has its own charter detailing, amongst other matters, their respective memberships, duties and responsibilities and is appointed on a joint basis by each of the Company and Jefferies Bache Limited ("JBL") (which is also a wholly-owned subsidiary of the Company's parent, Jefferies International (Holdings) Limited)

Audit Committee

The Audit Committee is chaired by Timothy Barker (Independent Non-Executive Director), the other members comprise two independent non-executive directors (each being directors of the Company and/or JBL) It meets at least quarterly and more frequently if necessary The Audit Committee is appointed by the Board to. review and assess the Company's financial statements, disclosure and regulatory matters; review the management representations and responses to the external auditors, review and evaluate the external auditor (including its independence and objectivity); review the effectiveness of the internal audit function and consider and approve the audit plan; review the adequacy of the design and effectiveness of the Company's key internal controls, including risk controls; and review the adequacy of the Company's procedures in relation to whistleblowing, detection of fraud and prevention of bribery.

Board Risk Committee

The Board Risk Committee is chaired by Alan Gibbins (Independent Non-Executive Director); the other members comprise two independent non-executive directors (each being directors of the Company and/or JBL). It meets at least quarterly and more frequently if necessary. The Board Risk Committee is appointed by the Board to. review and approve, on an annual basis, the policies for each of the principal risks (Capital, Conduct, Credit, Liquidity, Market and Operational); review material changes, and make recommendations to the Board, in relation to each of the Individual Liquidity Adequacy Assessment (ILAA), the Internal Capital Adequacy Assessment Process (ICAAP), Risk Management Framework and the Remuneration Policy Statement, and advise the Board on the Risk Appetite Framework and tolerance across the principal risks which the Company is exposed to for current and future business strategy

4. CORPORATE GOVERNANCE (continued)

Risk Management Committee

The Risk Management Committee is chaired by Trevor Mathews (Chief Risk Officer EMEA), the other members comprise the Global Chief Risk Officer and five executive directors (each being directors of the Company and/or JBL). It meets at least monthly and more frequently if necessary. The Risk Management Committee is a discussion, advisory and decision-making forum responsible for oversight of market, credit, operational and liquidity risks. It also reviews significant changes and additions to the businesses and/or products covered by the risk management processes

Operating Committee

The Operating Committee is chaired by Huw Tucker (International Chief Financial Officer) with the other members being the heads of the key corporate functions and the Chief Operating Officers of each of the main business divisions of the Company and JBL. The Operating Committee meets on a monthly basis The Operating Committee is the key forum for coordination and communication between the control managers.

Risk Management

Risk is an inherent part of the Company's business and activities. Accordingly, the Company has a comprehensive risk management approach, with a formal governance structure and processes to identify, assess, monitor and manage risk. The Company's business activities expose it to risks which include market risk, credit risk, liquidity risk, capital risk, operational risk, legal risk, conduct and compliance risk, new business risk and reputational risk. The Company's financial risk management process is discussed in more detail in note 26.

5. POST BALANCE SHEET EVENTS

On 31 December 2013 the Company received an additional capital contribution of £30 2 million from its immediate parent, Jefferies International (Holdings) Limited, thus further strengthening the Company's capital base.

6. DIRECTORS

The directors who held office during the year and up to the date of signing the financial statements are detailed below:

M R Bailey	*(executive director)*
T G Barker	*(non - executive director)*
W P Campbell	*(non - executive director)*
T E Cronin	*(executive director)*
A B Gibbins	*(non - executive director)*
D Lester	*(executive director)*
A Shortland	*(executive director)*
H M Tucker	*(executive director)*
D W Weaver	*(executive director)*

The directors have no interest in the Company's shares. The executive directors are eligible to participate, as employees of the Leucadia Group, in a share-based incentive scheme managed by the ultimate parent company, Leucadia National Corporation.

Of the current directors, three are remunerated through affiliated companies for their services as directors to the Company.

6. DIRECTORS (continued)

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

7. EMPLOYER POLICY

The Company strives to keep employees informed of the progress of the businesses within the Jefferies group. The text of public announcements is made available to employees (via e-mail) simultaneously with release to the media. Senior management provides regular briefings to all staff concerning business performance and strategy.

The interest of employees in the group's performance is augmented through the Employee Stock Purchase Plan, in which all employees are able to participate

It is the policy and practice of the Company to provide equal employment opportunities for all employees and applicants. The Company does not discriminate on the basis of sex, race, religion, age, nationality, ethnic origin, marital status, disability or sexual orientation Any such discrimination by an employee or worker of the Company will be treated as gross misconduct and could lead to dismissal.

8. STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 estimates that are reasonable and prudent;
- state whether applicable United Kingdom 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 responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

9. STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

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 in order 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 s418 of the Companies Act 2006.

10. INDEPENDENT AUDITORS

On 22 July 2013 PricewaterhouseCoopers LLP was appointed as the independent auditor of the Company and the other Jefferies Group companies PricewaterhouseCoopers LLP was already the independent auditor of the Company's ultimate parent, Leucadia National Corporation. Deloitte LLP resigned as the Company's independent auditor on 22 July 2013.

By order of the Board

D W Weaver
Director

25 March 2014

Vintners Place
68 Upper Thames Street
London EC4V 3BJ

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JEFFERIES INTERNATIONAL LIMITED

We have audited the financial statements of Jefferies International Limited for the year ended 30 November 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 November 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JEFFERIES INTERNATIONAL LIMITED (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Jonathan Askew (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom
25 March 2014

Jefferies International Limited
PROFIT AND LOSS ACCOUNT
For the year ended 30 November 2013

	Note	2013 £000	2012 £000
Turnover	2	339,844	282,719
Administrative expenses		(299,189)	(298,374)
Operating profit / (loss)		40,655	(15,655)
Interest receivable and similar income	3	367	324
Interest payable and similar charges	4	(18,278)	(18,392)
Profit / (loss) on ordinary activities before taxation		22,744	(33,723)
Tax (charge) / credit on profit / (loss) on ordinary activities	9	(6,244)	8,359
Profit / (loss) for the financial year	23	16,500	(25,364)

The notes on pages 13 to 37 form part of these financial statements

The turnover and operating profit of the Company are derived entirely from continuing operations. There is no material difference between the profit on ordinary activities before taxation and the profit for the year reported above and their historical equivalents, except as explained in notes 1(h), 1 (i) and 1(m).

