Turquoise Global Holdings Limited

Report and Financial Statements

For the year ended 31 December 2019

Company Registration Number: 07102717

TURQUOISE GLOBAL HOLDINGS LIMITED

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DIRECTORS AND OFFICERS

R Barnes
J Baugh
N Bertrand
D Clarkson
J Hayward
R Leighton
S McGoldrick
N Rathi
C Wright
Sir A Yarrow

COMPANY SECRETARY

T Hogan

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TURQUOISE GLOBAL HOLDINGS LIMITED
STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

Turquoise Global Holdings Limited (the "Company/Turquoise") operates a multilateral trading facility ("MTF"). Members are able to access the equity platform providing they have the appropriate post-trade arrangements in place. With a single connection, members can trade stocks of 18 major European and emerging markets as well as US stocks, International Order Book Depository Receipts ("IOB"), Exchange Traded Funds ("ETFs"), Equities Total Return Swaps ("TRS"), and European Rights Issues with an efficient interoperable post-trade model. Members include banks, brokers, specialist trading firms and retail intermediaries. The Company supports member-choice of central clearer under an interoperable Central Counter Party ("CCP") model.

The Company is a limited licence firm authorised by the Financial Conduct Authority ("FCA") of the United Kingdom. Initially founded by a consortium of nine investment banks, the Ultimate Parent, London Stock Exchange Group Plc ("LSEG") now indirectly owns 51.36% of the Company through its subsidiary, London Stock Exchange Group (R) Limited. In addition to LSEG, its shareholders currently include twelve of the leading investment banks. Turquoise Global Holdings Group ("the TGHL Group") was established to engender greater competition in the secondary trading of European equities, and offers a combination of innovative services, technology and competitive pricing.

Turquoise operates two orders books, Turquoise Lit™ and Turquoise Plato™ (non-displayed). Turquoise Plato™ offers innovative MiFID II compliant trading mechanisms, including matching with size priority at the midpoint of the primary market best bid and offer price via choice of or combination of continuous and periodic random mechanisms. Turquoise Plato Uncross™ provides randomised uncrossings during the day and the award-winning Turquoise Plato Block Discovery™ matches undisclosed block indications that then execute in Turquoise Plato Uncross™. In December 2017, Turquoise launched a new service, Turquoise Plato Lit Auctions™. This is a pre-trade transparent and MiFID II compliant trading mechanism, allowing the users to access frequent transparent auctions to complement existing Turquoise Lit™ as well as Turquoise Plato™ trading mechanisms.

The Company's trading platform is hosted in the data-centre of the LSEG group (the "Group/LSEG Group")and has interface common to other markets of the Group, ensuring that customers accessing other LSEG Group markets can enjoy access to the Company with little incremental cost or effort.

This report shows the Company and TGHL Group results for year to 31 December 2019, with the comparatives for the year ended 31 December 2018.

The TGHL Group recognised a gross profit of £19.1m for the year ended 31 December 2019 (£20.3m for the year ended 31 December 2018) and its net assets were £37.2m as at 31 December 2019 (31 December 2018: £36.0m). Profit on ordinary activities after taxation was £1.1m (£3.1m loss for the year ended 31 December 2018).

Total value traded declined by 36% to €531 billion (31 December 2018: €828 billion) with Turquoise Lit™ activity of €318 billion declining 49% (31 December 2018: €624bn) as Lit flow matched increasingly via Systematic Internalisers and respective primary listing venues including their expanding closing auctions. The decline also reflects the impact of removing more than 200 Swiss stocks from 1 July as a result of the EU and Switzerland failing to renew equivalence during 2019. In September, Turquoise introduced a liquidity provision scheme with changes to its Lit tariff structure that offers rebates to firms providing Lit passive limit orders above certain thresholds. Despite the removal of Swiss names, Turquoise Plato™, Europe's largest broker neutral dark pool, achieved new records with value traded up 4% to €213 billion (31 December 2018: €204 billion) with around half of this executed via Turquoise Plato Block Discovery™ up 11% to €102.9 billion (31 December 2018: € 92.5 billion), our MiFID II compliant mechanism for executing large anonymous block orders. Similarly, Turquoise Plato Lit Auctions™, our frequent batch auctions order book, achieved new records with value traded up 9% to €9.4 billion (31 December 2018: €8.6 billion).

Dutch authorities granted Turquoise a licence to operate an MTF in Netherlands through its wholly-owned subsidiary Turquoise Global Holding Europe B.V ("TGHE").

In December 2019, Turquoise NYLON™ launched an innovative cleared contract, which combines the economics and flexibility of OTC equity swaps with the capital efficiencies of central clearing. Turquoise NYLON™ Cleared Contract is the first regulated platform in the Cloud for the LSEG Group .

FUTURE DEVELOPMENTS

The TGHL Group will seek to increase revenues principally through adding new customers for existing services, adding new instruments, through the introduction of new or enhanced trading services. Further as partners, Plato Partnership and Turquoise will look to develop increased efficiencies for the electronic execution of anonymous block trades and other efficiencies in European equities in response to growing demand from market participants, particularly buy-side firms.

Particular focus will revolve around geographic diversification and innovative trading functionality to promote better service to customers.

Following consultations with both buy and sell side customers, Turquoise announced that from November 2018, it would be the first MTF to remove the rebate fee structure on its continuous lit markets while at the same time reducing aggressive order fees by half. This demonstrates our alignment with customers on quality and ongoing improvements, illustrating Turquoise's approach to customer partnership and innovation. Turquoise plans to maintain this going forward. The removal of the rebate fee structure impacts cost of sales and the reduction in aggressive order fees impacts revenues within the Income Statement.

The TGHL Group intends to control its costs, through constant monitoring, budgeting and forecasting.

SECTION 172 (1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct, and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our workforce, our customers, our suppliers and our relationship with regulators. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. We review financial and operational performance, customer-related matters and legal and regulatory compliance at every Board meeting. We also review other areas over the course of the financial year including, the Company's business strategy; key risks (including risks relating to Brexit and Cyber risk), the Company's risk appetite, operational resilience and workforce matters (including diversity). This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

The Company's key stakeholders are its customers, regulators and its workforce. Our suppliers are also important stakeholders of the Company. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The Board recognises that building strong relationships with our stakeholders will help to deliver the Company's strategy in line with our long-term values and operate the business in a sustainable way. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the LSEG means that sometimes our stakeholder engagement will take place at an operational or Group level. For details on some of the engagement that takes place with the Company's stakeholders at a Group level please see pages 51 to 52 of the London Stock Exchange Group plc Annual Report for the financial period ended 31 December 2019.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, ESG matters and the outcomes of specific pieces of engagement. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the Company.

We set out below some examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us.

Annual review of budget and business plan

The Board carries out a review of the Company's budget on an annual basis. This includes approving the business plan for the following three years. In 2019, the Board's review included an evaluation of the progress the Company had made against the 2019 strategic priorities and the Company's long-term strategic goals. The review also focused on investment decisions around the Company's control environment, internally driven resilience activity and regulatory requirements including, but not limited to, patching, end-of-life systems and core platform refreshes.

