

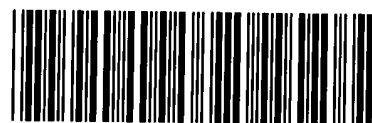
JEFFERIES INTERNATIONAL (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 November 2016

Company Registration No 3977886

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Jefferies International (Holdings) Limited
ANNUAL REPORT AND FINANCIAL STATEMENTS

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Jefferies International (Holdings) Limited

STRATEGIC REPORT

The directors present their strategic report on Jefferies International (Holdings) Limited (the "Company") for the year ended 30 November 2016.

1. REVIEW OF THE BUSINESS

Jefferies International (Holdings) Limited acts as an intermediate holding company for the European activities of Jefferies Group LLC, a US based independent, full service global securities and investment banking firm serving companies and their investors. Jefferies Group LLC is wholly owned by Leucadia National Corporation, a company listed on the New York Stock Exchange.

The Company has two wholly owned subsidiaries, Jefferies International Limited (JIL) and Jefferies Bache Limited (JBL). JIL is Jefferies Group's main operating entity for European trading activities. JBL previously operated a commodities trading business which was closed down in 2016; JBL's sole current activity is managing a pension scheme set up for the benefit of former employees of its Hamburg branch.

Financial Performance

The Company recorded a loss for the financial year of £7.7 million (2015: loss of £21.3 million) which has been transferred to reserves.

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

	Year ended 30 November 2016 £000	Year ended 30 November 2015 £000
Loss for the financial year	7,657	21,341
Total shareholders' funds	275,565	283,222
Return on capital employed	(0.4%)	(0.1%)
Current ratio	135%	85%

The return on capital employed ratio is calculated by dividing net operating profit / (loss) by total assets less current liabilities. The Statement of Comprehensive Income for the year is set out on page 8. There are no non-financial performance indicators included within the Strategic Report as the directors do not believe that there are any appropriate indicators that would assist in understanding the development, performance or position of the Company's business.

Principle risks and uncertainties

The Company will continue to act as a holding company for Jefferies Group LLC's European operating entities.

The Company does face a number of risks and uncertainties within its commercial activities. The Board believes that these risks and uncertainties are satisfactorily mitigated through the systems of controls and senior management oversight that have been implemented throughout the business.

The risks and uncertainties include: credit risk, liquidity risk and operational risk. The risks and uncertainties faced by the business are discussed within the Directors' report.

Jefferies International (Holdings) Limited

STRATEGIC REPORT (continued)

2. GENERAL

The Company is an intermediate holding company for Jefferies Group's European activities. JIL, the main European operating entity in the Jefferies Group, is wholly owned by the Company.

On 30 September 2016 the Company was transferred by Jefferies Group LLC to Jefferies Holding II Limited, via Jefferies Holding I Limited. As at 30 November 2016 Jefferies Holding II Limited owned 100% of the Company's share capital. Jefferies Holding II Limited is wholly owned by Jefferies Holding I Limited which is wholly owned by Jefferies Group LLC. Both Jefferies Holding I Limited and Jefferies Holding II Limited are companies incorporated in the Cayman Islands.

The debt held by the Company as at 30 November 2016 was restructured after the year end; see section 5 in the Directors' Report for more detail.

The Company has produced these statutory financial statements under Financial Reporting Standard 101 ("FRS 101") – Reduced Disclosure Framework; this is the first year that the Company has adopted this accounting framework (see 2.1 notes to the financial statements). The transition to FRS 101 has not resulted in any opening balance adjustments to the statement of financial position or restatements to the statement of comprehensive income. Therefore no reconciliation or comparative disclosure has been provided as part of the first time adoption.

On behalf of the Board



H M Tucker
Director

17 May 2017

Vintners Place
68 Upper Thames Street
London EC4V 3BJ

Jefferies International (Holdings) Limited

DIRECTORS' REPORT

The directors present their report and the audited financial statements of Jefferies International (Holdings) Limited (the "Company") for the year ended 30 November 2016. The information in relation to the Company's future developments is discussed in the Strategic Report.