Jefferies International Limited
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 30 November 2013

	Note	2013 £000	2012 £000
Profit / (loss) for the financial year		16,500	(25,364)
Currency translation difference on foreign currency net investments	23	(439)	669
Total recognised gains and (losses) relating to the financial year		16,061	(24,695)

The notes on pages 13 to 37 form part of these financial statements.

Jefferies International Limited
BALANCE SHEET
As at 30 November 2013

	Note	2013 £000	2012 £000
Fixed assets			
Intangible assets	10	-	11
Tangible assets	11	20,119	20,540
Fixed asset investments	12	2,973	2,969
		23,092	23,520
Current Assets			
Trading assets	14	2,499,027	2,840,625
Debtors			
amounts falling due within one year	13	2,455,820	2,413,365
amounts falling due after more than one	13	29,367	35,485
Cash at bank and in hand		102,935	188,150
Cash held in segregated accounts		3,600	1,882
		5,090,749	5,479,507
Current liabilities			
Trading liabilities	15	(1,676,792)	(1,856,695)
Creditors: amounts falling due within one year	17	(2,891,215)	(3,190,333)
		(4,568,007)	(5,047,028)
Net current assets		522,742	432,479
Total assets less current liabilities		545,834	455,999
Creditors: amounts falling due after more than one year	18	(214,783)	(195,166)
Provisions for liabilities	20	(1,246)	(1,039)
Net assets		329,805	259,794
Capital and reserves			
Called up share capital	22	277,139	277,139
Share premium account	23	2,162	2,162
Capital contribution reserve	23	54,362	412
Translation reserve	23	1,053	1,492
Retained earnings	23	(4,911)	(21,411)
Total shareholder's funds	23	329,805	259,794

The notes on pages 13 to 37 form part of these financial statements.

The financial statements on pages 10 to 37 were approved by the board of directors on 25 March 2014 and were signed on its behalf by:

H M Tucker
Director

1. ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are described below They have been applied consistently throughout this year and the prior year.

(a) *Basis of preparation*

The financial statements have been prepared in accordance with the Companies Act 2006, UK Generally Accepted Accounting Practice (UK GAAP) and under the historical cost convention, except for trading assets and liabilities, as noted below.

(b) *Going concern*

The Company's shareholder's funds have increased from £259.8 million in 2012 to £329.8 million in 2013 The Company had cash, excluding cash held in segregated accounts, of £102.9 million as at 30 November 2013 compared to £188.2 million as at 30 November 2012 The Board further strengthened the capital base of the Company with a £54 million additional capital contribution (see note 23).

The risks and uncertainties facing the Company are discussed in the Directors' Report and in note 26. Taking these factors into account, the directors are satisfied that the Company will continue to have adequate resources to continue in operational existence for the foreseeable future and consequently present these financial statements on a going concern basis

(c) *Functional currency*

The Company uses Pound Sterling as its functional and reporting currency

(d) *Group consolidation*

As permitted by s400 of the Companies Act 2006 the Company is not preparing consolidated group financial statements as it is consolidated within the consolidated group financial statements of its immediate parent company, Jefferies International (Holdings) Limited which is a UK registered company.

(e) *Cash flow statement*

As permitted by Financial Reporting Standard 1, no cash flow statement is presented in these financial statements as the Company is a wholly-owned subsidiary of Leucadia National Corporation, which presents such a statement in its own published consolidated financial statements that are publicly available

(f) *Turnover*

Turnover is generated from the following categories of business.

- **Net trading income:** the Company's net trading income includes movements in the fair value of financial instruments and trading profits and losses, including dividends and coupons, earned from dealing and principal trading in marketable investments

- **Commission income:** commission income and fees are derived from sales activities and are accounted for on the trade date of the related transaction

- **Investment banking fees:** advisory and underwriting fees are recognised on an accruals basis and recorded to the profit and loss account in the period earned provided they are receivable under the terms of the contract and collectability is reasonably assured

1. ACCOUNTING POLICIES (continued)

(f) *Turnover (continued)*

- **Interest income and expense recognition:** interest income and expense presented in the profit and loss account includes interest on financial assets and liabilities and short-term and long-term funding Interest income and expense on all trading assets and liabilities are presented together with all other changes in fair value of trading assets and liabilities in net trading income The interest income and expense is accounted for on an accruals basis in the profit and loss account using the effective interest method and are added to the carrying amount of the instruments to the extent that they are not settled in the period in which they arise.

- **Service fee income:** service fee income comprises intercompany transfer pricing arrangements between related business entities and is calculated and recognised on an accruals basis.

(g) *Adoption of Financial Reporting Standard (FRS) 29*

The Company utilises the FRS 29 exemption which states that certain disclosures are not required for certain subsidiaries and parent companies in their single-entity financial statements when at least 90 percent of the voting rights are held within the group, provided that entity is included in publicly available consolidated financial statements which include disclosures that comply with the standard.

(h) *Trading assets and liabilities*

Trading assets and liabilities are those assets and liabilities that the Company acquires or incurs principally for the purpose of selling or repurchasing in the near term, held as part of a portfolio that is managed together for short-term profit making, or is a derivative All trading assets and liabilities are classified as held for trading purposes under FRS 26

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the balance sheet with transaction costs taken directly to the profit and loss account. All changes in the fair value are recognised as part of net trading income in the profit or loss account. Trading assets and liabilities are not reclassified subsequent to their initial recognition.

(i) *Derivatives*

Derivatives are held for both economic hedging and trading purposes and arise from customer and proprietary trading activities All trading book positions held by the firm are carried at fair value in the balance sheet with changes in realised and unrealised gains and losses recorded in the profit and loss account.