This review is carried out in parallel to LSEG's divisional budget process. All financials are aligned to the divisional numbers presented to the LSEG Board annually in December.

In making its decision to approve the business plan and future strategy of the Company, the Board also considered amongst other things, its impact on the long-term position of the Company and its reputation as well as feedback from engagement exercises with the workforce and dialogues with customers and regulators.

Customers

Our engagement with customers takes a variety different forms, we engage with customers at customer working groups, conferences and round table events. We also engage with our customers through our social media platforms, which we use to provide regular updates on our products and their performance.

We monitor customer feedback to help us establish our customers' views on the Company's products and services as ways we can improve our offering. We believe that aligning our strategy, services and products to the needs and interests of our customers is central to supporting long-term value creation, enabling innovation.

Suppliers

Our Company relies on external and internal suppliers for certain services which are required to maintain the efficiency and resilience of the Company's operations.

The Company's management team holds regular meetings with its suppliers, which allow for open discussions and encourage a partnership approach, in order to identify and mitigate any risks to the key service provisions of the Company. At those meetings, service level agreements, KPIs are discussed and feedback is exchanged. We believe that having solid long-term relationships with our suppliers is essential to continue to provide our solutions to customers and maintain operational resiliency.

Brexit

In 2018, the Company set up a Dutch wholly-owned subsidiary, TGHE, with a view to continuing to serve its European Union ("EU') based clients with minimal disruption in event of an exit from the EU without an adequate transition deal or equivalent decision (Hard Brexit).

During 2019, the Board continued to monitor very closely the developments of the exit of the United Kingdom from the European Union and the development of the contingency plans. This included discussing and agreeing solutions with both the Financial Conduct Authority and the Dutch Authority for the Financial Markets. Members of the Board and management of the Company also actively engaged with clients to understand their needs in the context of Brexit to ensure that these were considered when developing the Company's Brexit contingency plans.

The Board, recognising the fluidity of the political situation, had in place (and continues to have in place) appropriate measures to activate the Company's contingency plans in the event of a Hard Brexit occurring.

EMPLOYEES

Our people are at the heart of what we do and drive the success of our business. Attracting, developing and retaining the skills we need to deliver on our strategy is a key imperative for the TGHL Group. Through the LSEG Group, the TGHL Group provides an induction programme for new employees, including training on health and safety, and a range of development programmes for all staff to develop their skills and knowledge. The LSEG Group encourages and assists the employment, training and retention of disabled people. Where changes to working practices or structure affect staff, they are consulted and given appropriate support.

All employees are provided with information on matters of concern to them in their work, through regular briefing meetings and internal publications.

PRINCIPAL RISKS AND UNCERTAINTIES

The LSEG Group has implemented a Risk Management Framework which ensures that the management and assessment of risk remains a fundamental component of LSEG Group's strategic decision-making process.

The LSEG Board is responsible for the Group's Risk Management Framework and maintaining an appropriate system of internal controls. The system of internal controls is designed to facilitate the management of the LSEG Group and its businesses within the LSEG Board's risk appetite rather than eliminate the risk of failure to achieve the Group's objectives, and can only provide

reasonable, but not absolute, assurance against material misstatement or loss, fraud or breaches of laws and regulations. Executive management is accountable for risk identification, evaluation, mitigation, monitoring and reporting in accordance with the framework. A divisional internal control and Risk Management self-certification process is also performed semi-annually to support this process.
The TGHL Group is subject to a variety of foreseeable and unforeseeable risks and uncertainties which may have an impact on the TGHL Group's ability to execute its strategy and deliver its expected performance. The identification, assessment and management of these risks are central to the TGHL Group's operating framework. The TGHL Group adopts the LSEG Group risk and control structure and is based on the 'three lines of defence' model:

- The First line (Management), is responsible and accountable for identifying, assessing and managing risk.
- The Second line (Risk Management and Compliance), is responsible for defining the risk management process and policy framework and providing challenge to the first line on risk management activities assessing risks and reporting to the LSEG Group and Turquoise Board Committees on risk exposure.
- The Third line (Internal Audit), provides independent assurance to the LSEG Group and Turquoise Boards and other key stakeholders over the effectiveness of the systems of controls and the Risk Framework.

In addition to the principal market and operational risks below, the TGHL Group is exposed to financial risks that are detailed on pages 19 to 21.

The TGHL Group's principal risks are considered to arise from customers and competition, the continuing changing regulatory environment and the macro economic environment (unfavourable tax regimes, impact of Brexit on ability to conduct business with EU members, or the changing regulatory environment, may reduce the attractiveness of London as a major financial centre) and increasing security threats (both physical and cyber).

The TGHL Group's principal operational risks include those arising from the change management with the TGHL Group having a number of major, complex projects and initiatives underway concurrently, the TGHL Group's ability to attract and retain high quality employees, the LSEG Group's dependencies on having secure premises and uninterrupted operation of its IT systems and infrastructure, and the TGHL Group's businesses and major revenue streams being highly dependent on secure and stable technology performing to high levels of availability and throughput.

The UK's exit from the EU leaves significant uncertainty concerning the political and regulatory environment, the UK's future relationship with the EU, and the overall impact on the UK and EU economies both in the short and medium term. The Company relies on a number of rights that are available to them to conduct business with other EU or EEA members. This includes, without limitation, the right for UK trading venues to offer services to members in the EU or EEA. The Company has analysed the potential impact and considered contingency plans that they may choose to execute should these rights not be replaced by rights that persist outside EU membership.

By order of the Board

Robert Barnes

Robert Barnes,
Chief Executive Officer.

02 April 2020

REGISTERED OFFICE: 10 Paternoster Square, London, EC4M 7LS

TURQUOISE GLOBAL HOLDINGS LIMITED
DIRECTORS REPORT

The Directors present their report and the audited financial statements of the TGHL Group for the year ended 31 December 2019.

REVIEW OF BUSINESS

The review of the TGHL Group's business is set out within the Strategic Report on page 2.

DIVIDENDS

The Directors have not recommended a dividend (year ended 31 December 2018: nil).

DIRECTORS AND DIRECTORS' INTERESTS

The following Directors have held office throughout the year and up to the date of approval of the financial statements:

R Barnes	Chief Executive Officer
J Baugh	Non-Executive Director
N Bertrand	Executive Director
D Clarkson	Independent Non-Executive Director
J Hayward	Non-Executive Director
R Leighton	Independent Non-Executive Director
S McGoldrick	Non-Executive Director
N Rathi	Non-Executive Director
C Wright	Non-Executive Director
Sir A Yarrow	Chairman

None of the Directors had any interest in the shares of the Company. There are no directors' interests requiring disclosure under Companies Act 2006.