1. DIVIDENDS

The directors do not recommend the payment of a dividend for the year ended 30 November 2016 (2015: £nil).

2. GOING CONCERN

The directors have a reasonable expectation that there are adequate resources for the Company to continue in operational existence for the foreseeable future.

The Company had cash of £1.4 million as at 30 November 2016 (2015: £3.0 million) and total shareholders' funds of £275.6 million as at 30 November 2016 (2015: £283.2 million). The restructuring of the Company's debt on 13 December 2016 has removed the Company's long term liabilities and significantly improved the Company's liquidity profile (see section 5 below).

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

3. 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.

The principal risks of the Company are:

- Credit risk is the risk of loss due to adverse changes in 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 is mitigated by the fact that the Company engages with a limited number of counterparties, all within the Leucadia National Corporation Group, whose credit risk is well known to the Company. The age of outstanding creditors is monitored by the Company's management and pro-active action is taken to secure payment when required.
- Liquidity risk is the risk of the Company being unable to secure adequate funding to meet its current obligations. The future liquidity risk is deemed to be limited for the Company as net cash outflows have been significantly reduced due to the transfer of the subordinated debt liabilities in December 2016 (see section 5 of the Directors' Report).
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. The Company has in place a system of controls designed to mitigate operational risk.

Jefferies International (Holdings) Limited

DIRECTORS' REPORT (continued)

4. DIRECTORS

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

T G Barker	<i>(non-executive director)</i>	Resigned 31 March 2016
T E Cronin	<i>(executive director)</i>	
H M Tucker	<i>(executive director)</i>	
D W Weaver	<i>(executive director)</i>	Resigned 31 May 2016

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

All four directors who served during the year were remunerated through an affiliated company for their services as directors to the Company.

The Company made 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.

5. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 13 December 2016 a £148.5 million subordinated loan note liability (see note 12) and associated accrued interest liability of £44.7 million was transferred by the Company to its subsidiary, JIL, as part of an internal re-organisation to simplify the group's funding structure. The Company made a cash payment to JIL, equal to the full value of the liabilities (£193.2 million), in recompense for the transfer. The transaction has resulted in the Company having no outstanding subordinated loan note liabilities as at 13 December 2016.

As part of the re-organisation the Company redeemed the outstanding subordinated loan of £60.0 million and received full repayment of the revolver loan of £70.0 million, the borrower in both cases was JIL.

6. STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

Jefferies International (Holdings) Limited

DIRECTORS' REPORT (continued)

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.

The directors 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.

7. STATEMENT ON DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

8. INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP were the Company's statutory auditor for the year ended 30 November 2016, however they have not been reappointed. Deloitte LLP were identified to replace PricewaterhouseCoopers LLP as statutory auditor for the year ending 30 November 2017. PricewaterhouseCoopers LLP have indicated they will formally resign on 19 May 2017.

On behalf of the Board



H M Tucker
Director

17 May 2017

Vintners Place
68 Upper Thames Street
London
EC4V 3BJ

Jefferies International (Holdings) Limited

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

REPORT ON THE FINANCIAL STATEMENTS

Our opinion

In our opinion, Jefferies International (Holdings) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 30 November 2016 and of its loss 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.

What we have audited

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- Statement of financial position as at 30 November 2016;
- Statement of comprehensive income for the year then ended;
- Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

OPINION ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

OTHER MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Jefferies International (Holdings) Limited
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
JEFFERIES INTERNATIONAL (HOLDINGS) LIMITED (continued)

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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) ("ISAs (UK & 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 parent 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.

What an audit of financial statements involves


We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

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.



Paolo Taurae (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

17 May 2017

Jefferies International (Holdings) Limited
Year ended 30 November 2016

Statement of comprehensive income

		Year ended 30 November	
	Note	2016 £'000	2015 £'000
Administrative expenses		(1,696)	(402)
Operating loss	4	(1,696)	(402)
Gain / (loss) on investments	8	6,240	(12,682)
Finance income	6	4,689	62
Finance costs	6	(12,134)	(10,162)
Finance cost - net		(7,445)	(10,100)
Loss on ordinary activities before taxation		(2,901)	(23,184)
Income tax on ordinary activities	7	(4,756)	1,843
Loss for the financial year and total comprehensive expense		(7,657)	(21,341)

The notes on pages 11 to 19 form part of these financial statements.

The Company has no other comprehensive income other than those included in the Statement of Comprehensive Income above and therefore, no statement of other comprehensive income has been presented.

Jefferies International (Holdings) Limited
As at 30 November 2016

Statement of financial position

		As at 30 November	
	Note	2016 £'000	2015 £'000
Fixed assets			
Investments	8	370,592	423,390
Current Assets			
Trade and other receivables	9	203,228	94,293
Cash and cash equivalents		1,398	2,953
Current liabilities			
Creditors: amounts falling due within one year	11	(151,190)	(114,124)
Net current assets		53,436	(16,878)
Creditors: amounts falling due after more than one year	12	(148,463)	(123,290)
Net assets		275,565	283,222
Equity			
Ordinary shares	13	267,201	267,201
Capital contribution reserve		155,662	155,662
Share premium		14,610	14,610
Accumulated losses		(161,908)	(154,251)
Total shareholders' funds		275,565	283,222

The notes on pages 11 to 19 form part of these financial statements.

The financial statements on pages 8 to 19 were approved by the board of directors on 17 May 2017 and were signed on its behalf by:



H M Tucker
Director

Jefferies International (Holdings) Limited
As at 30 November 2016

Statement of changes in equity

	Ordinary shares £'000	Share premium £'000	Capital contribution £'000	Accumulated losses £'000	Total £'000
Balance as at 1 December 2014	267,201	14,610	145,943	(132,910)	294,844
Loss for the financial year	-	-	-	(21,341)	(21,341)
Total comprehensive expense for the year	-	-	-	(21,341)	(21,341)
Additional capital from parent	-	-	9,719	-	9,719
Total transactions with owners, recognised directly in equity	-	-	9,719	-	9,719
Balance as at 30 November 2015	267,201	14,610	155,662	(154,251)	283,222
Loss for the financial year	-	-	-	(7,657)	(7,657)
Total comprehensive expense for the year	-	-	-	(7,657)	(7,657)
Balance as at 30 November 2016	267,201	14,610	155,662	(161,908)	275,565

The notes on pages 11 to 19 form part of these financial statements.

Jefferies International (Holdings) Limited

As at 30 November 2016

Notes to the financial statements

1. General information

The Company is an intermediate holding company for Jefferies Group LLC that holds an investment in the group's main European operating entity, Jefferies International Limited. Jefferies Group LLC is wholly owned by Leucadia National Corporation. Both Jefferies Group LLC and Leucadia National Corporation are incorporated in the United States of America.

The Company is a private limited company and is incorporated and domiciled in the United Kingdom. The address of its registered office is Vintners Place, 68 Upper Thames Street, London EC4V 3BJ.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

2.1 Basis of preparation

The financial statements have been prepared in accordance with the Companies Act 2006 and Financial Reporting Standard 101 ("FRS 101") – Reduced Disclosure Framework. The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and company law in the United Kingdom.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- paragraph 38 of IAS 1, 'Presentation of financial statements' comparative information requirements in respect of:
 - (i) paragraph 79(a)(iv) of IAS 1.
- the following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows);
 - 16 (statement of compliance with all IFRS);
 - 38A (requirement for minimum of two primary statements, including cash flow statements);
 - 38B-D (additional comparative information);
 - 111 (cash flow statement information), and
 - 134 – 136 (capital management disclosures).
- the requirement of IAS 7 'Statement of Cash Flows'.
- IAS 24 'Related Parties Disclosure' paragraph 17 (key management compensation),
- IAS 24 'Related Party Disclosures' requirement to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is party to the transaction is wholly owned by such a member.

The preparation of the financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's accounting policies (see note 3).

Jefferies International (Holdings) Limited

As at 30 November 2016

2.2 First-time adoption of FRS 101

The Company transitioned to FRS 101 on 1 December 2015 and these financial statements are the first to be prepared under the new framework (see note 2.1). The accounting policies, as set out in note 2, have been consistently applied in preparing the financial statements for the year ended 30 November 2016 and the comparative information presented in these financial statements for the year ended 30 November 2015.

The change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are materially unchanged from the prior year.

The adoption of FRS 101 has resulted in the Company revising certain disclosures in the notes to the financial statements. The most material change was to the disclosure on Income Tax:

- Tax on profit on ordinary activities. Under the previous UK GAAP, a reconciliation between current tax and the product of profit on ordinary activities before taxation multiplied by the applicable tax rate was required. Upon adoption of IAS 12 'Income Taxes' the Company is now required to present a reconciliation between the total tax expense and the product of profit on ordinary activities before taxation multiplied by the applicable rate (see note 7).

2.2.1 Initial elections upon adoption

There are a number of optional exemptions available under IFRS 1 in the first year of adoption of the new accounting framework. The Company has taken an exemption from the requirements of paragraphs 6 and 21 of IFRS 1 'First-time adoption of International Financial Reporting Standards' which require extensive retrospective comparative information.

There are no other optional exemptions that are applicable to the Company in the conversion from previous UK GAAP to FRS 101.

2.2.2 IFRS 1 first time adoptions exceptions

The Company has applied the mandatory exception in IFRS 1 in the conversion from previous UK GAAP to FRS 101 relating to estimates. Estimates as at 1 December 2015 are consistent with the estimates as at the same date made in conformity with FRS 101 (see note 3).

There are no other applicable mandatory exceptions of IFRS 1 that are relevant to the Company.

2.2.3 Reconciliation from previous UK GAAP to FRS 101

IFRS 1 requires the Company to reconcile equity and comprehensive income to prior periods and explain how the transition from previous GAAP to IFRSs affected its reported financial position and financial performance.

The Company's first time adoption of FRS 101 did not have a material impact on either equity or comprehensive income.

The transition to FRS 101 has not resulted in any opening balance adjustments to the statement of financial position or restatements to the statement of comprehensive income. Therefore no reconciliation or comparative disclosure has been provided as part of the first time adoption.

2.3 New and amended standards adopted by the Company

There are no new accounting standards, amendments to accounting standards or IFRIC interpretations that are effective for the year ended 30 November 2016, that have a material impact on the Company.

Jefferies International (Holdings) Limited

As at 30 November 2016

2.4 Going concern

The directors have a reasonable expectation that there are adequate resources for the Company to continue in operational existence for the foreseeable future.

The Company had cash of £1.4 million as at 30 November 2016 (2015: £3.0 million) and total shareholders' funds of £275.6 million as at 30 November 2016 (2015: £283.2 million). The restructuring of the Company's debt on 13 December 2016 has removed the Company's long term liabilities and significantly improving its liquidity profile.

Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

2.5 Group consolidation

As permitted by s401 of the Companies Act 2006 the Company has taken the available exemption from preparing consolidated group financial statements as it is consolidated within the group financial statements of Jefferies Group LLC which is a company registered in the United States of America (see note 15).

2.6 Cash at bank and in hand

Cash at bank and in hand includes cash in hand and deposits held at call with banks.

2.7 Trade and other receivables

Trade and other receivables are tax receivable and amounts due from other Leucadia Group companies which include interest payable on loan facilities provided; unsettled balances created in relation to historical group restructures.

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provisions for impairment.

2.8 Creditors

Creditors are primarily the intercompany payables owed to Jefferies Group LLC in relation to historical capital contributions made directly to the Company's subsidiaries.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.9 Taxation

Current tax, including UK corporation 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.

2.10 Foreign currencies

Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

Jefferies International (Holdings) Limited

As at 30 November 2016

Transactions and balances

Foreign currency transactions are translated into the functional currency using the foreign exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the statement of comprehensive income. All other foreign exchange gains and losses are presented in the statement of comprehensive income within Other Income.

2.11 Ordinary share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax from the proceeds.

2.12 Segmental information

The Company does not fall within the scope of IFRS 8 nor do the directors believe that disclosure of segmental financial information significantly assists in the understanding of the Company's financial statements; as a result no such segmental information has been included in this report.

3. Use of estimates and uncertainty

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the financial statements and related disclosures. The activities of the Company do not require a large amount of estimation however the estimate detailed below is significant to the Company:

Recognition of deferred tax assets

The Company recognises deferred tax assets to the extent that those assets can be utilised against future profits. The Company forecasts profit based on a number of assumptions and estimates which support the recognition of the deferred tax assets. The Company's deferred tax assets as at the financial year-end are detailed in note 10.

The Company believes that the estimates utilised in preparing the financial statements are reasonable, relevant and reliable.

4. Operating profit / (loss)

Operating loss is stated after charging:

	2016 £'000	2015 £'000
Audit fee payable to the Company's auditors:		
- Audit related assurance	56	38

Jefferies International (Holdings) Limited
Year ended 30 November 2016

5. Employees and directors

Employees

The company currently has no employees (2015: none).

Directors:

The directors' remuneration was as follows:

	2016 £'000	2015 £'000
Aggregate remuneration	171	141
Pension contributions	3	2
Severance	20	10
	194	153

The directors were not granted any share awards in Leucadia National Corporation for the year ended 30 November 2016 (2015: nil).

All four directors who served in the year were members of the defined contribution plan, operated for all eligible employees of the Jefferies Group (2015: three).

Highest paid director

The highest paid directors' remuneration was as follows:

	2016 £'000	2015 £'000
Aggregate remuneration	93	65
Pension contributions	1	-
	94	65

6. Finance costs

Finance income

	2016 £'000	2015 £'000
Intercompany interest receivable	4,689	62
	4,689	62

Finance cost

	2016 £'000	2015 £'000
Intercompany interest payable	(12,134)	(10,162)
	(12,134)	(10,162)

Jefferies International (Holdings) Limited
Year ended 30 November 2016

Net finance cost		
	2016 £'000	2015 £'000
Finance income	4,689	62
Finance cost	(12,134)	(10,162)
	(7,445)	(10,100)

7. Income tax

Tax expense included in profit or loss:		
	2016 £'000	2015 £'000
Current tax:		
- UK Corporation tax on profits for the year	-	(3,014)
- Adjustment in respect of prior periods	86	285
Total current tax	86	(2,729)
Deferred tax:		
Origination and reversal of timing differences	4,902	1,071
Adjustment to UK corporation tax in respect of prior years	(232)	(329)
Impact of change in tax rates	-	144
Total deferred tax	4,670	886
Tax on profit on ordinary activities	4,756	(1,843)

The tax expense for the year is higher (2015: higher) than the standard rate of corporation tax in the United Kingdom for the year ended 30 November 2016 of 20.00% (2015: 20.33%). The differences are explained below:

	2016 £'000	2015 £'000
Loss on ordinary activities before taxation	(2,902)	(23,184)
Tax (expense) / credit thereon at the standard rate of corporation tax in the United Kingdom of 20.00% (2015: 20.33%)	(580)	(4,713)
Adjustments in respect of prior years	(146)	(44)
Disallowed expenses	226	192
Impact of change in tax rate	-	144
Difference between accounting and taxable gains	(1,248)	2,578
Surplus interest not available for group relief	1,602	-
Unpaid interest written off for tax purposes	4,902	-
Total tax	4,756	(1,843)

Jefferies International (Holdings) Limited

Year ended 30 November 2016

The Finance Act 2015 enacted a 1% reduction in the main UK corporation tax rate to 19% with effect from 1 April 2017 with a further reduction to 17% with effect from 1 April 2020.

8. Investments

	2016 £'000	2015 £'000
Investments in subsidiary companies:		
- Jefferies International Limited	364,636	364,636
- Jefferies Bache Limited	5,956	58,754
	370,592	423,390

The Company owns 100% of the ordinary share capital of Jefferies International Limited.

The Company owns 100% of the ordinary share capital of Jefferies Bache Limited.

On 15 July 2016 the board of Jefferies Bache Limited approved the repayment of £52.8 million in capital to the Company as this capital had become surplus to requirements.

On 4 October 2016 the Company transferred its investment in Longacre Partners Limited (LPL) to Jefferies International Limited. The Company received £6.2 million, an amount equal to the net book value of LPL, in payment for the transfer. The Company had previously written down its investment in LPL to zero therefore the proceeds were recorded as a gain in the P&L.

9. Trade and other receivables

	2016 £'000	2015 £'000
Amounts falling due within one year:		
Amounts owed by group undertakings	201,390	87,699
Income tax receivable	1,838	1,924
Deferred tax asset	-	4,670
	203,228	94,293

Amounts owed by group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

10. Deferred tax

The provision for deferred tax consists of the following deferred tax assets (liabilities):

	2016 £'000	2015 £'000
Deferred tax assets due within 12 months	-	1,208
Total assets due within 12 months	-	1,208
Deferred tax assets due after 12 months	-	3,462
Total assets due after 12 months	-	3,462
Total deferred tax asset	-	4,670

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Movement in deferred tax assets

	Unpaid Interest £'000
Deferred tax assets	£'000
At 1 December 2014	5,556
Charged / (credited) to the statement of comprehensive income	(886)
At 30 November 2015	4,670
Charged / (credited) to the statement of comprehensive income	(4,670)
At 30 November 2016	-

Following a restructuring of the Company's subordinated debt in December 2016 there is no expectation that the Company will receive future benefits for interest which had been accrued but remained unpaid at the balance sheet date. Consequently the deferred tax asset of £4.7 million has been written off to the statement of comprehensive income.

The Finance Act 2015 enacted a 1% reduction in the main UK corporation tax rate to 19% with effect from 1 April 2017 with a further reduction to 17% with effect from 1 April 2020. As this change in the rate was substantively enacted prior to 30 November 2016, it has been reflected in the deferred tax asset in these financial statements.

11. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	151,157	114,106
Other creditors:		
- Accruals and deferred income	33	18
	151,190	114,124

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are repayable on demand.

12. Creditors: amounts falling due after more than one year

	2016 £'000	2015 £'000
Subordinated loan notes	148,463	123,290
	148,463	123,290

The lender of the subordinated loan notes was Jefferies Financing, LLP, the notes mature on 30 June 2030 and 7.5% interest was payable by the Company on an annual basis.

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13. Ordinary shares

Ordinary shares of £1.00 par value each

Allotted, authorised and fully paid	No.	£'000
As at 1 December 2015 and 30 November 2016	267,201,086	267,201

14. Related parties transactions

There are no transactions with related parties to report outside of the inter-group transactions that are covered by the exemption afforded by FRS 101 from the disclosure requirements of IAS 24 'Related Party Disclosures' (see note 2.1).

15. Controlling parties

The Company's immediate parent undertaking is Jefferies Holdings II Limited which is a company incorporated in the Cayman Islands. The ultimate parent undertaking and controlling party is Leucadia National Corporation, a company incorporated in the United States of America.

The parent undertakings of the smallest and largest groups to consolidate these financial statements as at 30 November 2016 are Jefferies Group LLC and Leucadia National Corporation respectively. The consolidated financial statements of both groups are available from 520 Madison Avenue, New York, New York 10022, United States of America.

16. Events after the end of the reporting period

On 13 December 2016 a £148.5 million subordinated loan note liability (see note 12) and associated accrued interest liability of £44.7 million was transferred by the Company to its subsidiary, JIL, as part of an internal re-organisation to simplify the group's funding structure. The Company made a cash payment to JIL, equal to the full value of the liabilities of £193.2 million, in recompense for the transfer. The transaction has resulted in the Company having no outstanding subordinated loan note liabilities as at 13 December 2016.

As part of the re-organisation the Company redeemed the outstanding subordinated loan of £60.0 million and received full repayment of the revolver loan of £70.0 million, the borrower in both cases was JIL.