In accordance with UK GAAP all the Company's derivative trading positions are presented gross within trading assets and trading liabilities on the face of the Balance Sheet Legally enforceable netting agreements and collateral held against those trading positions significantly reduce the net exposure of the Company to potential loss in the event of a counterparty default

(j) *Derecognition*

The Company derecognises a financial asset when the contractual rights to the cash flow from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability The Company derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

1. ACCOUNTING POLICIES (continued)

(k) Offsetting

The Company only offsets financial assets and liabilities and presents the net amount in the balance sheet where it:

- currently has a legally enforceable right to set off the recognised amounts; and
- intends either to settle on a net basis, or to realise the asset and liability simultaneously.

In many instances the Company's net position on multiple transactions with the same counterparty is legally protected by Master Netting Agreements. Such agreements ensure that the net position is settled in the event of default by either counterparty and effectively limit credit risk on gross exposures.

The derivative trading positions do not meet the requirements above and hence are presented on a gross basis within the Company's financial statements.

(l) Financing transactions, stock borrowing and lending

The Company enters into repurchase and reverse repurchase agreements and securities borrowed and loaned transactions to accommodate customers and earn interest rate spreads, obtain securities for settlement and finance inventory positions

Repurchase and reverse repurchase agreements, accounted for as collateralised financing transactions, are recorded at their contractual amounts plus accrued interest Securities received under reverse repurchase agreements and securities delivered under repurchase agreements are not recognised on, or derecognised from, the Balance Sheet respectively, unless the risk and rewards of ownership are received or relinquished.

To ensure that the market value of the underlying collateral remains sufficient, collateral is generally valued daily and the Company may require counterparties to deposit additional collateral or may return collateral pledged when appropriate.

Substantially all repurchase and reverse repurchase activities are transacted under master agreements that give the Company the right, in the event of default, to liquidate collateral held and to offset receivables and payables with the same counterparty. The Company offsets certain repurchase and reverse repurchase agreement balances with the same counterparty on the Balance Sheet.

Securities borrowed and loaned transactions are recorded at the amount of cash collateral advanced or received plus accrued interest Securities borrowed transactions require the Company to provide the counterparty with collateral in the form of cash, letters of credit, or other securities The Company receives collateral in the form of cash or other securities for securities loaned transactions

On a daily basis, the Company monitors the market value of securities borrowed or loaned against the collateral value, and the Company may require counterparties to deposit additional collateral or may return collateral pledged, when appropriate. For securities borrowed and loaned transactions, the fees received or paid by the Company are recorded as interest revenue or expense

Securities borrowed or loaned are not recognised on, or derecognised from, the Balance Sheet respectively, unless the risk and rewards of ownership are received or relinquished.

(m) Fair value measurement

The Company accounts for financial instruments on a trade date basis and they are fair valued through the profit and loss account. The fair values of financial assets and financial liabilities are based on quoted market prices or dealer price quotations for financial instruments traded in active markets. The fair value of exchange traded derivatives is obtained from observable market prices. The fair value of over-the-counter (OTC) derivatives is determined by valuation models where the input parameters are validated by observable market data.

1. **ACCOUNTING POLICIES** (continued)

(m) Fair value measurement (continued)

Other financial instruments' values are generally based on an assessment of each underlying investment, market data of any recent comparable transactions and incorporate assumptions regarding market outlook, amongst other factors.

Fair Value Hierarchy

In determining the fair value of the financial instruments, the Company maximises the use of observable inputs and minimises the use of unobservable inputs by requiring that observable inputs be used when available Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources Unobservable inputs reflect our assumptions of what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances We apply a hierarchy to categorise our fair value measurements broken down into three levels based on the transparency of inputs as follows:

Level 1	Quoted prices are available in active markets for identical assets or liabilities as of the reported date.
Level 2:	Pricing inputs are other than quoted prices in active markets, which are directly observable as of the reported date. The nature of these financial instruments include cash instruments for which quoted prices are available but traded less frequently, derivative instruments whose fair value has been derived using a model where inputs to the model are directly observable in the market data, and instruments that are fair valued using other financial instruments, the parameters of which can be directly observed.
Level 3:	Instruments that have little to no pricing observability as of the reported date These financial instruments are measured using management's best estimate of fair value, where the inputs into the determination of the fair value require significant management judgement or estimation.

(n) Fixed assets and depreciation

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

1: Leasehold improvements - over the life of the lease

2: Fixtures, fittings and equipment – straight-line basis over estimated useful economic life of 3 - 10 years.

(o) Assets under construction

Assets under construction are stated at cost, net of any provision for impairment. The assets are not depreciated until construction has been completed and the assets are in operation.

(p) Fixed asset investments and shares in subsidiary undertakings

Fixed asset investments and shares in subsidiary undertakings are recorded at cost less any provisions for impairment in value.

1. ACCOUNTING POLICIES (continued)

(q) *Forgivable Loans*

Forgivable loans provided to an employee, where the employee must complete a specified period of service before the loan is forgiven, are amortised over the loan period until the loan is finally forgiven. The total amount of the loan is amortised to the profit and loss account, with costs being recognised in the year under review to the extent that it relates to that year The loan must be repaid if an employee ceases to be employed by the Company before the loan is forgiven. If the loan is to be repaid, the life to date charge is reversed to the profit and loss account upon cessation of employment

(r) *Taxation*

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted Deferred tax is measured on a non-discounted basis

(s) *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end The results of overseas branches are translated into sterling at the average rates of exchange for the year.

Exchange differences arising from translation of the branches' results for the year from the average rate to the exchange rate ruling at the year-end are accounted for in reserves.

Other exchange differences are recognised in the profit and loss account in the year in which they arise.

(t) *Pension costs*

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in independently administered funds. The amounts charged to the profit and loss account represent the contribution payable in respect of the accounting period.