DIRECTORS LIABILITIES

The Company has Directors and Officers insurance which provides an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties. Such qualifying third-party indemnity provision remains in force as at the date of approving the Directors' Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the TGHL Group's Consolidated and the Company's Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the Directors have prepared the TGHL Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

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 TGHL Group and the Company and of the profit or loss of the TGHL Group and the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101, 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 TGHL Group and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the TGHL Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the TGHL Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The Directors have reviewed the Company's and the TGHL Group's forecasts and projections, taking into account reasonably possible changes in trading performance, which shows that the Company and the TGHL Group are expected to have sufficient financial resources in the foreseeable future. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and the TGHL Group have adequate resources to continue in operational existence for the foreseeable future and at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

POST BALANCE SHEET EVENTS

In March 2020, following the Supervisory Review and Evaluation Process performed by De Nederlandsche Bank N.V, a requirement for additional regulatory capital to be held within TGHE was determined. In order to meet the requirement for additional regulatory capital and ensure that TGHE has sufficient headroom, additional funding is proposed from Turquoise by way of a capital contribution. The capital contribution is expected to complete by the end of March 2020.

Since the emergence of Novel Coronavirus (COVID-19) in China at the end of 2019, the virus has spread rapidly across the rest of the world, triggering a set of interventions across major global economies with respect to travel restrictions, border controls and quarantine protocols. Measures increasingly involve social restrictions in public domains, education centres, recreational venues and changes to professional working arrangements. These measures are putting pressure on industrial productivity, suppressing demand for commodities, impacting global supply chains and consumption of goods and services. This has the potential to significantly impact global financial markets with severe shocks to asset prices and corporate earnings, further central bank intervention and accommodative monetary measures, and an extended period of low or negative interest rates.

Management have considered the potential impact on the Company and concluded that the going concern assessment remains appropriate.

The Directors confirm that there were no other significant events occurring after the balance sheet date, up to the date of this report, that would meet the criteria to be disclosed or adjusted in the financial statements for the year ended 31 December 2019.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

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

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an annual general meeting.

By order of the Board

Robert Barnes

Robert Barnes,
Chief Executive Officer.

02 April 2020

REGISTERED OFFICE: 10 Paternoster Square, London, EC4M 7LS

INDEPENDENT AUDITORS'S REPORT TO THE MEMBERS OF TURQUOISE GLOBAL HOLDINGS LIMITED

OPINION

We have audited the financial statements of Turquoise Global Holdings Limited ('the Parent Company') and its subsidiaries (the 'TGHL Group') for the year ended 31 December 2019 which comprise the Consolidated Statement of Comprehensive Income, the Group and Parent Company Balance Sheets, Group and Parent Company Cash Flow Statements, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 23, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the Group's and of the Parent Company's affairs as at 31 December 2019 and of the Group's profit for the year then ended;

- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;

- the Parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union in accordance with the provisions of the Companies Act 2006; and

- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

EMPHASIS OF MATTER - EFFECTS OF COVID-19

We draw attention to note 23 of the financial statements, which describes the impact of the COVID-19 pandemic on global financial markets and TGHL Groups equities trading platform, subsequent to the year end. Our opinion is not modified in respect of this matter.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

OTHER INFORMATION

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

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITORS'S REPORT TO THE MEMBERS OF TURQUOISE GLOBAL HOLDINGS LIMITED

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Nicholas Dawes (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
2 April 2020

Notes:

1. The maintenance and integrity of the Turquoise Global Holdings Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

TURQUOISE GLOBAL HOLDINGS LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2019

	Notes	Year ended 31 December 2019	* Year ended 31 December 2018
		£'000	£'000
Revenue	3	21,524	31,515
Cost of sales		(2,429)	(11,215)
Gross profit		**19,095**	**20,300**
Expenses			
Administrative expenses	4	(18,477)	(19,440)
Operating Profit		**618**	**860**
Analysed as:			
Operating profit before amortisation & impairment of purchased intangible assets		1,373	2,091
Fair value adjustment of Swapmatch option		-	8,218
Amortisation & impairment of goodwill & purchased intangible assets		(755)	(9,449)
		618	**860**
Finance income	7	426	511
Profit before taxation		**1,044**	**1,371**
Taxation	8	23	(4,497)
Profit/(loss) for the financial year		**1,067**	**(3,126)**
Other comprehensive income		-	-
Total comprehensive income		**1,067**	**(3,126)**

* Revenue for the year ended 31 December 2018 has been restated which is described in further detail in Note 1.

The transactions in the current year and prior year were derived from continuing operations.

The notes on pages 15 to 39 form an integral part of these financial statements.

TURQUOISE GLOBAL HOLDINGS LIMITED
BALANCE SHEETS
At 31 December 2019

		Group		Company	
		31 December 2019	* 31 December 2018	31 December 2019	* 31 December 2018
	Notes	£'000	£'000	£'000	£'000
Assets					
Non-current assets					
Intangible assets	10	5,078	4,532	5,078	4,532
Investment in subsidiary undertakings	11	-	-	4,623	886
Deferred tax asset	12	467	283	467	283
		5,545	4,815	10,168	5,701
Current assets					
Trade and other receivables	13	21,484	24,092	21,329	24,092
Current tax assets		63	-	63	-
Cash and cash equivalents	14	16,284	17,047	12,001	16,911
		37,831	41,139	33,393	41,003
Total assets		**43,376**	**45,954**	**43,561**	**46,704**
Liabilities					
Current liabilities					
Trade and other payables	15	6,194	9,851	6,152	10,486
Current tax liabilities		20	81	-	72
Total liabilities		**6,214**	**9,932**	**6,152**	**10,558**
Net assets		**37,162**	**36,022**	**37,409**	**36,146**
Equity					
Ordinary share capital	16	14,000	14,000	14,000	14,000
Share premium		6,581	6,581	6,581	6,581
Other reserves		30,273	30,351	30,334	30,334
Retained losses		(13,692)	(14,910)	(13,506)	(14,769)
Total equity		**37,162**	**36,022**	**37,409**	**36,146**

The Company recorded a profit for the year of £1.1m (31 December 2018: £3.1m loss). The notes on pages 15 to 39 form an integral part of these financial §statements.

* Trade and other receivables and retained losses balances as at 31 December 2018 have been restated which is described in further detail in Note 1.

The financial statements on pages 11 to 39 were approved by the Board on 26 March 2020 and signed on its behalf by:

Robert Barnes

Robert Barnes
Chief Executive Officer
Turquoise Global Holdings Limited

Registered number: 071027

TURQUOISE GLOBAL HOLDINGS LIMITED
CASHFLOW STATEMENTS
Year Ended 31 December 2019

		Group		Company	
		Year ended 2019	* Year ended 2018	Year ended 2019	* Year ended 2018
	Notes	£'000	£'000	£'000	£'000
Cash flow from operating activities					
Cash absorbed by operations	17	(2,105)	(5,630)	(2,051)	(5,463)
Interest received		458	86	458	86
Corporation tax paid		(136)	-	(136)	-
Net cash outflow from operating activities		**(1,783)**	**(5,544)**	**(1,729)**	**(5,377)**
Cash flow from investing activities					
Purchase of intangible assets	10	(1,301)	(1,709)	(1,301)	(1,709)
Net cash outflow from investing activities		**(1,301)**	**(1,709)**	**(1,301)**	**(1,709)**
Cash flow from financing activities					
Repayments received on loans to subsidiary companies		-	15	-	-
Repayments received of loans to companies under common control		2,500	3,500	2,500	3,500
Cost of capital raise		-	-	(4,342)	-
Net cash inflow / (outflow) from financing activities		**2,500**	**3,515**	**(1,843)**	**3,500**
(Decrease)/Increase in cash and cash equivalents		(584)	(3,738)	(4,872)	(3,586)
Exchange gains/(losses) on cash and cash equivalents		(179)	8	(38)	(2)
Cash and cash equivalents at beginning of the year		17,047	20,777	16,911	20,499
Cash and cash equivalents at end of the year	14	**16,284**	**17,047**	**12,001**	**16,911**

TURQUOISE GLOBAL HOLDINGS LIMITED
STATEMENTS OF CHANGES IN EQUITY
Year ended 31 December 2019

	Attributable to equity holders of the Group				
	Ordinary share capital	Share premium	Retained earnings	Other reserves	Total attributable to equity holder
	£'000	£'000	£'000	£'000	£'000
31 December 2017	14,000	6,581	(11,667)	30,334	39,248
Loss for the financial year	-	-	(3,126)	-	(3,126)
Foreign currency translation	-	-	-	17	17
Tax in relation to employee share scheme and losses	-	-	(117)	-	(117)
Employee share scheme credits	-	-	385	-	385
Employee share scheme recharges	-	-	(385)	-	(385)
* 31 December 2018	14,000	6,581	(14,910)	30,351	36,022
Profit for the financial year	-	-	1,067	-	1,067
Foreign currency translation	-	-	-	(78)	(78)
Tax in relation to employee share scheme and losses	-	-	151	-	151
Employee share scheme credits	-	-	383	-	383
Employee share scheme recharges	-	-	(383)	-	(383)
31 December 2019	14,000	6,581	(13,692)	30,273	37,162

	Attributable to equity owners of the Company				
	Ordinary share capital	Share premium	Retained earnings	Other reserves	Total attributable to equity holder
	£'000	£'000	£'000	£'000	£'000
31 December 2017	14,000	6,581	(11,495)	30,334	39,420
Loss for the financial year	-	-	(3,157)	-	(3,157)
Tax in relation to employee share scheme and losses	-	-	(117)	-	(117)
Employee share scheme credits	-	-	385	-	385
Employee share scheme recharges	-	-	(385)	-	(385)
* 31 December 2018	14,000	6,581	(14,769)	30,334	36,146
Profit for the financial year	-	-	1,112	-	1,112
Tax in relation to employee share scheme and losses	-	-	151	-	151
Employee share scheme credits	-	-	383	-	383
Employee share scheme recharges	-	-	(383)	-	(383)
31 December 2019	14,000	6,581	(13,506)	30,334	37,409

* Retained losses as at 31 December 2018 have been restated which is described in further detail in note 1.

Other reserves comprise the following:

- Capital contribution reserve of £21.4m (31 December 2018: £21.4m), a reserve resulting from capital contributions made by London Stock Exchange Group Holdings (R) Limited, the Company's parent.
- Merger reserve of £8.9m (31 December 2018: £8.9m), is a reserve arising on consolidation when the Company issued shares as part of the consideration to acquire subsidiary undertakings.

The notes on pages 15 to 39 form an integral part of these financial statements.

1. Basis of Preparation and Accounting Policies

The Company's and TGHL Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations endorsed by the EU, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value and on the basis of the TGHL Group's accounting policies.

The Company is a private limited company incorporated and domiciled in the UK. The address of its registered office is:
10 Paternoster Square, London, EC4M 7LS.

1.1 Recent Accounting Developments

The following amendments were endorsed by the EU during the year and have been adopted in these financial statements:

- IFRS 16, 'Leases';
- IFRIC 23, 'Uncertainty over Income Tax Treatments;
- Amendments to IAS 28, 'Long-term interest in Associates and Joint ventures';
- Amendments to IAS 19 'Plan amendment, curtailment or settlement;
- Amendments to IFRS 9, 'Prepayment features with negative compensation'; and
- Annual improvements to IFRS standards 2015-2017.

The impact of adopting these amendments did not have a material effect on the results of the TGHL Group.

The following standards and interpretations were issued by the IASB and IFRIC, but have not been adopted either because they were not endorsed by the EU at 31 December 2019 or they are not yet mandatory and the TGHL Group has not chosen to early adopt. The TGHL Group plans to adopt these standards and interpretations when they become effective. The impact on the TGHL Group's financial statements of the future standards, amendments and interpretations is still under review, and where appropriate, a description of the impact of certain standards and amendments is provided below:

International accounting standards and interpretations	Effective date
Amendments to References to the Conceptual Framework in IFRS Standards	1 January 2020
Amendments to IFRS 3, 'Business Combinations'	1 January 2020
Amendments to IAS 1 and IAS 8: Definition of Material	1 January 2020
Amendments to IFRS 9, IAS 39 & IFRS 7: Interest Rate Benchmark Reform	1 January 2020
IFRS 17 'Insurance Contracts'	1 January 2021

The above amendments and standards are not expected to have a material impact on the results of the Group.

1.2 Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries with all inter-company balances and transactions eliminated. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date that control passes. Control is achieved when the TGHL Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's income for the period is disclosed within the balance sheet.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the TGHL Group in exchange for control of the acquiree. Adjustments to fair values include those made to bring accounting policies into line with those of the TGHL Group.

The TGHL Group applies a policy of treating transactions with non-controlling interests through the economic entity model. Transactions with non-controlling interests are recognised in equity. Where the non-controlling interest has an option to dispose of their holding to the TGHL Group, then the amounts potentially due are recognised at their fair value at the balance sheet date.

Investments in subsidiaries shares are measured at cost. These are reviewed for impairment when events indicate the carrying amount may not be recoverable and are accounted for in the Company's financial statements at cost less accumulated impairment losses.

1.3 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes. Revenue is recognised in the period when the service or supply is provided. Equity revenue is derived from the provision of electronic execution services for secondary trading of pan-European equities and comprises of two discrete order books: Turquoise Integrated Order Book Trading (Lit) and Turquoise Plato™ (Midpoint Dark Order Trading). The sources of revenue from Turquoise Swapmatch include tracking the daily notional value of all client total return swaps matched via the platform and charging an arrangement fee based on the daily aggregate notional balance of each participant's total return swaps.

1.4 Cost of sales

Cost of sales comprises data fees and trading platform costs directly incurred to provide services to customers and direct expenses in relation to passive trading.

1.5 Foreign Currencies

These financial statements are presented in Pounds Sterling ("Sterling"), which is the Company's and TGHL Group's presentational and functional currency.

Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction or at the monthly average as a proxy. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

1.6 Finance Income

Finance income comprises interest earned on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the period.

1.7 Current and non-current classification

Current assets include cash and cash equivalents, and assets expected to be realised within one year from the reporting period, or intended for trade or consumption and realised in the course of the TGHL Group's operating cycle. All other assets are classified as non-current assets.

Current liabilities include liabilities held primarily for trading purposes, liabilities expected to be settled in the course of the TGHL Group's operating cycle and those liabilities due within one year from the reporting date. All other liabilities are classified as non-current liabilities.

1.8 Intangible Assets

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the TGHL Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in the Income Statement.

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licences and software intellectual property, all of which are recorded as intangible assets and held at cost less accumulated amortisation. These assets are amortised on a straight-line basis over their useful economic lives which are as follows:

- Customer and supplier relationships - two to 25 years (material assets are amortised over a life exceeding 15 years)
- Software licenses and intellectual property - two to 25 years (the majority of material assets are amortised over a life not exceeding five years)

The useful economic lives are based on management's best estimate such as attrition rates on customer relationships, product upgrade cycles for software and technology assets, market participant perspective for brands and pace of change of regulation for business.

Third party software costs for the development and implementation of systems which enhance the services provided by the TGHL Group are capitalised and amortised over their estimated useful economic lives of three to five years.

Internal product development expenditure is capitalised if the costs can be reliably measured, the product or process is technically, and commercially feasible, future economic benefits are probable and the TGHL Group has sufficient resources to complete the development and to use or sell the asset. The assets are recorded at cost including labour, directly attributable costs and any third-party expenses, and amortised over their useful economic lives of three to five years.

Intangible assets are continually assessed for any indicators of impairment and then specifically at each balance sheet date. Where indicators of impairment for a particular intangible asset are identified, a full impairment assessment is performed, with any diminution in value recognised in the income statement. When performing any impairment assessment, in addition to considering matters particular to the relevant TGHL Group business area, management evaluates the overall value of the asset from the perspective of a market participant.

1.9 Investment in Subsidiary Undertakings

A subsidiary is an entity in which the Company has power to control the financial and operating policies so as to obtain benefits from its activities. Investments in subsidiaries are stated in the Company's financial statements at cost less impairment losses, if any. On disposal, the difference between the net disposal proceeds and the carrying amount is included in the income statement.

1.10 Current and Deferred Taxation

Income tax on the profit for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in Other comprehensive income or directly in equity. In this case, the tax is also recognised in Other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the TGHL Group and the Company operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are exoected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temoorary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

1.11 Financial Instruments

The TGHL Group classifies its financial instruments as fair value through other comprehensive income (FVOCI) or amortised cost, and the Swapmatch option as fair value through profit and loss (FVTPL). The classification is based on the TGHL Group's business model for managing its financial instruments and that the cash flows generated are "solelv payments of principal and interest" (SPPI)

a) Financial assets at amortised cost: are financial assets that are held in order to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. This includes the TGHL Group's cash and cash equivalents and trade and other receivables.

b) **Financial assets at fair value through other comprehensive income (FVOCI)**: this category includes investments in financial assets. Any profit or loss on an equity investment remains in other comprehensive income and is not recycled.

c) **Financial liabilities at fair value through profit or loss (FVPL)**: are liabilities that must be held at fair value. This includes the Swapmatch option.

d) **Financial liabilities at amortised cost**: all financial liabilities that are not at fair value through profit or loss are held at amortised cost. This comprises the TGHL Group's trade and other payables balances and borrowings.

The TGHL Group adopts a forward-looking approach to estimate impairment losses on financial assets. An expected credit loss (ECL) is calculated based on the difference between the contractual cash flows due and the expected cash flows. The difference is discounted at the asset's original effective interest rate.

Financial assets at amortised cost - the ECL for trade receivables, contract assets and cash and cash equivalents are calculated using IFRS 9's simplified approach using lifetime ECL. The provision is based on historic experience of collection rates, adjusted for forward looking factors specific to each counterparty and the economic environment at large to create an expected loss matrix.

Financial assets held at FVOCI - the TGHL Group calculates a 12 month ECL on these assets. If there is a significant increase in credit risk, then a lifetime ECL will be calculated. A significant increase in credit risk is considered to have occurred when contractual payments are more than 30 days past due.

Impairment losses on the remaining financial assets are measured using the general approach, which calculates a loss allowance based on the 12 month ECL at each reporting date until there is a significant increase in the financial instrument's credit risk, at which it will calculate a loss allowance based on the lifetime ECL, as described above for FVOCI assets.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

1.12 Trade and Other Receivables

Trade receivables are non-interest bearing and are initially recognised at their fair value, which is usually the original invoiced amount, less any provisions for impairment. A provision for impairment of trade receivables is calculated using IFRS 9's simplified approach using the lifetime expected credit losses 'ECL'. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or will be subject to a financial reorganisation and / or default on or be delinquent on its payment obligations are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

1.13 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, term deposits and investments in money market funds that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

1.14 Share Based Compensation

The Company operates share based compensation plans for employees, settled in shares of the ultimate parent Company, London Stock Exchange Group plc (.The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant and recognised over the relevant vesting period. The Company is recharged costs from LSEG to settle the share-based awards made to employees of the Company.

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2014 AGM, has two elements, a conditional award of Performance shares and an award of Matching shares linked to investment by the executive of annual bonus in the Company's shares. Vesting of these awards is dependent upon the LSEG's total shareholder return performance and for awards made since 2008, adjusted earnings per share.

The Save As You Earn (SAYE) scheme provides for grants of options to employees who enter into a SAYE savings contract and options were granted at 20 per cent below fair market value. Share awards are granted at nil cost to employees and other share options were granted at fair market value or above.

1.15 Dividend distributions

Dividend distributions to the Company's equity holders are recognised as a liability in the TGHL Group financial statements in the period in which the dividends are approved by the Company's shareholders.

1.16 Put options written on non-controlling interests

Commitments to purchase minority interests and put options granted to minority shareholders are recognised at fair value as a financial liability. When the financial liability is recognised initially, the redemption amount is reclassified from equity. The changes in the measurement of the financial liability are recognised in the income statement. Changes in the measurement of that financial liability do not change the relative interests in the subsidiary that are held by the parent and the non-controlling-interest shareholder and therefore are not equity transactions.

Financial Risk Management

The TGHL Group's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk, capital risk and regulatory and compliance risk. The TGHL Group is part of the LSEG Group and financial risk management is carried out by the LSEG Group through its central treasury, compliance, and financial control functions. The Group's risk management approach seeks to minimise the potential adverse effects of these risks on the financial performance of the Company.

1.17 Market Risk

Foreign exchange risk
The TGHL Group operates in the UK, EU and the US and reports its results in sterling and therefore its exposure to foreign exchange risk is limited to specific foreign currency transactions that it may enter into.

Foreign exchange risk is identified by the LSEG Group's central treasury function and, if deemed material, is hedged in accordance with the LSEG Group's approved policy framework.

The TGHL Group reviews sensitivities to movements in exchange rates which are appropriate to market conditions. As at 31 December 2019, the TGHL Group has considered movements in the euro and the US dollar over the year to 31 December 2019 and has concluded that a 10 per cent movement in rates is a reasonable level to measure the risk to the TGHL Group. At 31 December 2019, if sterling had weakened or strengthened by 10 per cent against the euro and/or the US dollar with all other variables held constant, the impact on post tax profit for the year to 31 December 2019 and on equity at the 31 December 2019 is set out, with comparatives, in the table below:

		GROUP		GROUP	
		31 December 2019		31 December 2018	
		Profit after tax impact increase/ (decrease) £'000	Equity Impact increase/ (decrease) £'000	Profit after tax impact increase/ (decrease) £'000	Equity Impact increase/ (decrease) £'000
Euro	Sterling Weaken	410.1	410.1	89.5	89.5
	Sterling Strengthen	(372.8)	(372.8)	(81.3)	(81.3)
US dollar	Sterling Weaken	45.7	45.7	74.4	74.4
	Sterling Strengthen	(41.6)	(41.6)	136.7	136.7

Sterling Strengthen		COMPANY		COMPANY	
		31 December 2019		31 December 2018	
		Profit after tax impact increase/ (decrease) £'000	Equity Impact increase/ (decrease) £'000	Profit after tax impact increase/ (decrease) £'000	Equity Impact increase/ (decrease) £'000
Euro	Sterling Weaken	38.3	38.3	89.5	89.5
	Sterling Strengthen	(34.9)	(34.9)	(81.3)	(81.3)
US dollar	Sterling Weaken	40.9	40.9	(43.3)	(43.3)
	Sterling Strengthen	(37.2)	(37.2)	39.4	39.4

Interest rate risk

In its review of the sensitivities to potential movements in interest rates, the TGHL Group has considered interest rate volatility and has concluded that a 1 percentage point upward movement (with a limited prospect of material downward movement) reflects a reasonable level of risk to current rates. For the period ended 31 December 2019, at the TGHL Group and Company level, if interest rates on sterling-denominated, euro-denominated and US dollar-denominated cash and borrowings had been 1 percentage point higher with all other variables held constant, post-tax profit for the year would have been £168k higher (31 December 2018: £223k higher).

1.18 Credit Risk

Credit risk is the risk that the TGHL Group's counterparties will be unable to meet their obligations to the TGHL Group either in part or in full and arises from credit exposures to customers as well as on cash and cash equivalent balances and deposits.

Credit risk is controlled through policies and procedures developed either at the LSEG level or by the TGHL Group itself in consultation, where appropriate, with its regulator.

The TGHL Group assesses the credit quality of its customers, based upon the customer's financial position and considering past experience and other factors. Trade receivables, net of impairment, are concentrated in the financial community, and are managed as one class of receivables. There is no material concentration of credit risk with respect to trade receivables as the TGHL Group has a large number of customers; the low historic incidence of customer defaults, the recurring nature of the billing and the largely automated collection arrangements, means that management assesses the credit quality of the TGHL Group's customers as high.

1.19 Liquidity Risk

The TGHL Group is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations.

The LSEG Group is required, under policy, to maintain significant committed credit facilities to support its subsidiaries' liquidity requirements including those of the TGHL Group. The central treasury function of the LSEG Group ensures the TGHL Group is therefore in a position on a day to day basis to meet all its financial obligations as they fall due.

Management monitors forecasts of the TGHL Group's cash flow and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions. Internal cash management, including the observance of local regulatory requirements, is a key focus of the the LSEG Group's treasury management.

No separate analyses have been prepared to split the TGHL Group's current financial liabilities into relevant maturity groupings because all liabilities are expected to be paid, based upon their contractual maturity date, within one year.

1.20 Capital Risk Management

The TGHL Group manages its capital to ensure it meets its regulatory capital requirements and will be able to continue as a going concern. The capital structure of the TGHL Group consists of equity, comprising issued share capital, share premium, other reserves and accumulated losses as disclosed in the Balance Sheet and in note 16.

The TGHL Group is required to maintain certain levels of liquidity for regulatory and operational purposes. These requirements are agreed with the FCA. As at 31 December 2019 the TGHL Group held capital resources which exceeded the minimum regulatory capital required.

1.21 Regulatory and Compliance Risk

Turquoise has permission to operate a multilateral trading facility and to arrange deals on investments. As an FCA authorised limited activity firm, the Company is subject to FCA Handbook organisational, prudential, behavioral, notification and reporting requirements and guidance.

The TGHL Group has a zero appetite for operating outside of its regulatory obligations. Accordingly:

- The TGHL Group will devote the required resources to ensure its conduct and service offering (existing and new) is compliant with the applicable rules and regulations. Where an element of interpretation is necessary, the TGHL Group will act prudently.
- The TGHL Group will seek to ensure that its staff and outsourced service providers are aware of and act in accordance with all applicable rules and policies.
- Should the TGHL Group be projected to breach its minimum regulatory capital requirements, the TGHL Group will either raise fresh capital in sufficient time or will execute an orderly wind-down of the business.
- Any suspected breaches of regulatory obligations will be reported to the competent authority immediately.

For reasons of efficiency and continuity, the Company has outsourced the compliance and Anti-Money Laundering (AML) function, as well as the required Senior Management Functions of Compliance Oversight (SMF16) and Money Laundering Reporting Officer (SMF17) to London Stock Exchange plc. These roles were formerly the CF10 and CF11 roles under the FCA's Approved Person regime but were migrated into the FCA Senior Management and Certification Regime (SMCR) and became applicable to Company on 9 December 2019. The outsourcing arrangement is specified in and managed on the basis of a work order. The SMF16/SMF17 coordinates and prioritises activities on a frequent basis with the TGHL Group's senior management. In order to ensure compliance with regulatory requirements and expectations, the Company's compliance and AML function operates a regulatory risk management framework, including the performance of a compliance risk assessment which is monitored on an on-going basis. Additionally, compliance systems and controls are subject to regular testing.

Prior period restatement

Revenue related to data fees was understated in the 2018 financial statements. In line with IAS 8 requirements, the prior period comparatives have been restated to appropriately recognise the revenue during the year ended 31 December 2018

Statement of comprehensive income		Prior period restatement		
		As previously reported Year ended 31 December 2018	Revenue adjustment	Restated Year ended 31 December 2018
	Notes	£'000	£'000	£'000
Revenue	3	31,289	226	31,515

Balance sheet - Group		Prior period restatement		
		As previously reported 31 December 2018	Revenue adjustment	Restated 31 December 2018
	Notes	£'000	£'000	£'000
Assets				
Trade and other receivables	13	23,866	226	24,092
Equity				
Retained losses		(15,136)	226	(14,910)

Balance sheet - Company

	Notes	As previously reported 31 December 2018 £'000	Revenue adjustment £'000	Restated 31 December 2018 £'000
Assets				
Trade and other receivables	13	23,866	226	24,092
Equity				
Retained losses		(14,995)	226	(14,769)

2. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The significant estimates for the year ended 31 December 2019 are as follows:

- Goodwill - tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return required by shareholders to determine an appropriate discount rate;
- Intangible assets - software is amortised over their estimated useful economic lives. These are determined based on management's best estimates of future performance and periods over which value from the intangible assets is realised; and
- Deferred tax assets - The Company recognises deferred tax assets to the extent it is probable they will be recoverable against future taxable profits or via surrender or group relief to other companies within the LSEG Group, the actual achievement of which is not certain.

3. Revenue

	Year ended 31 December 2019 £'000	* Year ended 31 December 2018 £'000
Integrated trading (Lit)	4,987	15,523
Mid-point trading (Dark)	11,185	10,830
Data charges and other	5,352	5,162
Total revenues	21,524	31,515

The TGHL Group's revenue from contracts with customers disaggregated by timing of revenue recognition for the year ended 31 December 2019 are shown below:

	Year ended 31 December 2019 £'000	* Year ended 31 December 2018 £'000
Timing of revenue recognition		
Services satisfied at a point in time	16,689	26,907
Services satisfied over time	4,835	4,608
Total revenue from contracts with customers	21,524	31,515

All of the TGHL Group's revenue for the year ended 31 December 2019 is recognised from activities in the UK.

* Revenue for the year ended 31 December 2018 has been restated which is described in further detail in Note 1.

4. Expenses by Nature

Expenses comprise the following:

	Notes	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Employee costs	5	2,717	2,623
Property costs		117	71
IT costs		10,413	10,954
Non recoverable VAT		830	751
Professional fees		287	479
Outsourcing fees		2,941	2,756
Amortisation & impairment of purchased intangible assets	10	755	9,449
Fair value adjustment of Swapmatch option		-	(8,218)
Other costs		417	575
Total expenses		18,477	19,440

5. Employee Costs

Employee costs comprise of the following:

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Salaries and other short-term benefits	2,200	2,228
Social security costs	433	312
Other pension costs	84	83
Total	**2,717**	**2,623**

Share based recharges of £383k for the year ended 31 December 2019 (year ended 31 December 2018: £385k) are included within salaries and short-term benefits.

	Year ended 31 December 2019	Year ended 31 December 2018
Number of employees in the TGHL Group at year end	6	6
Monthly average number of employees in the TGHL Group	7	7

6. Directors' Remuneration

The Directors' aggregate remuneration in respect of qualifying services (all of which relate to the highest paid director) were:

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Remuneration received	436	477
Benefits	5	3
Value of contributions to group personal/money purchase schemes	15	18
Share based payments	355	381
Total	**811**	**879**

During the year two Directors (2018: two) had retirement benefits accruing under group personal pension schemes.

The emoluments of Directors disclosed above includes the following amounts for the highest paid Director:

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Remuneration received	292	302
Benefits	3	3
Value of contributions to group personal/money purchase schemes	15	16
Share based payments	349	348
Total	**659**	**669**

The highest paid Director exercised no share options of London Stock Exchange Group plc during the year. One Director exercised share options of London Stock Exchange Group plc during the year.

7. Net Finance Income

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Finance income		
Bank deposit and other interest income	104	91
Interest on loan to company under common control	322	420
Total finance income	426	511

8. Taxation

The standard UK corporation tax rate was 19% (19% for the year ended 31 December 2018).

Taxation (credited)/charged to the income statement	Note	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Current tax:			
Overseas tax for the year		10	11
Adjustments in respect of previous years		-	6
		10	17
Deferred tax:	12		
Deferred tax for the year		3	4,727
Adjustments in respect of previous years		(41)	(5)
Impact of change in rate		5	(242)
Taxation charge		(23)	4,497
Taxation on items not (credited) / charged to the income statement			
Current tax credit:			
Tax allowance on shares options/awards in excess of expense recognised		-	-
Deferred tax credit/(charge)			
-Tax allowance on share options/awards in excess of expense recognised		172	(9)
-Losses		-	(129)
Impact of change in rate		(21)	21
Tax allowance on shares options/awards in excess of expense recognised		151	(117)

Factors affecting the tax charge for the year

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (19% for the year ended 31 December 2018) as explained below:

	Year ended 31 December 2019 £m	* Year ended 31 December 2018 £m
Profit before taxation	1,044	1,371
Profit multiplied by standard rate of corporation tax in the UK	198	260
Expenses not deductible	96	(1,516)
Impairment of goodwill	-	1,488
Impact of derecognition of deferred tax on brought forward losses	-	4,503
Utilisation of brought forward losses where no deferred tax recognised	(315)	3
Overseas tax losses where no deferred tax recognised.	31	-
Overseas earning taxed at higher rate	3	-
Adjustments in respect of previous years	(41)	1
Adjustment arising from change in UK tax rate	5	(242)
Taxation charge	(23)	4,497

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. The deferred tax balances included within the accounts have been calculated with reference to the rate of 17%, as required under International Reporting Standards. However, following the substantive enactment of the rate of 19%, it is anticipated that the reversal of temporary differences will occur at this rate and that the maximum impact on the quantum of the net deferred tax asset recognised will be £43k.

* Profit before taxation as at 31 December 2018 have been restated which is described in further detail in Note 1.

9. Dividend
No dividend has been proposed or paid in the year (year ended 31 December 2018: nil).

10. Intangible Assets

Group	Goodwill £'000	Purchased Intangible Assets £'000	Software £'000	Total £'000
Cost:				
At 1 January 2018	8,830	3,337	5,119	17,286
Additions in the year	-	-	1,709	1,709
At 31 December 2018	8,830	3,337	6,828	18,995
Additions in the year	-	-	1,301	1,301
At 31 December 2019	8,830	3,337	8,129	20,296
Amortisation charge:				
At 1 January 2018	-	1,718	2,859	4,577
Impairment of goodwill & purchased intangibles	7,830	1,401	-	9,231
Amortisation charge for the year	-	218	437	655
At 31 December 2018	7,830	3,337	3,296	14,463
Amortisation charge for the year	-	-	755	755
At 31 December 2019	7,830	3,337	4,051	15,218
Net book values:				
At 31 December 2019	1,000	-	4,078	5,078
At 31 December 2018	1,000	-	3,532	4,532

Company	Goodwill £'000	Purchased Intangible Assets £'000	Software £'000	Total £'000
Cost:				
At 1 January 2018	8,830	3,337	5,119	17,286
Additions in the year	-	-	1,709	1,709
At 31 December 2018	8,830	3,337	6,828	18,995
Additions in the year	-	-	1,301	1,301
At 31 December 2019	8,830	3,337	8,129	20,296
Amortisation charge:				
At 1 January 2018	-	1,718	2,859	4,577
Impairment of goodwill & purchased intangibles	7,830	1,401	-	9,231
Amortisation charge for the year	-	218	437	655
At 31 December 2018	7,830	3,337	3,296	14,463
Amortisation charge for the year	-	-	755	755
At 31 December 2019	7,830	3,337	4,051	15,218
Net book values:				
At 31 December 2019	1,000	-	4,078	5,078
At 31 December 2018	1,000	-	3,532	4,532

On 1 April 2011, the goodwill and the purchased intangibles of the TGHL Group were transferred into the Company. This was following the transfer of the trading businesses of its subsidiaries into the Company and reflected the value attributable to the goodwill and the purchased intangibles which is now held by the Company. The fair values of the purchased intangible assets

were principally valued using discounted cash flow methodologies and are being amortised over their useful economic lives, which do not normally exceed 25 years.

Impairment tests for goodwill

In addition to the long-term growth rate and discount rate, the value in use calculation is based on key assumptions about the short and medium term revenue and cost growth. The values assigned to short and medium term revenue and cost growth assumptions are based on the 2020 budget and the TGHL Group's approved business plan. The assumptions are derived from an assessment of current trends, anticipated market and regulatory developments, discussions with customers and suppliers, and management's experience. These factors are considered in conjunction with the TGHL Group's long-term strategic objectives to determine appropriate short and medium growth assumptions.

A pre-tax discount rate of 8.8% (31 December 2018: 8.6%) and Long-Term growth rates assumed to be 3.4% (31 December 2018: 3.6%), applied to the cash flow projections, is based on a number of factors including the UK risk free rate, the Company's estimated market risk premium and a premium to reflect the inherent risks of the business.

Based on the results of the impairment tests performed as at 31 December 2019, management believes there is no impairment of the carrying value of the goodwill in any cash generating unit (CGU) (31 December 2018: £7.8m). Value in use calculations for the CGU are sensitive to changes in short and medium term revenue and cost growth assumptions, long term growth rates and pre-tax discount rates.

Impairment tests for purchased intangible assets

Based on the results of the impairment tests performed in 31 December 2018, management recognised an impairment charge of £1.4m, resulting in a carrying amount of nil.

11. Investments in Subsidiary Undertakings

A list of the Company's subsidiaries as at 31 December 2019 is given below. The entire share capital of subsidiaries is held within the Company.

Name of subsidiary undertaking	Country of incorporation and principal operations	Country of incorporation and principal operations Registered office address	Direct or indirect holding	Identity of each class of share held in the subsidiary undertaking	Percentage of class by its immediate direct parent	Ultimate Company %	Value of holding Prior year	Value of holding Current year
Turquoise SwapMatch Limited (liquidated 28th March 2019)	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Direct	Ordinary A	100	100	£605,238	-
Turquoise Global Holdings US Inc	United States	c/o United Agent Group Inc. 3411 Silverside Road Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	Direct	Ordinary	100	100	£281,063	£281,063
Turquoise Global Holdings Europe B.V.	Netherlands	Suite 108, Nieuwezijds Voorburgwal 162, Amsterdam, 1012 SJ.	Direct	Ordinary	100	100	£1	£4,342,163

12. Deferred Tax Asset

Group and Company	Accelerated tax depreciation £m	Provisions and other temporary differences £m	Total £m
31 December 2018	69	214	283
Tax (charged)/credited to income statement:	(14)	52	38
Impact of rate change	1	(6)	(5)
Tax credited to equity:	-	172	172
Impact of rate change	-	(21)	(21)
31 December 2019	56	411	467
Assets at 31 December 2019	56	411	467
Liabilities at 31 December 2019	-	-	-
Net assets at 31 December 2019	**56**	**411**	**467**
Assets at 31 December 2018	69	214	283
Liabilities at 31 December 2018	-	-	-
Net assets at 31 December 2018	**69**	**214**	**283**

The deferred tax assets are recoverable against future taxable profits and are due after more than one year.

The deferred tax asset of £0.4m (31 December 2018: £0.2m) recognised in respect of tax losses and other temporary differences relates to share based payments.

The Group and Company has unrecognised deferred tax assets of £4.4m (* 31 December 2018: £4.2m) which relate primarily to losses in the equities business in 2014 and earlier periods.

13. Trade and Other Receivables

	Group		Company	
	31 December 2019	* 31 December 2018	31 December 2019	* 31 December 2018
	£'000	£'000	£'000	£'000
Current				
Trade receivables	1,609	1,808	1,468	1,808
Fees receivables	1,337	1,677	1,336	1,677
Less: Provision for impairment of receivables	(3)	(41)	(3)	(41)
Trade receivables - net	2,943	3,444	2,801	3,444
Amounts due from companies under common control	17,001	20,444	16,994	20,444
Amounts due from ultimate parent	1,423	186	1,417	186
Other receivables	6	9	6	9
Prepayments	111	9	111	9
Total trade and other receivables	21,484	24,092	21,329	24,092

Amounts due from companies under common control include a loan to London Stock Exchange Group Holdings Limited of £16.8m (31 December 2018: £19.3m), with interest charged at LIBOR plus 1.2%, maturing on 9 September 2020. All other amounts due from companies under common control are interest free and repayable on demand or before August 2020.

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values.

* Trade and other receivables as at 31 December 2018 have been restated which is described in further detail in Note 1.

Fees receivable and contract assets

In 2018, contract assets primarily related to the Company's rights to consideration for work completed but not invoiced at the reporting date. The Company has decided that these amounts are not conditional except for the passage of time and has therefore opted to include these amounts within trade and other receivables as "fees receivable".

There is no change in the measurement of the total of assets recognised.

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£'000	£'000	£'000	£'000
Sterling	20,316	22,806	20,309	22,806
Euro	996	1,279	988	1,279
US Dollars	171	6	30	6
Other	1	1	1	1
Total trade and other receivables	21,484	24,092	21,329	24,092

Movements in the TGHL Group's provision for expected credit losses on trade receivables are as follows:

	31 December 2019	31 December 2018
	£'000	£'000
1 January (as previously reported)	41	304
Net movement in provision for impairment of receivables	(38)	(242)
Receivables written off during the year as uncollectible	-	(21)
31 December 2019	3	41

The creation and release of the provision for impaired receivables have been included in operating expenses in the income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables and the other categories of financial assets do not contain impaired assets.

14. Cash and Cash Equivalents

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£'000	£'000	£'000	£'000
Cash at bank	5,284	547	1,001	411
Short term deposits	11,000	16,500	11,000	16,500
Total cash and cash equivalents	**16,284**	**17,047**	**12,001**	**16,911**

Cash and cash equivalents are held with authorised counterparties of a high credit standing, short term deposits and AAA rated money market funds. Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents, and there are no material differences between the book and fair values.

15. Trade and Other Payables

	Group		Company	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
	£m	£m	£m	£m
Current				
Trade Payables	555	868	549	868
Amounts owed to ultimate parent company	62	64	62	62
Amounts owed to companies under common control	1,868	5,064	1,870	4,759
Amounts owed to subsidiary undertakings	-	-	-	960
Accrued expenditure	3,078	3,709	3,040	3,688
Social security and other taxes	618	105	618	105
Other payables	13	41	13	44
Total trade and other payables	**6,194**	**9,851**	**6,152**	**10,486**

Amounts owed to ultimate parent company, companies under common control and subsidiary undertakings are interest free and repayable on demand.

The carrying amounts of trade and other payables are reasonable approximations of fair values.

16. Ordinary Share Capital

	31 December 2019		31 December 2018	
	Number of shares '000	Share capital £'000	Number of shares '000	Share capital £'000
Issued, called up and fully paid				
Ordinary shares of £1 each	14,000	14,000	14,000	14,000

17. Net Cash Flow Generated from Operations

	Group		Company	
	Year ended 31 December 2019	* Year ended 31 December 2018	Year ended 31 December 2019	* