JEFFERIES INTERNATIONAL (HOLDINGS) LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the year ended 30 November 2013

Company Registration No 3977886

TABLE OF CONTENTS

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

1. REVIEW OF THE BUSINESS

Jefferies International (Holdings) Limited "the Company" acts as an intermediate holding company for the European activities of Jefferies Group LLC (formerly Jefferies Group, Inc.) a US based independent, full service global securities and investment banking firm serving companies and their investors.

The Group comprises the Company and its subsidiaries. The subsidiaries are detailed in note 11. The principal operating subsidiaries within the Group are Jefferies International Limited "JIL" and Jefferies Bache Limited "JBL". The Group has continued to operate as a full service investment banking firm, offering services to clients within the equities, fixed income, commodities and investment banking sectors and the Group has acted, through its network of offices, as the European representative for its US holding company (see note 33).

Financial Performance

The Group has recorded a consolidated loss for the financial year of £7,211,425 (2012: loss of £27,232,323) which will be transferred to reserves.

In the year the Group has seen a significant increase in activity across certain sectors of the business; in particular investment banking revenues have grown strongly in comparison to the prior year. However, other areas of the Group's business have been operating within challenging trading environments and have incurred "one-off" costs during the year; the combination of these two factors has resulted in the overall loss for the year.

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

Group	Year ended 30 November 2013 £000	Year ended 30 November 2012 £000
Turnover	419,985	359,275
Loss for the financial year	(7,211)	(27,232)
Total shareholders' funds	364,039	277,334
Operating profit margin	7.2%	0.5%
Return on capital employed (ROCE)	3.9%	0.2%
Current ratio	104.9%	104.2%

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 Group's business.

The return on capital employed ratio is calculated by dividing net operating profit by total assets less current liabilities averaged over the year.

1. REVIEW OF THE BUSINESS (continued)

Future developments and prospects

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

The Group 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; conduct risk; liquidity risk, interest rate risk and capital adequacy risk. 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 business and financial risks faced by the business are discussed in more detail within note 30.

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 33).

The Group's two main operating subsidiaries, JIL and JBL, are authorised and regulated in the United Kingdom by the Financial Conduct Authority ("FCA"). The operations of the Group's branches in France, Germany, Italy, the United Arab Emirates, Russia and subsidiary in Switzerland are regulated by the relevant authorities in those countries.

On 29 November 2013 the Group sold its subsidiary, Jefferies Investment Management Limited, to LAM Holding LLC, an affiliated company within the Leucadia National Corporation group.

JIL has a subsidiary company in Zurich, Jefferies (Schweiz) AG ("JSA"). On 27 November 2013, the Board approved a proposal to change the status of JSA from a subsidiary to a branch of JIL.

JIL is a member of the following exchanges: London Stock Exchange, Deutsche Boerse (Xetra, Eurex, Repo and Bonds), Euronext, Oslo Bors, Nasdaq OMX (Stockholm, Copenhagen and Helsinki), SIX Swiss Exchange, Borsa Italia (MOT, EuroMOT, ExtraMOT), MTS Markets, HDAT, SENAF and Bondivision. JBL is a member of the following exchanges: Deutsche Boerse (Eurex), Euronext, ICE Futures Europe, London Metal Exchange and Nasdaq OMX Commodities Europe.

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

By order of the Board

D W Weaver
Director

10th July 2014

Vintners Place
68 Upper Thames Street
London EC4V 3BJ

The directors present their annual report and the audited financial statements of the Company and the Group for the year ended 30 November 2013. The information in relation of the Company's and Group'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

Whilst there is always inherent uncertainty about the level of future revenue streams, 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 Group to continue in operational existence for the foreseeable future. This assessment is made taking into account the continuing support received by the Group as evidenced by the capital restructuring in April 2013 when the Group's regulatory capital base was both increased and moved on to longer terms.

The Group's total shareholder's funds have increased from £277.3 million in 2012 to £364 million in 2013. The Group had non-segregated cash of £344.8 million as at 30 November 2013 (2012: £405.8 million). Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

The directors are confident that the Company and the Group are adequately capitalised as at 30 November 2013 and have been adequately capitalised throughout the year ended 30 November 2013. At 30 November 2013, calculated in accordance with UK regulatory rules, the Group Financial Resources Surplus was £708 million, Group Financial Resources being 227% of the Financial Resources Requirement.

3. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors acknowledge the risks the Company and the Group face in undertaking their business and seek 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 Company and the Group.

The principal business and financial risks of the Company and Group are discussed in note 30 of the financial statements. Other risks are considered below:

- The Group 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 meeting client requirements. The Group 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 Group's principal operating subsidiaries' activities are authorised and regulated by the FCA in the United Kingdom. The Group is required by the FCA to maintain specified levels of regulatory capital, which if the minimum conditions are not met would expose the Group to various sanctions, ranging from fines, censorship or to partial or complete restrictions on the Group to conduct business. This imposes extensive reporting requirements and continuing self-assessment and appraisal. The Group 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 and Group falls under the group business recovery plan. The overall purpose of the plan is to ensure that the Group and wider Jefferies group are ready to manage the effects of an emergency on their 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 issues such as power outages, fires and floods, and technology based failures.

4. CORPORATE GOVERNANCE

The Company is committed to high standards of corporate governance. The Company's Board comprises four executive directors and one independent non-executive director. The Company's purpose is to act as an intermediate holding company and its principal operating subsidiaries are JIL and JBL. Each of the Boards of JIL and JBL are supported in their activities by two Board committees: (1) Audit Committee and (2) Board Risk Committee (formed post-year end); and two management committees: (1) Risk Management Committee and (2) Operating Committee. Each committee has its own charter detailing, amongst other matters, their respective memberships, duties and responsibilities and is run on a joint basis reporting to each of JIL and JBL. The members of the committees are appointed by each of the JIL Board and JBL Board acting jointly. The corporate governance structure for JIL and JBL also includes a number of sub-committees: Asset and Liability Management Committee, New Business Committee, Independent Price Verification Committee and a Client Assets Committee.

5. POST BALANCE SHEET EVENTS

On 31 December 2013 the Group made an additional capital contribution of £30.2 million to its principal operating subsidiary, JIL. On 27 May 2014 the Group received further capital from Jefferies Group LLC of £14.9 million. The Company has also invested this additional capital in JIL. The additional capital contributions further strengthen JIL's capital base in support of increased trading activity.

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)*
T E Cronin	*(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.

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

7. EMPLOYERS' POLICY

The Group 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 Group to provide equal employment opportunities for all employees and applicants. The Group 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 Group may 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 the Group and of the profit or loss of the Company and the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 Group 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 auditors are 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 auditors are aware of that information.

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

10. INDEPENDENT AUDITORS

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

By order of the Board

D W Weaver
Director
10th July 2014

Vintners Place
68 Upper Thames Street
London EC4V 3BJ

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

We have audited the financial statements of Jefferies International (Holdings) Limited for the year ended 30 November 2013 which comprise the Consolidated Profit and Loss Account, the Consolidated Statement of Total Recognised Gains and Losses, the Consolidated and Company Balance Sheets 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 5, 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 and Group's affairs as at 30 November 2013 and of the Group's 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.

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.

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
11 July 2014

Jefferies International (Holdings) Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 November 2013

	Note	2013 £000	2012 *Restated* £000
Turnover	2	419,985	359,275
Administrative expenses		(389,664)	(357,345)
Operating profit		30,321	1,930
Interest receivable and similar income	3	1,521	778
Interest payable and similar charges	4	(36,479)	(39,926)
Loss on ordinary activities before taxation	5	(4,637)	(37,218)
Tax (charge) / credit on loss on ordinary activities	8	(2,574)	9,986
Loss for the financial year	26	(7,211)	(27,232)

The notes on pages 13 to 54 form part of these financial statements.

The turnover and operating profit of the Group 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 cost equivalents, except as explained in notes 1(h), 1(j), 1(k), 1(n), 1(q) and 1(r).

As permitted under section 408 of the Companies Act 2006, the Company has not presented its Profit and Loss Account. The loss attributable to the Company for the year is £27,927,303 (2012: profit of £4,196,278).

Jefferies International (Holdings) Limited

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30 November 2013

	Note	2013 £000	2012 £000
Loss for the financial year		(7,211)	(27,232)
Currency translation differences	26	(2,745)	(4,160)
Fair value movement on available for sale financial instruments	26	-	(336)
Actuarial loss recognised in pension scheme	26	(629)	(3,378)
Current tax credit on special pension contribution	26	-	753
Movement in deferred tax relating to pension liability	26	(11)	(291)
Other movement in pension reserve	26	962	465
Total recognised losses relating to the financial year		(9,634)	(34,179)

The notes on pages 13 to 54 form part of these financial statements.

Jefferies International (Holdings) Limited

CONSOLIDATED BALANCE SHEET

As at 30 November 2013

	Note	2013 £000	2012 £000 *Restated*
Fixed assets			
Intangible assets	9	-	11
Tangible assets	10	21,359	23,010
Investments – available for sale	13	2,817	2,814
Insurance assets	16	12,048	11,620
		36,224	37,455
Current assets			
Trading assets	14	2,520,306	2,878,539
Physical commodities	17	-	5,240
Debtors:			
- amounts falling due within one year	12	2,614,921	2,614,748
- amounts falling due after more than one year	12	39,047	41,283
Segregated debtors	31	363,966	418,432
Cash at bank and in hand		344,822	405,756
Cash held in segregated accounts	31	103,786	37,016
		5,986,848	6,401,014
Current liabilities			
Trading liabilities	15	(1,701,778)	(1,886,922)
Creditors: amounts falling due within one year	18	(3,125,823)	(3,323,010)
Segregated creditors	31	(467,752)	(455,448)
		(5,295,353)	(5,665,380)
Net current assets		691,495	735,634
Total assets less current liabilities		727,719	773,089
Creditors: amounts falling due after more than one year	19	(343,534)	(480,010)
Provisions for liabilities	23	(4,869)	(1,313)
Pensions and similar obligations	20	(15,277)	(14,432)
Net assets		364,039	277,334
Capital and reserves			
Called up share capital	25	267,201	267,201
Share premium account	26	14,610	14,610
Merger reserve	26	6,499	6,499
Capital contribution reserve	26	99,838	3,499
Other reserves	26	16,726	19,471
Retained earnings	26	(40,835)	(33,946)
Total shareholders' funds	26	364,039	277,334

The notes on pages 13 to 54 form part of these financial statements.

The financial statements on pages 9 to 54 were approved by the Board of Directors on 10th July 2014 and were signed on its behalf by:

H M Tucker
Director

Jefferies International (Holdings) Limited

COMPANY BALANCE SHEET

As at 30 November 2011

	Note	2013 £000	2012 £000
Fixed assets			
Investments	11	429,437	425,967
Current assets			
Debtors:			
- amounts falling due within one year	12	70,962	105,978
- amounts falling due after more than one year	12	4,056	1,785
Cash at bank and in bank		1,639	1,642
		76,657	109,405
Creditors: amounts falling due within one year			
Other creditors	18	(105,120)	(125,522)
Net current liabilities		(28,463)	(16,117)
Total assets less current liabilities		400,974	409,850
Creditors: amounts falling due after more than one year	19	(113,476)	(190,764)
Net assets		287,498	219,086
Capital and reserves			
Called up share capital	25	267,201	267,201
Share premium account	26	14,610	14,610
Capital contribution reserve	26	99,425	3,086
Retained earnings	26	(93,738)	(65,811)
Total shareholders' funds	26	287,498	219,086

The notes on pages 13 to 54 form part of these financial statements.

These financial statements were approved by the Board of Directors on 10th July 2014 and were signed on its behalf by:

H M Tucker

Director

1. ACCOUNTING POLICIES

(a) *Basis of preparation*

The financial statements are prepared on the going concern basis and under the historical cost convention, except as modified by the revaluation of "available for sale" investments (j); financial instruments (n); insurance assets (q) and physical commodities (r) at market prices as explained in the accounting policies below, in accordance with United Kingdom Generally Accepted Accounting Practice ("UK GAAP").

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, with the exception of the three changes detailed below.

Commission income is now shown gross on the face of the profit and loss account without any deduction of exchange fees incurred. The exchange fees incurred are now recorded in administrative expenses on the face of the profit and loss account. The directors believe this treatment to be more consistent with the guidance on revenue recognition as outlined by FRS 5 – Application note G. The prior year comparators have been amended, within the profit and loss account and note 2, to assist comparability. The amendment has increased the prior year's turnover and administration expenses by £15.6 million.

The client money within cash, debtors and creditors are now shown separately on the face of the balance sheet. As a result the client money balances are now not included within the notes disclosing the Group's debtors (note 12) and creditors (note 18). The prior year's comparators on the balance sheet and within the notes have been amended.

The financial instruments on the face of the balance sheet are now all shown at their gross values and include all the Group's exchange listed option contracts. We believe this treatment to be more consistent with the guidance on offsetting assets and liabilities outlined by FRS 25 and with the Group's proprietary interest in those financial instruments. The change has been made within the note to the financial statements on the financial instruments (note 21). The prior year's comparators on the Balance Sheet and within the note have been amended to assist comparability.

(b) *Basis of consolidation*

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to 30 November each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

(c) *Going concern*

The financial statements are prepared on the going concern basis taking into account the continuing support from the Company's US holding company, Jefferies Group LLC. The risks and uncertainties facing the Company are discussed in the Directors' Report and in note 30. The Group's shareholder funds have increased from £277.3 million in 2012 to £364 million in 2013. The Group had non-segregated cash of £344.8 million as at 30 November 2013 (2012: £405.8 million). Taking these factors into account, the directors consequently present these financial statements on the going concern basis.

(d) *Functional currency*

The Group and Company use Pound Sterling as its functional and reporting currency.

1. ACCOUNTING POLICIES (continued)

(e) *Cash flow statement*

As permitted by Financial Reporting Standard ("FRS") 1 (revised 1996) paragraph 5a, no cash flow statement is presented in these accounts as the Group is wholly owned by Jefferies Group LLC, which presents such a consolidated cash flow statement in its own publicly available financial statements.

(f) *Segmental Reporting*

The Group is exempt from complying with the Statement of Standard Accounting Practice (SSAP 25) on segmental reporting as the published financial statements of the US holding company, Jefferies Group LLC meet the requirements as set out in that standard.

(g) *Turnover*

Turnover is generated from the following categories of business:

- **Principal transactions:** the Group's principal transaction 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.
- **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.
- **Asset management fees:** fees derived from the management of clients' assets. The 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.
- **Service fee income:** service fee income comprises intercompany transfer pricing arrangements between related business entities and is calculated and recognised on an accruals basis.
- **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.
- **Other Income:** revenues can be generated from non-operating sources. These non-core revenues are accounted for on a historical cost and accruals basis.

1. ACCOUNTING POLICIES (continued)

(h) *Trading assets and liabilities*

Trading assets and liabilities are those assets and liabilities that the Group 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) *Financing transactions, stock borrowing and lending*

The Group 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 Group 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 netting agreements that give the Group the right, in the event of default, to liquidate collateral held and to offset receivables and payables with the same counterparty. The Group 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 Group to provide the counterparty with collateral in the form of cash, letters of credit, or other securities. The Group receives collateral in the form of cash, letter of credit or other securities for securities loaned transactions.

On a daily basis, the Group monitors the market value of securities borrowed or loaned against the collateral value, and the Group 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 Group 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.

1. ACCOUNTING POLICIES (continued)

(j) *Investments – "available for sale"*

Available for sale assets are non-derivative financial assets that are designated as available for sale. Available for sale assets are initially measured at fair value plus direct and incremental transaction costs, subsequently re-measured at fair value with changes therein recognised in a separate component of equity until the assets are either sold or impaired. For unquoted equity securities, whose value cannot be reliably measured, these are carried at cost. When sold, cumulative gains and losses previously recognised in equity are recognised in the profit and loss account as "gains less losses from financial investments". At each balance sheet date, an assessment is made of whether there is any objective evidence of impairment in the value of a financial asset or group of assets. If impaired, the cumulative loss is removed from equity and recognised in the profit and loss account.

The value of seats held in commodity exchanges represents the fair value of exchange market memberships held by the Group in the London Metal Exchange.

(k) *Derivatives*

Derivatives are held for both hedging and trading purposes and arise from customer and proprietary trading activities. All trading book positions held by the Group 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 the Group'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 Group to potential loss in the event of a counterparty default.

(l) *Derecognition*

The Group 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 from 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 Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

(m) *Offsetting*

The Group only offsets financial assets and liabilities presenting the net amount in the balance sheet when it:

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

In many instances the Group'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 which effectively limits 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 Group's financial statements.

1. ACCOUNTING POLICIES (continued)

(n) *Fair value measurement*

The Group 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. 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.

(o) *Fair Value Hierarchy*

In determining the fair value of the financial instruments, we maximise the use of observable inputs and minimise the use of unobservable inputs by requiring that observable inputs are 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 that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The Group applies a hierarchy to categorise the 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 reporting 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 include those 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 observable.
Level 3:	Instruments that have little or no pricing observability as at 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.

(p) *Impairment*

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. Where this evidence exists the assets are re-measured to reflect the present value of expected future cash flows. The difference between the carrying amount and the present value of expected future cash flows is recognised in the profit and loss account for the period.

1. ACCOUNTING POLICIES (continued)

(q) Insurance Assets

Insurance assets relate to contracts that meet the definition of an insurance contract under FRS 26 'Financial Instruments – Recognition and measurement' and are outside of the scope of FRS 25, FRS 26 and FRS 29. The insurer accepts the insurance risk from the Group and an asset is recognised for this benefit to offset the future liability of the pension scheme provided for the employees of Jefferies Bache Limited's German branch.

The insurance asset is recognised on the balance sheet at fair value. Gains and losses arising from changes in the insurance asset's fair value are included as a separate component of equity until the asset is realised, at which point the cumulative gain or loss is transferred to the profit and loss account.

(r) Physical commodities

Stocks are carried at fair value derived from market prices prevailing at the balance sheet date. Changes in the valuation of stocks are recorded in the profit and loss account. This is not in accordance with the requirements of SSAP 9 'Stocks and long-term contracts', which require stocks to be valued at the lower of cost and net realisable value. However, the directors believe that as mark-to-market accounting is adopted for all other trading assets and liabilities, the valuation of stocks at fair value is required to show a true and fair view.

(s) Fixed asset investments and shares in subsidiary undertakings

Fixed asset investments and shares in subsidiary undertakings, held by the Company, are recorded at cost less any provisions for impairment in value.

(t) Fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation, net of 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:

- Leasehold improvements - over the life of the lease.
- Fixtures, fittings and equipment – straight-line basis over estimated useful economic life of between 3 to 10 years.

(u) Assets under construction

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

(v) Leased assets

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

(w) Provision for onerous leases

The Group provides for its onerous obligations under operating leases where the property is vacant and a sub-let has not occurred or where the rental income from a sub-let is less than the head lease. A provision is made for the net cash outflow that is expected to arise under the lease.

1. ACCOUNTING POLICIES (continued)

(x) 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 Group'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.

(y) Foreign currencies

The reporting currency of the Group and the Company is UK pound sterling. 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 and subsidiary undertakings are translated into sterling at the average rates of exchange for the year.

Exchange differences arising from translation of the result for the period 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.

(z) Pension costs

The Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The cost of a defined contribution plan is equal to the contributions paid into the plan for the period. A defined benefit plan is a pension plan that is not a defined contribution plan.

The Group, through its subsidiary JBL, participated during the year in a defined benefit scheme in Germany. The assets, held to meet the obligations of the scheme, are measured at their market value at the balance sheet date. The liabilities are measured using the projected unit method with a discount rate equal to the rate of return on an AA rated corporate bond of equivalent term and currency. The extent to which the assets exceed the liabilities is shown as a surplus in the balance sheet to the extent that a surplus is recoverable by the Group.

The extent to which the assets fall short of its liabilities is shown as a deficit in the balance sheet, net of the related deferred tax asset, to the extent that a deficit represents an obligation of the Group.

The following amounts have been charged to operating profit in the year:

(i) the increase in the present value of plan liabilities arising from employee service in the year;
(ii) gains and losses arising on settlements/curtailments in the year; and
(iii) a credit representing the expected return on the assets and a charge relating to the increase in the present value of the scheme's liabilities are included in administrative expenses.

In addition, any increase in the present value of the plan liabilities resulting from benefit improvements is recognised over the period during which such improvements vest.

1. ACCOUNTING POLICIES (continued)

(z) Pension costs (continued)

Actuarial gains and losses have been recognised in the Statement of Total Recognised Gains and Losses.

Additional details of the Group's pension arrangements have been provided in note 29.

(aa) Share-based payments

The share awards program allows employees of the Group 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 Group 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.

(bb) *Deferred compensation*

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

(cc) Deferral schemes

An Employee Financial Retirement Benefit Scheme have been set up by the Group's subsidiary, JIL. These trusts are managed by a board of trustees and are independent of the Group, Jefferies Group LLC and Leucadia National Corporation.

(dd) *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 31).

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

The Group utilise the FRS 29 exemption as it is wholly owned by Leucadia National Corporation and is included in publicly available consolidated financial statements of Leucadia National Corporation which include disclosure that comply with the standard.

2. TURNOVER

The Group's turnover represents commission on dealing, profit on trading in equities, commodities and debt instruments, asset management fee income, investment banking fees and amounts receivable from the provision of services to fellow subsidiary undertakings.

	2013	2012
		Restated
	£000	£000
Net trading and commission income:		
- Principal transactions	165,459	176,911
- Commissions	94,378	78,799
- Interest	11,809	5,114
Asset management fees	2,327	4,446
Service fee income	34,425	22,021
Investment banking fees	107,314	69,108
Other income	4,273	2,876
	419,985	359,275

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013	2012
	£000	£000
Interest received on bank accounts	576	241
Interest received from group undertakings	481	88
Other interest receivable	464	449
	1,521	778

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£000	£000
Interest paid on bank accounts	299	393
Interest payable to group undertakings	34,570	38,437
Other interest payable	1,610	1,096
	36,479	39,926

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £000	2012 £000
Loss on ordinary activities before taxation is stated after charging:		
Auditors' remuneration for the audit of the Company's and Group's accounts	38	55
Auditors' remuneration for the audit of the Group's subsidiaries	473	762
Auditors' remuneration in relation to the regulatory audit	50	54
Auditors' remuneration for taxation services	284	55
Auditors' remuneration for other non-audit services	41	35
Goodwill amortisation (note 9)	-	3,397
Negative goodwill amortisation (note 9)	-	(6,244)
Depreciation of tangible fixed assets (note 10)	5,125	5,209
Fixed asset write-off (note 10)	1,430	-
Provisions for liabilities and charges (note 23)	4,304	3,864
Operating lease rentals (note 27)	6,812	6,454
Currency revaluation (gain) / loss	(2,111)	9

6. STAFF NUMBERS AND COSTS

The monthly average number of employees (including executive directors) during the year was 943 (2012: 957). The split of these was as follows:

	2013 Number	2012 Number
Front office staff	623	643
Administration staff	320	314
	943	957

The aggregate payroll costs for the year (including directors) were as follows:

		2013 £000	2012 £000
Wages and salaries		205,114	192,391
Social security costs		29,180	33,291
Other pension costs	- UK	8,233	7,470
	- Overseas	931	946
		243,458	234,098

7. REMUNERATION OF DIRECTORS

The highest paid director received emoluments of £2,578,365 (2012: £1,765,435) and no contributions (2012: £nil) were made to a pension scheme on his behalf, for his services as a director to the Company and the Group for the year.

The emoluments of the directors (including the chairman and highest paid director) for services as directors to the Company and the Group for the year were as follows:

	2013 £000	2012 *Restated* £000
Emoluments	4,507	3,930
Pension contributions	53	47
	4,560	3,977

Contributions to money purchase pension schemes were made on behalf of three directors (2012: three) during the year. All directors benefited from qualifying third party indemnity provisions.

8. TAX ON LOSS ON ORDINARY ACTIVITIES

	2013 £000	2012 £000
UK corporation tax (credit) at 23.33% (2012: 24.67%) on the loss for the year	(293)	(3,652)
Adjustments to UK corporation tax in respect of prior years	884	(911)
Overseas tax	2,156	707
Adjustments to overseas corporation tax in respect of prior years	-	326
Total current tax	2,747	(3,530)
Deferred tax (note 24):		
- Origination and reversal of timing differences	(1,506)	(6,916)
- Adjustment in respect of prior years	(574)	(482)
- Effect of reduction in tax rate	1,907	942
Tax charge / (credit) on loss on ordinary activities	2,574	(9,986)

8. TAX ON LOSS ON ORDINARY ACTIVITIES (continued)

Tax reconciliation

	2013 £000	2012 £000
Loss on ordinary activities before taxation	(4,637)	(37,218)
Tax on (loss) on ordinary activities before taxation at the standard rate of corporation tax in the United Kingdom of 23.33% (2012: 24.67 %)	(1,082)	(9,182)
Adjustments in respect of prior years	884	(585)
Amounts disallowed for tax purposes	1,298	927
Credit in respect of share awards	(4,112)	(2,987)
Higher tax rate on overseas earnings	1,701	260
Depreciation for the year in excess of capital allowances	1,196	1,288
Losses carried forward for future years	3,782	6,165
Other short term timing differences arising on unpaid interest	-	2,393
Enhanced relief for expenditure on research and development	(319)	(247)
Effect on higher rates on prior years	-	(325)
Goodwill amortisation and impairment charge	-	(569)
Adjustment for pension costs	(601)	(602)
Other timing differences	-	(66)
Total current tax	2,747	(3,530)

Factors that may affect future tax charges

Deferred taxation relating to capital allowances and other timing difference is provided only 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 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 tax rate were substantively enacted prior to 30 November 2013, they have been reflected in the deferred tax asset in these financial statements.

9. INTANGIBLE ASSETS

Group	Positive Acquisition Goodwill £000	Negative Acquisition Goodwill £000	Software license £000	Total £000
Cost				
As at 1 December 2012	38,332	(8,845)	45	29,532
Additions in the year	-	-	-	-
As at 30 November 2013	38,332	(8,845)	45	29,532
Accumulated amortisation				
As at 1 December 2012	38,332	(8,845)	34	29,521
Charge for the year	-	-	11	11
As at 30 November 2013	38,332	(8,845)	45	29,532
Net Book Value				
As at 30 November 2013	-	-	-	-
As at 30 November 2012	-	-	11	11

The Group's positive acquisition goodwill related to certain historical acquisitions dating from over five years ago. The negative acquisition related to the acquisition of JBL in 2011 and was presented in compliance with FRS 10.48.

10. TANGIBLE FIXED ASSETS

Group	Leasehold Improvements £000	Fixtures Fittings & Equipment £000	Assets Under Construction £000	Total £000
Cost				
As at 1 December 2012	27,384	15,118	1,522	44,024
Additions	1,420	2,235	1,356	5,011
Exchange Adjustments	(91)	(39)	-	(130)
Disposals	(2,360)	(87)	-	(2,447)
As at 30 November 2013	26,353	17,227	2,878	46,458
Accumulated depreciation				
As at 1 December 2012	11,182	9,832	-	21,014
Charge for the year	2,842	2,283	-	5,125
Exchange Adjustments	20	(43)	-	(23)
Disposals	(960)	(57)	-	(1,017)
As at 30 November 2013	13,084	12,015	-	25,099
Net Book Value				
As at 30 November 2013	13,269	5,212	2,878	21,359
As at 30 November 2012	16,202	5,286	1,522	23,010

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

The disposals of fixed assets during the year relate to vacating JBL's former offices. All leasehold improvements assets located in these premises and other assets not transferable to the new offices were written off to the profit and loss account.

The assets under construction relate to the on-going development of a number of administrative IT systems.

11. FIXED ASSET INVESTMENTS

Company	2013 £000	2012 £000
As at 1 December	425,967	408,939
Additions	54,200	18,976
Disposals	(874)	-
Return of capital from subsidiary	(34,682)	-
Impairment of investment in subsidiary companies	(15,174)	(1,948)
As at 30 November	429,437	425,967

11. FIXED ASSET INVESTMENTS (continued)

In April 2013 the Company carried out a significant restructure of its subsidiaries' capital in order to properly support increased trading activity and for UK regulatory purposes. The restructure included a return of capital from JBL of £34.7 million and additional capital contributions into JIL and Jefferies Investment Management Limited of £53.95 million and £0.25 million respectively.

The Company's investment in LongAcre Partners Limited has been fully impaired as the directors do not expect to receive any value for this asset in the future. The Company's investment in Jefferies Bache Limited has been impaired by £9.4 million to reflect the decrease in the value of the entity's net assets.

On 29 November 2013 the Company sold Jefferies Investment Management Limited to LAM Holdings LLC, an affiliate company within the Leucadia National Corporation group.

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
Subsidiary undertakings:			
Jefferies International Limited	Ordinary £1 Shares	100%	Broker / Dealer
Jefferies Bache Limited	Ordinary £1 Shares	100%	Broker / Dealer
Jefferies (Schweiz) AG*	Registered Shares	100%	Broker / Dealer / Asset Management
LongAcre Partners Limited	Ordinary £1 Shares	100%	Non-Trading
Jefferies Securities Limited*	Ordinary £1 Shares	100%	Dormant
Leucadia Limited*	Ordinary £1 Shares	100%	Dormant
Leucadia Asset Management Limited*	Ordinary £1 Shares	100%	Dormant
Jefferies Investments Limited*	Ordinary £1 Shares	100%	Dormant
Jefferies International (Nominees) Limited*	Ordinary £1 Shares	100%	Nominee
Jefferies International (Nominees) Client Account Limited*	Ordinary £1 Shares	100%	Nominee

Shares in the above were all held directly by Jefferies International (Holdings) Limited at the balance sheet date unless marked with an asterisk. Those marked with an asterisk are owned indirectly through Jefferies International Limited. All subsidiaries are registered in England and Wales apart from Jefferies (Schweiz) AG which is registered in Switzerland.

12. DEBTORS

Group	2013 £000	2012 *Restated* £000
Amounts falling due within one year:		
Amounts owed by group undertakings	11,772	124,329
Securities borrowing	309,243	380,862
Securities awaiting settlement	1,246,517	1,243,027
Reverse re-purchase agreement	620,034	474,219
Other trade receivables	406,848	367,827
Amounts due in respect of group relief	2,244	6,054
Other debtors	5,158	6,479
Prepayments and accrued income	5,078	5,432
Deferred taxation (note 24)	8,027	6,519
	2,614,921	2,614,748

Group	2013 £000	2012 £000
Amounts falling due after more than one year:		
Employee loans	2,867	4,085
Retention bonuses	22,260	21,255
Prepayments and accrued income	178	708
Deferred taxation (note 24)	13,742	15,235
	39,047	41,283

Company	2013 £000	2012 £000
Amounts falling due within one year:		
Amounts owed by group undertakings	68,438	102,520
Corporation tax	2,244	2,256
Deferred tax asset	280	453
Other debtors	-	749
	70,962	105,978

12. DEBTORS (continued)

Company	2013 £000	2012 £000
Amounts falling due after more than one year:		
Deferred taxation	4,056	1,785
	4,056	1,785

13. INVESTMENTS – AVAILABLE FOR SALE

Group	2013 £000	2012 £000
As at 1 December	2,814	3,048
Additions	3	102
Impairment charge	-	(336)
As at 30 November	2,817	2,814

Investments – available for sale represent unquoted equity securities at cost less impairment and 'B' shares in the London Metal Exchange held at fair value. The unquoted equities primarily comprise 250,000 £1 preference shares in Altius Associates Limited, 116,750 £1 preference shares in Altius Holdings Limited, 250,000 £1 shares in Engine Group Limited and 260,000 £1 shares in Eagle Rock Entertainment Limited.

14. TRADING ASSETS

Group	2013 £000	2012 £000
Equity shares	97,952	156,909
Debt securities – Corporate	468,956	468,733
Debt securities – Government	1,398,963	1,633,457
Asset-backed securities	186,841	199,764
Derivatives	367,594	419,676
	2,520,306	2,878,539

15. TRADING LIABILITIES

Group	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	368,131	425,279
	1,701,778	1,886,922

16. INSURANCE ASSETS

Group	2013 £000	2012 £000
Insurance contracts - German pension scheme (see note 29)	12,048	11,620

These amounts represent insurance policies held by JBL's German branch to meet pension obligations to employees.

17. PHYSICAL COMMODITIES

Group	2013 £000	2012 £000
Silver stock	-	5,240

These amounts represent silver stocks held as short-term assets by JBL. Changes in fair value of physical commodities are recognised through the profit and loss account.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Group	2013 £000	2012 *Restated* £000
Bank loans and overdrafts	2	5,787
Amounts owed to group undertakings	612,568	774,055
Securities lending	305,849	403,730
Securities awaiting settlement	1,188,938	940,394
Repurchase agreements	688,855	554,101
Credit facility	70,270	-
Other trade payables	140,108	547,001
Other creditors including taxation and social security:		
- Corporation tax	2,858	-
- Social security	5,321	5,836
- Other creditors	46,565	49,724
- Accruals and deferred income	64,489	42,382
Total	3,125,823	3,323,010

The Group's subsidiary, Jefferies Bache Limited (JBL), along with Jefferies Bache LLC and Jefferies Bache Financial Services, Inc. had access to a committed senior secured revolving facility from a group of commercial banks which expires on 31st August 2014. A new credit facility has been agreed with the same lender since the balance sheet date. JBL had drawn down £70.3 million (2012: £78 million) against this facility at the balance sheet. The Group has no other external borrowings.

Company	2013 £000	2012 *Restated* £000
Amounts owed to group undertakings	105,104	125,468
Other creditors including taxation and social security:		
- Accruals and deferred income	16	54
Total	105,120	125,522

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

Group	2013 £000	2012 £000
Amount due to parent undertaking:		
- Subordinated loan notes	281,511	338,032
- Subordinated loan	61,105	62,401
Senior secured credit facility	-	78,006
Accruals and deferred income	918	1,571
	343,534	480,010

Both the subordinated loan notes and the subordinated loan are repayable at par five years from the lender issuing notice to the borrower. Interest is charged at a fixed rate of 7.5% per annum. Jefferies Group LLC is the lender on £82.5 million worth of the loan notes and the entire £61.1 million loan. The lender on the remaining £199 million notes is Jefferies Financing, LLP which is ultimately owned by Jefferies Group LLC. The loan notes held by Jefferies Financing LLP are listed on the Channel Islands Stock Exchange.

Company	2013 £000	2012 £000
Amount due to fellow group undertaking:		
- Subordinated loan notes	113,476	190,764
	113,476	190,764

The subordinated loan notes are repayable at par five years from the lender issuing notice to the borrower. Interest is charged at a fixed rate of 7.5% per annum.

20. PENSION AND SIMILAR OBLIGATIONS

Group	2013 £000	2012 £000
Germany Defined Benefit Plan	15,277	14,432
	15,277	14,432

Under the requirements of FRS 17, an actuarial valuation of the pension liabilities of the Group was undertaken as at 30 November 2013. The valuation quantifies the pension liabilities of the Group which have then been recognised on the Consolidated Balance Sheet.

21. FINANCIAL INSTRUMENTS

The table below analyses the Group's financial instruments, measured at fair value as at 30 November 2013 and 30 November 2012, into the levels specified by the fair value hierarchy. The carrying value of the financial instruments on the Group's Consolidated Balance Sheet is the same as the fair value of the financial instruments. The Company did not hold any financial instruments at 30 November 2013 or 30 November 2012.

Group 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	16,433	351,161	-	367,594
Total Trading Assets	1,012,754	1,482,291	25,261	2,520,306
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	20,538	347,593	-	368,131
Total Trading Liabilities	986,814	714,964	-	1,701,778

Group 30 November 2012	Level 1 £000 *Restated*	Level 2 £000 *Restated*	Level 3 £000 *Restated*	Total £000 *Restated*
Trading Assets				
Equity shares	109,438	44,885	2,586	156,909
Debt securities – Corporate	-	467,107	1,626	468,733
Debt securities – Government	1,101,345	532,112	-	1,633,457
Asset-backed securities	-	168,347	31,417	199,764
Derivatives	22,839	396,837	-	419,676
Total Trading Assets	1,233,622	1,609,288	35,629	2,878,539
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	20,577	404,702	-	425,279
Total Trading Liabilities	1,005,779	881,143	-	1,886,922

21. 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:

Group 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):				
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

Group 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):				
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

22. COLLATERAL

Group	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	620,034	474,219
Cash collateral received for repurchase agreements	(688,855)	(554,101)
Other cash collateral paid	671,366	709,268
Other cash collateral received	(704,400)	(619,567)
Net cash collateral	(98,461)	(13,049)
Non cash collateral pledged	27,763	44,175
Non cash collateral received	(6,760)	-
Net non-cash collateral	21,003	44,175

23. PROVISIONS FOR LIABILITIES

Group	Onerous lease provision £000	Dilapidations provision £000	Legal provision £000	Severance Provision £000	Total £000
As at 1 December 2012	-	-	897	416	1,313
Charged to the profit and loss account	3,413	47	-	844	4,304
Utilised during the year	-	-	(748)	-	(748)
As at 30 November 2013	3,413	47	149	1,260	4,869

Onerous lease provision

The provision related to premises that were no longer required by the Group. In January 2014 the property leases were surrendered back to the landlord with the provision being utilised at that point.

Dilapidations provision

The provision relates to dilapidation expenses on the JBL's Hamburg branch offices. The lease expired in January 2014 and the employees have moved out of the premises.

Legal provision

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

24. DEFERRED TAXATION ASSET

Company

A deferred tax asset in respect of interest accrued but unpaid during the year for the sum of £4,335,361 (2012: £2,237,733) has been recorded.

Group	2013 £000
As at 1 December 2012	22,616
Credit to the Profit & Loss Account	173
Charge to the Statement of Recognised Gains and Losses	(11)
Other movements	(177)
As at 30 November 2013	22,601

Deferred tax comprises:

Group	2013 £000	2012 £000
Amounts falling due within one year:		
Depreciation charged in excess of capital allowances	1,359	702
Unrelieved tax losses	4,870	1,967
Unpaid interest	280	453
Share awards not yet deductible for tax	1,240	1,495
Special pension contributions	-	1,441
Other timing differences	278	461
	8,027	6,519

Group	2013 £000	2012 £000
Amounts falling due after more than one year:		
Contributions into the Employee Benefit Trust and Employee Financial Retirement Benefit Scheme	1,306	1,523
Depreciation charged in excess of capital allowances	2,726	2,587
Unrelieved tax losses	1,934	4,097
Unpaid interest	4,056	1,785
Share awards not yet deductible for tax	2,346	4,425
Special pension contributions	1,275	749
Other timing differences	99	69
	13,742	15,235

24. DEFERRED TAXATION ASSET (continued)

Group	2013 £000	2012 £000
Deferred tax asset offset against the pension defined benefit liability	833	862
	833	862

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 tax rate were substantively enacted prior to 30 November 2013, they have been reflected in the deferred tax asset in these financial statements.

25. CALLED UP SHARE CAPITAL

Company and Group	2013 £000	2012 £000
Allotted, called up and fully paid Ordinary shares of £1 each	267,201	267,201

26. RESERVES

Group	Called up Share Capital £000	Share premium £000	Merger reserve £000	Capital contribution reserve £000	Other reserves £000	Retained earnings £000	Total £000
As at 1 December 2012	267,201	14,610	6,499	3,499	19,471	(33,946)	277,334
Capital contribution from Jefferies Group LLC	-	-	-	96,339	-	-	96,339
Foreign exchange differences	-	-	-	-	(2,745)	-	(2,745)
Actuarial loss recognised on pension scheme	-	-	-	-	-	(629)	(629)
Movement in deferred tax relating to pension liability	-	-	-	-	-	(11)	(11)
Other movement in the pension reserve	-	-	-	-	-	962	962
Loss for the financial year	-	-	-	-	-	(7,211)	(7,211)
As at 30 November 2013	267,201	14,610	6,499	99,838	16,726	(40,835)	364,039
As at 1 December 2011	267,201	14,610	6,499	3,523	23,943	(4,263)	311,513
Foreign exchange differences	-	-	-	(24)	(4,136)	-	(4,160)
Fair value movement on available for sale financial instruments	-	-	-	-	(336)	-	(336)
Actuarial loss recognised on pension scheme	-	-	-	-	-	(3,378)	(3,378)
Current tax credit on special pension contribution	-	-	-	-	-	753	753
Movement in deferred tax relating to pension liability	-	-	-	-	-	(291)	(291)
Other movement in the pension reserve	-	-	-	-	-	465	465
Loss for the financial year	-	-	-	-	-	(27,232)	(27,232)
As at 30 November 2012	267,201	14,610	6,499	3,499	19,471	(33,946)	277,334

26. RESERVES (continued)

Company	Called up Share Capital £000	Share premium £000	Capital contribution reserve £000	Retained earnings £000	Total £000
As at 1 December 2012	267,201	14,610	3,086	(65,811)	219,086
Capital contribution from Jefferies Group LLC	-	-	96,339	-	96,339
Loss for the financial year	-	-	-	(27,927)	(27,927)
As at 30 November 2013	267,201	14,610	99,425	(93,738)	287,498
As at 1 December 2011	267,201	14,610	3,086	(70,007)	214,890
Profit for the financial year	-	-	-	4,196	4,196
As at 30 November 2012	267,201	14,610	3,086	(65,811)	219,086

27. COMMITMENTS UNDER OPERATING LEASES

Annual commitments under non-cancellable operating leases are as follows:

Group	2013			2012		
	Land & buildings	Other	Total	Land & buildings	Other	Total
	£000	£000	£000	£000	£000	£000
Operating leases which expire:						
Within one year	368	165	533	133	125	258
In two to five years	2,656	18	2,674	2,322	57	2,379
After five years	3,605	-	3,605	3,817	-	3,817
	6,629	183	6,812	6,272	182	6,454

28. SHARE-BASED PAYMENTS

The Group's equity settled share-based payment plan consists entirely of the Leucadia Incentive Compensation Plan, being Restricted Stock Awards, Employee Stock Purchase Plan 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 interests of the Leucadia National Corporation shareholders. During the year £8,230,661 (2012: £6,019,135 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 allowed 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.

28. SHARE-BASED PAYMENTS (continued)

The Jefferies Incentive Compensation Plan awards outstanding are as follows:

a) **RSAs**	2013 Number	2012 Number
Outstanding at 1 December	3,640,258	5,172,936
Transfer out from affiliate	244	(42,294)
Additional awards granted during the year	1,300	271,225
Vested and released to employees during the year	(966,974)	(1,711,386)
Forfeited by employees during the year	(55,303)	(50,223)
Outstanding at 28 February	2,619,525	
Converted to Leucadia shares	(484,783)	
Additional award granted during the year	2,747	
Transfer in from an affiliate	3,235	
Vested and distributed during the year	(515,139)	
Forfeited during the year	(29,512)	
Outstanding at 30 November	1,596,073	3,640,258

b) **ESPPs**	2013 Number	2012 Number
Outstanding at 1 December	-	-
Additional awards granted during the year	5	124
Vested and released to employees during the year	(5)	(124)
Outstanding at 30 November	-	-

c) **RSUs**	2013 Number	2012 Number
Outstanding at 1 December	653,437	1,155,906
Transfer in from affiliate	-	24
Additional awards granted during the year	109	-
Vested and released to employees during the year	(202,966)	(363,011)
Forfeited by employees during the year	-	(139,482)
Outstanding at 28 February	450,580	

28. SHARE-BASED PAYMENTS (continued)

c) **RSUs** (continued)	2013 Number	2012 Number
Converted to Leucadia shares	(85,639)	
Additional award granted during the year	27,255	
Transfer out from to an affiliate	(57,944)	
Vested and distributed during the year	(41,642)	
Forfeited during the year		
Outstanding at 30 November	292,610	653,437

The fair value of the restricted stock as at the date of grant was determined by the closing price of the 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. Upon completion of the merger on 1 March 2013, the outstanding shares of Jefferies Group, Inc. Common Stock were converted into 0.810 shares of Leucadia Common Stock.

There were no modifications to the Group's share awards scheme during the year.

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.

29. PENSION SCHEMES

(a) Defined Contribution scheme

The Group provides pension plans for employees in most locations. The assets of the schemes are held separately from those of the Group in independently administered funds. The amount charged against profits includes all defined contributions payable by the Group to the funds amounting to £9.3 million (2012: £8.4 million). The pension contributions for November 2013, which amounted to £500,143 (2012: £554,387), were still to be paid over at the year end.

(b) Bache & Associates Retirement Plan – German Defined Benefit Plan Disclosures under FRS 17

The Group's subsidiary, JBL provides a defined benefit pension scheme for certain employees of JBL's Hamburg branch. The defined benefit plan is operated for all eligible employees. The plan is reinsured by individual insurance contracts held in the name of JBL with two multi-national insurers. The net investment in these contracts has been recognised as a separate long-term insurance asset on the balance sheet (see note 16). All costs relating to the plan (including insurance premiums and other costs as computed by the insurer) are met in full by the Group.

The plan provides a pension of 1% of accrued earnings up to EUR 102,258 plus 0.5% of pensionable earnings above the state social security ceiling. Pensions in payment are reviewed triennially in accordance with German law. The last formal valuation was performed as at 30 November 2013.

29. PENSION SCHEMES (continued)

(b) Bache & Associates Retirement Plan – German Defined Benefit Plan Disclosures under FRS 17 (continued)

Change in benefit obligation	2013 £000	2012 £000
Benefit obligation at the beginning of the year	(15,294)	(12,609)
Service cost	(42)	(21)
Interest cost	(568)	(619)
Actuarial loss	(629)	(3,378)
Benefits paid	784	698
Exchange rate changes	(361)	635
Benefit obligation at end of year	(16,110)	(15,294)

Amounts recognised in the Balance Sheet	2013 £000	2012 £000
Present value of funded obligations	(16,110)	(15,294)
Deficit for funded plans	(16,110)	(15,294)
Related deferred tax assets	833	862
Net liability	(15,277)	(14,432)

Components of pension expense	2013 £000	2012 £000
Current service cost	42	21
Interest cost	568	619
Total pension expense recognised in the Profit and Loss Account	610	640

Statement of Total Recognised Gains and Losses (STRGL)	2013 £000	2012 £000
Actuarial loss immediately recognised	(629)	(3,378)
Total pension loss recognised in the STRGL	(629)	(3,378)
Cumulative amount of actuarial loss immediately recognised	(629)	(3,378)

29. PENSION SCHEMES (continued)

(b) Bache & Associates Retirement Plan – German Defined Benefit Plan Disclosures under FRS 17 (continued)

Weighted average assumptions to determine benefit obligations	2013	2012
Discount rate	3.40%	3.60%
Rate of compensation increase	3.00%	3.00%
Rate of price inflation	2.00%	2.00%
Rate of pension increases	2.00%	2.00%

Weighted average assumptions to determine net pension cost for year ended	2013	2012
Discount rate	3.60%	5.60%
Rate of price inflation	2.00%	2.00%
Rate of pension increases	2.00%	2.00%

Weighted average life expectancy for mortality tables used to determine benefit obligations	2013 Years	2012 Years
Member age 65 (current life expectancy)	20.75	20.62
Member age 40 (life expectancy at age 65)	23.98	23.86

History data: defined benefit obligations, assets and experience gains and losses.

	2013 £000	2012 £000	2011 £000	2010 £000	2009 £000
Defined benefit obligation	(16,110)	(15,294)	(12,609)	(13,173)	(13,694)
Fair value of plan assets	-	-	-	-	-
Deficit	(16,110)	(15,294)	(12,609)	(13,173)	(13,694)
Experience gains/(losses) on plan liabilities:					
Amount	229	152	139	203	217
Percentage of plan liabilities	1%	1%	1%	2%	2%

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES

The Group's activities expose it to a variety of financial and regulatory risks which can be principally defined as:

- market risk;
- credit risk;
- operational risk;
- conduct risk;
- liquidity risk; and
- interest rate risk.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to limit potential adverse effects on the Group's financial performance.

As outlined in the Directors' Report, the directors establish and adhere to a framework for overall risk management. This is encapsulated within the Risk Management Framework that has been approved by the Boards of the Group's main operating subsidiaries', Jefferies International Limited (JIL), and Jefferies Bache Limited (JBL). The Boards have put in place a comprehensive structure of committees to oversee the risk management process (see page 4 of the Directors' Report).

Market risk

Market risk is the risk of loss from adverse changes in instrument values.

Market Risk Management is part of the Risk department, an independent function within the Group that monitors all trading activities. Gross and net exposures are monitored daily against pre-defined limits. In addition, risk reports are generated and monitored every day including Value at Risk, Stress Test and Sensitivity reports. Key risks, overall level of risk and significant changes in risk profile are reported to senior management. Market Risk also assists Product Control in providing Independent Price Verification for valuations where external prices are not readily available.

The market risk infrastructure and processes are common across the Jefferies Group, thus reflecting the integrated nature of the Jefferies market risk management function. Within that framework, JIL's and JBL's Risk department design and develop risk management approaches tailored to the specific risk profiles in their various business activities.

(i) Currency Risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the source of its unsecured funding which is largely in US Dollar, its expenses which are largely in Sterling and its trading book assets which are largely in Euro. The Group utilises currency swaps to reduce its exposure to adverse foreign exchange movements.

(ii) Equity, Interest Rate and Price Risk

The Group actively trades financial instruments including stocks, bonds, futures and cleared forwards on metals, in each case to service customers and to benefit from short-term price fluctuations. Under the Group's risk management policy these positions are managed, monitored and reported on a daily basis versus limits. Limits are phrased in terms of Value at Risk, sensitivities, possible losses arising from historic and hypothetical stresses, as well as net and gross position size. Market risk limits are reviewed at least annually by the Risk Management Committee and the Boards of JIL and JBL.

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES (continued)

(iii) Value-At-Risk and Stress Testing

The Group's Risk department uses a wide range of techniques to manage market risk, including Value-at-Risk calculations, sensitivity analysis and stress testing. Value-At-Risk ("VaR") analysis is performed using the historical simulation technique using up to five years' market history and a range of confidence levels.

Risk Management recognises that there are limitations in using VaR as an isolated measurement of market risk. Examples of the limitations include the fact that the specific historical market data used in the VaR calculation may not be the best estimate of future risk factor movements, and that market movements that exceed the relevant confidence level of VaR may not be captured. Hence, Risk Management uses additional techniques to manage market risk including exposure limits, sensitivity limits, stress testing and scenarios testing.

Stress testing is performed on a daily basis to examine the impact on the Group's trading book of extreme market moves in underlying price, yield curves and other parameters such as implied volatility. The Group employs a suite of group-wide stress tests, some of which seek to recreate historic market crashes and other hypothetical scenarios which are designed to probe for potential vulnerabilities. These are complemented by further stress tests run on individual business lines.

Credit Risk

Credit risk is the risk of loss due to adverse changes in a counterparty's creditworthiness or its ability or willingness to meet its financial obligations under the terms and conditions of a financial contract. The credit risk appetite of the Group remains relatively limited. For trading, sales and equity finance activities credit risk principally relates to delivery versus payment settlement, margin lending and secured borrowing and lending through stock loan and repo arrangements performed under industry standard documentation. Credit risk is managed in a number of ways, as follows:

1. Credit limits are granted by a team of credit risk managers reporting to the EMEA head of Credit who is part of the Risk department and afforded the benefit of advice, cooperation and oversight from Jefferies Group's Head of Credit and his colleagues. These limits are granted subject to written policies and at least annual review.

2. All new counterparties must comply with a detailed "Know Your Client" (KYC) account opening procedure review which verifies their identity and categorises them into one of three risk categories – Low/Medium/High and politically exposed. Counterparties in risk categories Medium/High and politically exposed are subject to enhanced due diligence. All KYC reviews are updated regularly, the frequency dictated by the counterparty's relevant risk category.

3. All stock borrowing, lending and repurchase transactions are collateralised and are predominantly undertaken with entities that are - or are guaranteed by, or are parts of groups that are - rated investment grade, regulated financial institutions or central clearing counterparties. They are subject to completion of a counterparty credit review which approves specific credit limits controlling the gross, MTM, and Margin value of securities subject to borrowing / lending or purchase / repurchase transactions and other key trading terms. All stock borrowing / lending and purchase / repurchase positions are reviewed against approved limits and marked to market on a daily basis.

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES (continued)

Credit Risk (continued)

4. On a day to day basis credit risk arising from the Futures business is managed through margin calls on clients by the operations team. Where a margin call is not fulfilled, this is then escalated to the Risk department and senior management.

5. Specific credit risk limits are not assigned to counterparties that only settle on a Delivery Versus Payment (DVP) basis.

For the asset management business the precise terms of the fee arrangements are specified in the Fund Prospectus which clearly defines the basis of calculation of the fees and terms of payment. For investment banking fees payment terms are agreed as part of the client engagement. The precise terms are negotiated as part of the overall commercial terms of the deal and take into account factors such as current and/or projected earnings, the size of the exposure and the results of the due diligence on the client.

At the reporting date the maximum exposure to Credit Risk was as follows:

	2013	2012
		Restated
	£000	£000
Cash at bank and in hand	344,822	405,755
Insurance asset	12,048	11,620
Amounts owed by group undertakings	11,772	124,329
Securities borrowing	309,243	380,862
Securities awaiting settlement	1,246,517	1,243,027
Cash collateral paid for reverse repurchase agreements	620,034	474,219
Other trade receivables	406,848	367,819
Other debtors	5,158	6,479
	2,956,442	3,014,110

Cash at bank is deposited with a range of international banks and clearing institutions: at the balance sheet date £337.6 million or 97.91% (2012: £400.8 million or 98.74 %) by value of cash deposits were placed with banks and clearing institutions that were rated investment grade or were guaranteed by or were parts of groups that were rated investment grade.

Securities borrowed collateral is placed with counterparties in respect of the value of securities borrowed from those counterparties: at the date of the balance sheet £309.2 million or 100% (2012: £380.9 million or 100%) of such collateral was placed with counterparties that were rated investment grade or were guaranteed by or were parts of groups that were rated investment grade.

Reverse re-purchase agreement collateral is placed with counterparties in respect of the value of securities borrowed from those counterparties: at the date of the balance sheet £619.0 million or 99.84% (2012: £465.0 million or 98.01%) of such collateral was placed with counterparties that were rated investment grade or were guaranteed by or were parts of groups that were rated investment grade.

Securities awaiting settlement of £1,246.5 million (2012: £1,243 million) comprises both trades pending settlement and trades that are overdue for settlement. Unless pre-approved, settlement is conducted on a delivery versus payment basis where the securities are exchanged simultaneously for cash. The risk facing the Group is that both the counterparty fails and that the price of the securities moves adversely. For the Group to incur a loss both events need to occur simultaneously.

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES (continued)

Credit Risk (continued)

The Credit risk department monitors the level of exposure on a daily basis versus credit limits.

The other debtors' balance of £5.2 million (2012: £6.5 million) comprises amounts due from various different sources which include margin deposit bonds and investment banking fees receivable. Management monitors outstanding investment banking fees receivable and liaises with the client facing staff to ensure that fees are collected in a timely manner. However, management makes a provision for investment banking fees receivable once they reach 90 days overdue. The provision percentage increases with the age of the outstanding balance. Other receivables are monitored on a case-by-case basis as and when they arise and management decides on how to treat the recoverability of each receivable as and when it becomes overdue.

The following table shows the liquidity analysis of assets exposed to credit risk as required by FRS 29:

30 November 2013	On demand	Due within 3 months	Due in 3 to 12 months	Due between 1 to 5 years	Due after 5 years	Total
	£000	£000	£000	£000	£000	£000
Cash at bank and in hand	344,822	-	-	-	-	344,822
Insurance asset	-	-	-	-	12,048	12,048
Amounts owed by group undertakings	11,772	-	-	-	-	11,772
Securities borrowing	309,243	-	-	-	-	309,243
Securities awaiting settlement	1,246,517	-	-	-	-	1,246,517
Reverse repurchase agreements	99,700	484,813	986	34,535	-	620,034
Other trade receivables	-	-	406,848	-	-	406,848
Other debtors	-	472	4,686	-	-	5,158
	2,012,054	485,285	412,520	34,535	12,048	2,956,442

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES (continued)

Credit Risk (continued)

30 November 2012	On demand	Due within 3 months	Due in 3 to 12 months	Due between 1 to 5 years	Due after 5 years	Total
	Restated	*Restated*	*Restated*	*Restated*	*Restated*	*Restated*
	£000	£000	£000	£000	£000	£000
Cash at bank and in hand	405,755	-	-	-	-	405,755
Insurance asset	-	-	-	-	11,620	11,620
Amounts owed by group undertakings	124,329	-	-	-	-	124,329
Securities borrowing	380,862	-	-	-	-	380,862
Reverse repurchase agreement	104,281	325,920	10,268	33,750	-	474,219
Securities awaiting settlement	1,243,027	-	-	-	-	1,243,027
Other trade receivables	119,675	208,166	28,472	-	11,506	367,819
Other debtors	-	2,576	3,784	-	119	6,479
	2,377,929	536,662	42,524	33,750	23,245	3,014,110

Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events. Our business is dependent on our ability to process a large number of transactions across numerous markets, jurisdictions subject to an ever growing number of rules and regulations, and in many currencies on a daily basis. If our financial, accounting or other data processing systems do not operate properly or are disabled or if there are other shortcomings or failures in our internal processes, people or systems, we could suffer impairment to our liquidity, financial loss, and disruption of our businesses, liability to clients, regulatory intervention or reputational damage.

These systems may fail to operate properly or become disabled as a result of events that are beyond our control, including a disruption of electrical or communications services or our inability to occupy one or more of our buildings. We also face the risk of operational failure or termination of any of the exchanges, clearing houses or other financial intermediaries we use to facilitate our transactions. Any such failure or termination could adversely affect our ability to effect transactions and manage our exposure to risk. In addition, despite the contingency plans we have in place, our ability to conduct business may be adversely impacted by a disruption in the infrastructure that supports our businesses.

This may include a disruption involving electrical, communications, transportation or other services used by us or third parties with which we conduct business. Our operations rely on the secure processing, storage and transmission of confidential and other information in our computer systems and networks. Although we take protective measures and endeavour to modify them as circumstances warrant, our computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code, and other events that could have a security impact. In such events we may be required to expend significant additional resources to modify our protective measures or to investigate and remediate vulnerabilities or other exposures, and we may be subject to litigation and financial losses that are either not insured against or not fully covered through any insurance maintained by us.

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES (continued)

Operational Risk (continued)

Our Operational Risk Framework is administered by the Operational Risk Managers. The Framework includes governance, clear allocation of responsibility for operational risks, risk self-assessments, control testing, a risk register whose major risks are reviewed annually by both the Risk Management Committee and Board and which feeds into the ICAAP and Internal Audit process. It also involves collection and analysis of operational risk loss events, the presence of an Operational Risk Representative embedded in each department, scenario analysis and the use of Key Risk Indicators.

Conduct Risk

Conduct Risk is the risk that detriment is caused to our clients (including counterparties) or to Jefferies itself because of the inappropriate execution of our business activities.

Each employee is responsible for his or her own conduct in carrying out his or her role and for ensuring such conduct is consistent with the ethical values of respect, honesty and integrity. Such conduct includes acting in compliance with all the relevant laws, rules and regulations that impact the employee's role at Jefferies. The Boards of the Group's main operating subsidiaries, JIL and JBL, have mandated various policies and procedures to enable JIL and JBL and their employees to fully understand and comply with the regulatory and ethical standards expected of them. In addition, these Boards require that, should an employee of either JIL or JBL become aware that there are any conduct risk breaches or violations of any law, rule, regulation or principle governing JIL or JBL, such employee has an affirmative duty to report such breaches or violations to the employee's immediate supervisor or, if the employee is not comfortable reporting such breach or violation to his or her supervisor, to the appropriate Jefferies Compliance professional.

The Boards of JIL and JBL have mandated the Compliance Department and the Human Resources Department to be responsible for the identification and management of conduct risk. To that end, the Compliance Department employs the following tools: (i) Compliance policies and procedures; (ii) Compliance Heat Map which drives the monitoring of conduct risk; (iii) a clear escalation process for conduct risk matters which includes conduct risk management information being regularly presented to the JIL and JBL Operating Committee, with matters of heightened conduct risk being escalated to the Boards; and (iv) mandatory training for all employees on conduct risk, including on Business Integrity and Ethics. In addition to the Compliance Department, the Human Resources Department also plays an important role in identifying and managing conduct risk, particularly with respect to the personal conduct of employees. In this endeavour, the Human Resources Department employs the following tools: (i) Human Resources policies and procedures; (ii) employee relations management training; and (iii) monitoring number of employee relations issues/grievances.

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES (continued)

Liquidity Risk

The objective of liquidity risk management is to ensure that the Group at all times maintains, or has access to, liquidity resources that are sufficient in terms of amount, currency, tenor and quality, to enable it to meet its liabilities as they fall due. The Group's funding model seeks to achieve this through a mixture of secured financing in the market, and unsecured borrowing from Jefferies Group LLC.

The daily Treasury cash management and forecasting processes are supported by a conservative liquidity risk appetite and overseen by Liquidity Risk management who are part of the Risk department. The liquidity risk management infrastructure includes regular Board, Audit Committee and Management Committee governance, daily monitoring and reporting of risk indicators and potential stress exposures, risk-based allocation of funding costs to individual trading desks. These business-as-usual processes are backed up with an annually-tested Contingency Funding Plan, and a Treasury-managed portfolio of highly liquid, unencumbered assets held on the Group's balance sheet to enable it to survive stressed idiosyncratic or market environments.

The table below shows the contractual maturity of the Group's financial liabilities as required by FRS 29:

30 November 2013	On demand £000	Due within 3 months £000	Due in 3 to 12 months £000	Due in 1 to 5 years £000	Due after 5 years £000	Total £000
Trading liabilities	1,701,778	-	-	-	-	1,701,778
Securities lending	305,849	-	-	-	-	305,849
Repurchase agreements	170,017	177,923	304,501	36,414	-	688,855
Securities awaiting settlement	1,188,938	-	-	-	-	1,188,938
Other creditors	774,097	94,808	73,276	-	-	942,181
Creditors: amounts falling due after more than one year	-	-		343,340	194	343,534
Pension liability	-	-	-	-	15,277	15,277
Provisions for liabilities and charges	-	4,673	196	-	-	4,869
Total liabilities	4,140,679	277,404	377,973	379,754	15,471	5,191,281

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES (continued)

Liquidity Risk (continued)

Securities lent collateral of £305.8 million (2012: £403.7 million) arises from collateral required for securities lent under securities lending contracts. These contracts typically have no fixed maturity date and the securities lent can be recalled on demand.

30 November 2012	On demand £000	Due within 3 months £000	Due in 3 to 12 months £000	Due in 1 to 5 years £000	Due after five years £000	Total £000
Trading liabilities	1,886,922	-	-	-	-	1,886,922
Securities lending	403,730	-	-	-	-	403,730
Repurchase agreements	98,913	314,737	106,957	33,494	-	554,101
Other creditors	2,266,854	62,712	491,062	-	-	2,820,628
Creditors: amounts falling due after more than one year	-	-	-	386,211	93,799	480,010
Pension liability	-	-	-	-	14,432	14,432
Provisions for liabilities and charges	-	-	1,313	-	-	1,313
Total liabilities	4,656,419	377,449	599,332	419,705	108,231	6,161,136

30. BUSINESS AND FINANCIAL RISK MANAGEMENT POLICIES (continued)

Interest rate risk

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

	Effective interest rate	On demand/ repricing within 1 year	Repricing between one and five years	Non-interest bearing	Total
		£000	£000	£000	£000
Assets					
Intangible and tangible assets	n/a	-	-	21,359	21,359
Investments	n/a	-	-	2,817	2,817
Insurance asset	n/a	-	-	12,048	12,048
Trading assets	n/a*	-	-	2,520,306	2,520,306
Debtors:					
- Securities borrowing	0.73%	309,243	-	-	309,243
- Reverse repurchase agreements	0.22%	585,499	34,535	-	620,034
- Other amounts falling due within one year	n/a	-	-	1,685,644	1,685,644
- Amounts falling due after more than one year	n/a	-	-	39,047	39,047
Cash at bank and in hand	n/a	-	-	344,822	344,822
Total assets		894,742	34,535	4,626,043	5,555,320
Liabilities					
Trading liabilities	n/a*	-	-	1,701,778	1,701,778
Securities lending	0.37%	305,849	-	-	305,849
Repurchase agreements	0.61%	652,441	36,414	-	688,855
Other creditors	n/a	-	-	2,060,849	2,060,849
Creditors: amounts falling due after one year	n/a	-	-	918	918
Credit facility	1.93%	70,270	-	-	70,270
Subordinated loan	7.5%	-	342,616	-	342,616
Provisions for liabilities and charges	n/a	-	-	4,869	4,869
Pension liability	n/a	-	-	15,277	15,277
Total liabilities		1,028,560	379,030	3,783,691	5,191,281
Net assets / (liabilities)		(133,818)	(344,495)	842,352	364,039

* 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 45).

31. SEGREGATION OF CLIENT MONEY

Group	2013	2012
	£000	£000
Cash held in segregated accounts	103,786	37,016
Segregated clearing house debtors	63,153	56,020
Segregated intermediate brokers	300,813	362,412
Total client money resources	467,752	455,448
Client money requirement	(470,387)	(456,343)
Deficit on client money requirement	(2,635)	(895)

As required by the FCA the Group has separate bank and broker accounts set up for those clients that are treated under the FCA's client money rules. The cash and assets within these accounts are maintained separately from that in the non-segregated bank accounts which are included in the balance sheet.

32. 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.

33. IMMEDIATE AND ULTIMATE PARENT COMPANIES

The ultimate parent company was Jefferies Group LLC (formerly Jefferies Group, Inc.), which is incorporated in the State of New York, USA. Jefferies Group LLC is now a wholly-owned subsidiary of Leucadia National Corporation, the new ultimate parent company. Jefferies Group LLC head the smallest group and Leucadia National Corporation head the largest group in which these results are incorporated. 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.