(u) *Leased assets*

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

1. ACCOUNTING POLICIES (continued)

(v) *Share-based payments*

The share awards program allows employees of the Company to acquire shares in the ultimate parent company, Leucadia National Corporation As this is a Leucadia Group administered scheme that awards the equity of the ultimate parent company, Leucadia National Corporation, these transactions are accounted for on an equity-settled basis.

The fair value of share awards granted is recognised as an employee compensation expense. The amount of compensation expense is determined by reference to the fair value of the share awards on grant date. Share awards granted to an employee on commencement of employment are charged to the Profit and Loss account immediately at the point of grant unless there is a required service period whereupon it is charged over the requisite service period on a straight-line basis

The capital contribution reserve is credited with the share based payment contributions charge for the year and debited to the extent that a recharge is made to the Company by the ultimate parent company, Leucadia National Corporation.

A share award may be forfeited if an employee ceases to be employed by the Company before the end of the vesting period, if they breach the forfeiture provisions of that award If the award of shares is forfeited during the vesting period, the life to date charge is reversed to the profit and loss account at the time of forfeiture

(w) *Deferred compensation*

The Company has made remuneration payments to certain employees as part of agreements that stipulate a minimum service period. In accordance with FRS 20 the Company recognises the cost over the stipulated service period to match the provision of the services by the employee.

(x) *Deferral schemes*

An Employee Financial Retirement Benefit Scheme (EFRBS) have been set up by the Company. The trust is managed by a board of trustees and is totally independent of the Company and Jefferies Group.

(y) *Cash held in segregated accounts*

As required by the FCA, the Company has segregated bank and broker accounts set up for those clients under the client money rules The cash within these financial statements is maintained separate from that in the non-segregated bank accounts. Segregated balances are included on the Balance Sheet (see note 27)

2. TURNOVER

	2013 £000	2012 £000
Net trading income.		
- Principal transactions	144,853	151,413
- Commissions	43,505	33,351
- Interest	8,552	904
Investment banking fees	107,314	69,108
Service fee income	33,193	25,500
Other income	2,427	2,443
	339,844	282,719

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £000	2012 £000
Interest received on bank accounts	190	59
Interest receivable from group undertakings	17	11
Other interest receivable	160	254
	367	324

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £000	2012 £000
Interest paid on bank accounts	-	59
Interest payable to group undertakings	17,896	18,067
Other interest payable	382	266
	18,278	18,392

5. PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £000	2012 £000
Profit / (loss) on ordinary activities before taxation is stated after charging:		
Auditor's remuneration for the audit of the Company's accounts	297	432
Auditor's remuneration for taxation services	227	37
Auditor's remuneration in relation to other non-audit services	41	25
Amortisation of intangible assets (note 10)	11	15
Depreciation of tangible fixed assets (note 11)	4,599	4,546
Operating lease rentals (note 24)	4,853	4,494
(Gain) / loss on foreign currency revaluation	(1,460)	743

6. STAFF NUMBERS AND COSTS

The monthly average number of employees (including directors) during the year was 789 (2012: 802). The split of these was as follows:

	2013 Number	2012 Number
Front office staff	508	526
Administration staff	281	276
	789	802

The aggregate payroll costs were as follows:

	2013 £000	2012 £000
Wages and salaries	180,057	168,654
Social security costs	26,324	30,125
Other pension costs	6,822	6,150
	213,203	204,929

7. REMUNERATION OF DIRECTORS

The highest paid director received emoluments of £2,449,447 (2012: £1,667,163) and no contributions were made, in the current or prior year, to a pension scheme on his behalf.

The emoluments of the directors (including the highest paid director) were as follows:

	2013 £000	2012 *Restated* £000
Emoluments	6,458	3,349
Pension contributions	53	36
	6,511	3,385

In 2012 the Company strengthened the Board by appointing a number of new directors in the final quarter of the financial year. The 2012 comparators only include the costs relating to the part of the year that the new directors were in post Whereas in 2013 the note discloses a full year's cost for these particular directors thus contributing to the overall increase in total directors' remuneration in comparison to 2012

The directors were not granted any share awards in Leucadia National Corporation for the year ended 30 November 2013

Of the directors who served during the year, five executive directors were members of the defined contribution plan, operated for all eligible employees of the Company (2012 – five directors).

Three of the directors are remunerated by other group companies therefore these costs are not included within the current or prior years The above remuneration disclosure includes an allocation of cost for these three directors relating to the provision of their services as directors to the Company. The 2012 comparators have been restated to include a similar cost allocation for the directors remunerated by other group companies in that year.

8. PENSION COSTS

The Company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the Company in independently administered funds. The amount charged against profits for contributions payable by the Company to the fund amounted to £6,821,612 (2012. £6,150,160) The pension contributions for November 2013, which amounted to £475,348 (November 2012: £431,621), were still to be paid over at the year end and hence appear in creditors

9. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

	2013 £000	2012 £000
UK corporation tax charge / (credit) at 23 33% (2012: 24 67%) on the profit / (loss) for the year	-	(4,329)
Adjustment to UK Corporation tax in respect of prior years	(11)	(249)
Adjustment to Overseas Corporation tax in respect of prior years	226	326
	215	(4,252)
Overseas tax	2,106	213
Total current tax	2,321	(4,039)
Deferred tax (note 21)		
- origination and reversal of timing differences	2,837	(4,965)
- adjustments in respect of prior years	(177)	(297)
- effect of reduction in tax rate	1,263	942
Total tax charge / (credit) on ordinary activities	6,244	(8,359)

9. TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES (continued)

Tax reconciliation

	2013 £000	2012 £000
Profit / (loss) on ordinary activities before taxation	22,744	(33,723)
Tax on profit on ordinary activities before taxation at the standard rate of corporation tax in the United Kingdom of 23.33% (2012: 24 67%)	5,306	(8,319)
Adjustments in respect of prior years	215	77
Disallowable expenses	468	677
Restricted stock credit	(4,020)	(3,334)
Higher tax rates on overseas earnings	1,628	213
Depreciation for the year in excess of capital allowances	1,073	1,122
Utilisation of tax losses	(2,005)	-
Losses carried forward to future periods	-	6,165
Enhanced relief for expenditure on research and development	(297)	(247)
Effect of change in rate of tax	-	(325)
Other timing differences	(47)	(68)
Total current tax	2,321	(4,039)

Factors that may affect future tax charges

Deferred taxation relating to capital allowances and other timing differences is provided only in so far as a liability or asset is expected to crystallise in the foreseeable future.

The Finance Act 2012 enacted a 2% reduction in the UK corporation tax rate to 24% with effect from 1 April 2012, and a further 1% reduction to 23% with effect from 1 April 2013. As these changes in rate were substantively enacted prior to 30 November 2013 the combined effect of these reductions in the tax rate has impacted the current tax charge in 2013

The Finance Act 2013 enacted a 2% reduction in the main UK corporation tax rate to 21% with effect from 1 April 2014, and a further 1% reduction to 20% with effect from 1 April 2015 As these changes in the rate were substantively enacted prior to 30 November 2013, they have been reflected in the deferred tax asset in these financial statements.

10. INTANGIBLE ASSETS

	Software licences £000	Total £000
Cost		
As at 1 December 2012 and 30 November 2013	45	45
Amortisation		
As at 1 December 2012	34	34
Charge for the year	11	11
As at 30 November 2013	45	45
Net Book Value		
As at 30 November 2013	-	-
As at 30 November 2012	11	11

11. TANGIBLE ASSETS

	Leasehold Imp'mts £000	Fixtures, Fittings & Equipment £000	Assets Under Const'n £'000	Total £000
Cost				
As at 1 December 2012	23,334	10,226	1,522	35,082
Foreign currency movement	(7)	16	-	9
Additions	971	2,158	1,055	4,184
As at 30 November 2013	24,298	12,400	2,577	39,275
Depreciation				
As at 1 December 2012	8,826	5,716	-	14,542
Foreign currency movement	-	15	-	15
Charge for the year	2,616	1,983	-	4,599
As at 30 November 2013	11,442	7,714	-	19,156
Net Book Value				
As at 30 November 2013	12,856	4,686	2,577	20,119
As at 30 November 2012	14,508	4,510	1,522	20,540

The tangible fixed assets' valuation has been assessed at the Balance Sheet date and no adjustment to the valuation was deemed necessary.

12. FIXED ASSET INVESTMENTS

	2013 £000	2012 £000
<u>Shares in subsidiary undertakings</u>		
As at 1 December and 30 November	2,467	2,467
<u>Other fixed asset investments</u>		
As at 1 December	502	401
Additions	-	99
Foreign exchange revaluation of	4	2
As at 30 November	506	502
Total fixed asset investments	2,973	2,969

The other fixed asset investments includes unlisted preference shares in Altius Holdings Limited, Altius Associates Limited and unlisted shares in the Swift payment system The Altius preference shares were transferred to the Company from Helix Associates Limited along with its trade in 2009.

The Company has investments in the following subsidiaries

Name of undertaking	Description of shares held	Proportion of value of issued shares held by the group and Company	Principal activity
Jefferies (Schweiz) AG	Ordinary SF 1,000 Shares	100%	Introducing Broker
Jefferies International (Nominees) Limited	Ordinary £1 Shares	100%	Nominee Company
Jefferies International (Nominees) Client Account Limited	Ordinary £1 Shares	100%	Nominee Company

Apart from Jefferies (Schweiz) AG which is registered in Switzerland, all subsidiaries are registered in England and Wales

13. DEBTORS

	2013 £000	2012 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	17,931	99,200
Securities borrowing	309,243	380,862
Securities awaiting settlement	1,259,231	1,229,137
Reverse repurchase agreements	619,049	463,951
Other trade receivables	235,475	223,269
Prepayments and accrued income	3,956	4,092
Other debtors	4,506	8,660
Deferred taxation (note 21)	6,429	4,194
	2,455,820	2,413,365
Amounts falling due after more than one year:		
Prepayments and accrued income	142	181
Other debtors	23,561	23,482
Deferred taxation (note 21)	5,664	11,822
	29,367	35,485

14. TRADING ASSETS

	2013 £000	2012 £000
Equity shares	97,952	156,909
Debt securities - Corporate	468,956	468,733
Debt securities - Government	1,398,963	1,627,217
Asset-backed securities	186,841	199,764
Derivatives	346,315	388,002
	2,499,027	2,840,625

15. TRADING LIABILITIES

	2013 £000	2012 £000
Equity shares	105,233	101,813
Debt securities - Corporate	143,376	175,616
Debt securities - Government	1,085,038	1,184,214
Derivatives	343,145	395,052
	1,676,792	1,856,695

16. FINANCIAL INSTRUMENTS

The tables below analyse financial instruments measured at fair value at the end of the year, by the level in the fair value hierarchy into which the fair value measurement is categorized. There are no differences between the financial instrument's fair values detailed below and the values carried on the Company's Balance Sheet

30 November 2013	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Trading Assets				
Equity shares	78,102	17,655	2,195	97,952
Debt securities – Corporate	-	463,238	5,718	468,956
Debt securities – Government	918,219	480,744	-	1,398,963
Asset-backed securities	-	169,493	17,348	186,841
Derivatives	-	346,315	-	346,315
Total Trading Assets	996,321	1,477,445	25,261	2,499,027
Trading Liabilities				
Equity shares	97,616	7,617	-	105,233
Debt securities – Corporate	-	143,376	-	143,376
Debt securities – Government	868,660	216,378	-	1,085,038
Derivatives	-	343,145	-	343,145
Total Trading Liabilities	966,276	710,516	-	1,676,792

30 November 2012	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Trading Assets				
Equity shares	109,438	44,885	2,586	156,909
Debt securities – Corporate	-	467,107	1,626	468,733
Debt securities – Government	1,095,105	532,112	-	1,627,217
Asset-backed securities	-	168,347	31,417	199,764
Derivatives	913	387,089	-	388,002
Total Trading Assets	1,205,456	1,599,540	35,629	2,840,625
Trading Liabilities				
Equity shares	92,864	8,949	-	101,813
Debt securities – Corporate	-	175,616	-	175,616
Debt securities – Government	892,338	291,876	-	1,184,214
Derivatives	542	394,510	-	395,052
Total Trading Liabilities	985,744	870,951	-	1,856,695

16. FINANCIAL INSTRUMENTS (continued)

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurement in Level 3 of the fair value hierarchy.

30 November 2013	Equity shares £000	Debt securities - Corporate £000	Asset-backed securities £000	Total £000
Balance as at 1 December 2012	2,586	1,626	31,417	35,629
Total gains or (losses) recognised in profit or loss	94	38	(524)	(392)
Purchases	221	24,094	19,206	43,521
Sales	(771)	(20,045)	(32,915)	(53,731)
Settlements	-	-	(32)	(32)
Transfers into Level 3	153	262	4,870	5,285
Transfers out of Level 3	(88)	(257)	(4,674)	(5,019)
Balance at 30 November 2013	2,195	5,718	17,348	25,261

30 November 2012	Equity shares £000	Debt securities - Corporate £000	Asset-backed securities £000	Total £000
Balance as at 1 December 2011	1,322	5,822	42,186	49,330
Total gains or (losses) recognised in profit or loss	(808)	(217)	(2,589)	(3,614)
Purchases	1,782	16,972	5,605	24,359
Sales	-	(16,313)	(15,388)	(31,701)
Settlements	-	-	(2,462)	(2,462)
Transfers into Level 3	290	832	18,910	20,032
Transfers out of Level 3	-	(5,470)	(14,845)	(20,315)
Balance at 30 November 2012	2,586	1,626	31,417	35,629

17. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £000	2012 £000
Bank loans and overdrafts	-	5,787
Amounts owed to group undertakings	568,668	718,160
Securities lending	305,849	403,730
Securities awaiting settlement	1,188,938	1,393,960
Repurchase agieements	688,855	554,101
Othei amounts owed in respect of client money held	3,600	1,882
Other tiade payables	4,155	2,177
Other creditoi s:		
- Social security	5,304	5,796
- Overseas Coipoiation tax	1,421	62
- Other cieditois	63,402	68,588
- Accruals and defeiied income	61,023	36,090
	2,891,215	3,190,333

18. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2013 £000	2012 £000
Subordinated loan notes	152,761	131,667
Subordinated loan	61,105	62,401
Accruals and defeiied income	917	1,098
	214,783	195,166

Both the suboidinated loan notes and the subordinated loan are undated and aie repayable at pai five yeais from the lender issuing notice to the boirowei. Interest is charged at a fixed rate of 7.5% per annum on the loan notes and 9% per annum on the loan Jefferies Group LLC is the lender on £67 2 million worth of the loan notes and the entiie £61.1 million loan The lendei on the remaining £85.5 million notes is Jefferies Financing, LLP which is ultimately owned by Jefferies Group LLC. The loan notes held by Jefferies Financing LLP aie listed on the Channel Islands Stock Exchange

19. COLLATERAL FOR FINANCING TRANSACTIONS, STOCK BORROWING AND LENDING

	2013 £000	2012 £000
Cash collateral paid for securities borrowed	309,243	380,862
Cash collateral received for securities lent	(305,849)	(403,730)
Cash collateral paid for reverse repurchase agreements	619,049	463,951
Cash collateral received for repurchase agreements	(688,855)	(554,101)
Net cash collateral	(66,412)	(113,018)
Non cash collateral pledged	27,763	44,175
Non cash collateral received	(6,760)	-
Net non-cash collateral	21,003	44,175

20 PROVISION FOR LIABILITIES

	Litigation provision £000	Severance provision £000	Total £000
As at 1 December 2012	757	282	1,039
Charged to the profit and loss account	-	815	815
Utilised during the year	(608)	-	(608)
As at 30 November 2013	149	1,097	1,246

Litigation provision

Provision relates to an estimate of costs on a number of specific legal matters that were unresolved at the balance sheet date We estimate that the matters will be resolved within twelve months of the balance sheet date.

Severance provision

The provision relates to severance costs arising for current ongoing restructuring plans. The affected employees had been informed of the restructuring plans as at 30 November 2013 and those plans will be completed within twelve months.

21. DEFERRED TAXATION ASSET

	£000
As at 1 December 2012	16,016
Charged to profit and loss account	(3,923)
As at 30 November 2013	12,093

Deferred tax comprises:

	2013 £000	2012 £000
Amounts falling due within one year.		
Depreciation charged in excess of capital allowances	1,146	511
Unrelieved tax losses	3,831	1,967
Share award expenses not yet deductible for tax	1,196	1,416
Other timing differences	256	300
	6,429	4,194

	2013 £000	2012 £000
Amounts falling due after more than one year:		
Depreciation charged in excess of capital allowances	2,132	2,015
Unrelieved tax losses	-	4,097
Contributions into the Employee Financial Retirement Benefit Scheme	1,306	1,523
Share award expenses not yet deductible for tax	2,226	4,187
Other timing differences		-
	5,664	11,822

The Finance Act 2013 enacted a 2% reduction in the main UK corporation tax rate to 21% with effect from 1 April 2014, and a further 1% reduction to 20% with effect from 1 April 2015 As these changes in rate were substantively enacted prior to 30 November 2013, they have been reflected in the deferred tax asset in these financial statements.

22. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid		
Ordinary shares of £1 each	277,139,323	277,139,323

23. RECONCILIATION OF SHAREHOLDER'S FUNDS

	Called Up Share Capital £000	Share premium £000	Capital contrib'n £000	Translation reserve £000	Retained earnings £000	Total £000
As at 1 December 2012	277,139	2,162	412	1,492	(21,411)	259,794
Profit for the year	-	-	-	-	16,500	16,500
Capital contribution from parent	-	-	53,950	-	-	53,950
Share based payments contributions	-	-	7,688	-	-	7,688
Share based payment recharge	-	-	(7,688)	-	-	(7,688)
Foreign exchange differences relating to the translation of branch results	-	-	-	(439)	-	(439)
As at 30 November 2013	277,139	2,162	54,362	1,053	(4,911)	329,805
As at 1 December 2011	258,639	2,162	412	823	3,953	265,989
Loss for the year	-	-	-	-	(25,364)	(25,364)
Issue of shares to parent	18,500	-	-	-	-	18,500
Share based payments contributions	-	-	5,033	-	-	5,033
Share based payment recharge	-	-	(5,033)	-	-	(5,033)
Foreign exchange differences relating to the translation of branch results	-	-	-	669	-	669
As at 30 November 2012	277,139	2,162	412	1,492	(21,411)	259,794

24. COMMITMENTS UNDER OPERATING LEASES

Annual commitments under operating leases comprise.

	2013			2012		
	Land & building	Other	Total	Land & building	Other	Total
	£000	£000	£000	£000	£000	£000
Operating leases which expire:						
Within one year	314	165	479	80	125	205
In two to five years	751	18	769	415	57	472
After five years	3,605	-	3,605	3,817	-	3,817
	4,670	183	4,853	4,312	182	4,494

25. SHARE-BASED PAYMENTS

The Company's equity settled share-based payment plan consists entirely of the Leucadia Incentive Compensation Plan, being Restricted Stock Awards and Restricted Stock Units. The aim of the plan is to provide employees with a proprietary interest in the growth and performance of the group so to better align the interests of the employees with the interest of the Leucadia National Corporation shareholders. During the year £7,687,572 (2012: £5,032,599) was charged to the profit and loss account in respect of equity-settled share-based payment transactions.

a) Restricted Stock Awards ('RSA')

RSAs are made to eligible employees for recruitment and compensation purposes The awards vest at a future date determined at the time of the grant of the award Unvested share awards are retained upon the cessation of an individual's employment, unless they are forfeited as a result of the forfeiture provisions of those awards. In the event of forfeiture all related charges are reversed to the profit and loss account

b) Employee Stock Purchase Plan ('ESPP')

The ESPP allows eligible employees to make contributions up to US$21,250 per annum and apply such amounts to the purchase of Leucadia National Corporation shares. These contributions are deducted from the employees' net payroll. The aim of the plan is to align the interests of all employees to the creation of shareholder value. The plan operated in monthly sessions during the year with employee commitment being restricted to the month in question.

c) Restricted Stock Units ('RSU')

RSUs are made to eligible employees for recruitment and compensation purposes. An approved proportion of the awards become non-forfeitable on future anniversaries of grant date over the vesting period. RSUs not held past the predetermined grant date anniversary are retained, unless they are forfeited as a result of the forfeiture provisions of those awards In the event of forfeiture all related charges are reversed to the profit and loss account

25. SHARE-BASED PAYMENTS (continued)

The Group's Incentive Compensation Plan awards outstanding are as follows:

RSA	2013 Number	2012 Number
Outstanding at 1 December	3,413,725	4,856,261
Transfer in / (out) from / (to) an affiliate	4,423	(44,425)
Additional awards granted	1,300	271,225
Vested and distributed during the year	(966,974)	(1,634,816)
Forfeited during the year	(55,303)	(34,520)
Outstanding at 28 February	2,397,171	
Converted to Leucadia shares	(455,654)	
Additional award granted during the year	2,747	
Transfer in / (out) from / (to) an affiliate	43,259	
Vested and distributed during the year	(508,708)	
Forfeited during the year	(29,512)	
Outstanding at 30 November	1,449,303	3,413,725

ESPP	2013 Number	2012 Number
Outstanding at 1 December	-	-
Additional awards granted	5	124
Vested and distributed during the year	(5)	(124)
Outstanding at 30 November	-	-

RSU	2013 Number	2012 Number
Outstanding at 1 December	638,869	1,139,460
Transfer (out) / in from an affiliate	-	(299)
Vested and distributed during the year	(198,564)	(360,810)
Forfeited during the year	-	(139,482)
Outstanding at 28 February	440,305	
Converted to Leucadia shares	(83,678)	
Additional awards granted	26,926	
Vested and distributed during the year	(57,944)	
Forfeited during the year	(41,642)	
Outstanding at 30 November	283,967	638,869

25. SHARE-BASED PAYMENTS (continued)

The fair value of the restricted stock as at the date of grant is determined by the closing price of Leucadia National Corporation shares as listed on the New York Stock Exchange. No adjustment to fair value has been made in respect of expected dividends There are no other features of the share awards granted that were incorporated into the measurement of fair value

The weighted average fair value of RSAs granted for 2013, pre-28 February 2013, was $14.36 (2012: $14 90) The weighted average fair value of RSAs granted for 2013, post-28 February 2013, was $26.90.

The weighted average fair value of shares granted under the ESPP during 2013 was $22 05 (2012. $14 44)

The weighted average fair value of RSUs granted for 2013, post-28 February 2013, was $26 41.

26. BUSINESS AND RISK MANAGEMENT POLICIES

The Company maintains positions in financial instruments for trading or arbitrage purposes and to hedge positions in the books. Furthermore, the Company also acts as a stockbroker and agent for its customers in the purchase and sale of securities

The Company's approach to managing its key financial risks is described below:

- Market risk is the risk of loss from adverse changes in instrument values and/or earnings fluctuations arising from changes in market factors such as interest rates, exchange rates, and equity and commodity prices. The market risk appetite of the Company remains relatively limited, in terms of the size and nature of positions held, and this is monitored via a review of the positions held versus the established limits. To the fullest extent possible, the market risk infrastructure and process is common across the group, thus reflecting the integrated nature of the Jefferies market risk management function. As the Company's business continues to grow, this approach will be subject to ongoing review.

- Credit risk is the risk of loss due to adverse changes in clients' and counterparties' creditworthiness, or their inability or unwillingness to meet their financial obligations under the terms and conditions of a financial contract as and when they fall due. The credit risk appetite of the Company remains relatively limited and comprises business settled principally on a delivery versus payment basis, where associated credit risk is perceived to be relatively low, and collateralised equity and fixed income financing arrangements

- The Company's functional currency is pounds sterling; foreign currency risk can arise where significant transactions are made in other currencies In order to minimise the exposure to exchange rate fluctuations, currency risk is managed at the point the income or expense is recognised in the financial accounts by the exposure being sold in the spot currency market.

- Liquidity risk is the risk of the Company being unable to secure adequate funding to meet current obligations. The liquidity risk is deemed to be limited for the Company as funding is available from group should it be required.

26. BUSINESS AND RISK MANAGEMENT POLICIES (continued)

The table below shows the liquidity analysis of assets and liabilities:

	On demand	Due within 3 months	Due in 3-12 months	Due in one to five years	Due after five years	Total
	£000	£000	£000	£000	£000	£000
Assets						
Intangible and tangible assets	-	-	-	5,307	14,812	20,119
Investments	-	-	2,466	-	507	2,973
Cash at bank and in hand	102,935	-	-	-	-	102,935
Cash held in segregated client accounts	3,600	-	-	-	-	3,600
Trading assets	2,152,712	12,184	16,303	111,998	205,830	2,499,027
Debtors:						
- Securities borrowing	309,243	-	-	-	-	309,243
- Reverse repurchase	99,701	484,813	-	34,535	-	619,049
- Other amounts falling due within one year	1,277,162	3,129	247,237	-	-	1,527,528
- Amounts falling due after more than one year	-	-	-	12,914	16,453	29,367
Total assets	3,945,353	500,126	266,006	164,754	237,602	5,113,841

	On demand	Due within 3 months	Due in 3-12 months	Due in one to five years	Due after five years	Total
	£000	£000	£000	£000	£000	£000
Liabilities						
Trading liabilities	1,333,647	12,553	9,683	120,110	200,799	1,676,792
Securities lending	305,849	-	-	-	-	305,849
Repurchase agreements	170,017	177,923	304,501	36,414	-	688,855
Other creditors	1,807,374	87,362	1,775	-	-	1,896,511
Creditors: amounts falling due after one year	-	-	-	214,590	193	214,783
Provisions for liabilities and charges	-	-	1,246	-	-	1,246
Total liabilities	3,616,887	277,838	317,205	371,114	200,992	4,784,036
Net assets	328,466	222,288	(51,199)	(206,360)	36,610	329,805

26. BUSINESS AND RISK MANAGEMENT POLICIES (continued)

The Company's interest rate risk arises from interest bearing assets and liabilities. The table below shows the effective rate of interest at the balance sheet date:

	Effective interest rate	On demand/ repricing within 1 year	Repricing between one and five years	Repricing after five years	Non-interest bearing	Total
		£000	£000	£000	£000	£000
Assets						
Intangible and tangible assets	n/a	-	-	-	20,119	20,119
Investments	n/a	-	-	-	2,973	2,973
Cash at bank and in hand	n/a	-	-	-	102,935	102,935
Cash held in segregated accounts	n/a	-	-	-	3,600	3,600
Trading assets	n/a*	2,499,027	-	-	-	2,499,027
Debtors.						
- Securities borrowing	0.73%	309,243	-	-	-	309,243
- Reverse repurchase	0.22%	619,049	-	-	-	619,049
- Other amounts falling due within one year	n/a	-	-	-	1,527,528	1,527,528
- Amounts falling due after more than	n/a	-	-	-	29,367	29,367
Total assets		3,427,319	-	-	1,686,522	5,113,841
Liabilities						
Trading liabilities	n/a*	1,676,792	-	-	-	1,676,792
Securities lending	0.37%	305,849	-	-	-	305,849
Repurchase agreements	0.61%	688,855	-	-	-	688,855
Other creditors	n/a	-	-	-	1,896,511	1,896,511
Creditors: amounts falling due after one year	n/a	-	-	-	917	917
Subordinated loan notes	7.5%	-	152,761	-	-	152,761
Subordinated loan	9 0%	-	61,105	-	-	61,105
Provisions for liabilities and charges	n/a	-	-	-	1,246	1,246
Total liabilities		2,671,496	213,866	-	1,898,674	4,787,036
Net assets		755,823	(213,866)	-	(212,152)	329,805

* Interest rate fluctuations are part of the overall market risk exposure of the trading assets and liabilities, which are held at fair value (see page 34)

27. CASH HELD IN SEGREGATED ACCOUNTS

At 30 November 2013, amounts held by the Company on behalf of the clients in accordance with the Clients Asset Rules of the Financial Conduct Authority amounted to £3,599,996 (2012: £1,881,519), with no surplus or deficit from the client money requirement.

28. POST BALANCE SHEET EVENTS

On 31 December 2013 the Company received an additional capital contribution of £30.2 million from its immediate parent, Jefferies International (Holdings) Limited, thus further strengthening the Company's capital base.

29. RELATED PARTY TRANSACTIONS

In accordance with the exemption afforded by FRS 8 'Related Party Disclosures', certain details of transactions with parent and fellow subsidiary companies are not disclosed as the Company is a wholly-owned subsidiary of an entity whose consolidated financial statements are publicly available.

30. IMMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's ultimate parent company is Leucadia National Corporation, a company incorporated in the United States of America. The financial statements of Leucadia National Corporation are for the largest group that consolidates the Company.

The parent undertaking of the smallest group which includes the Company and for which group financial statements are prepared is Jefferies International (Holdings) Limited, an intermediate holding company registered in England and Wales.

Copies of the latter group's financial statements are available from Companies House, Crown Way, Cardiff, CF14 3UZ. Copies of the financial statements of Leucadia National Corporation, are available on request from 520 Madison Avenue, New York, New York 10022, United States of America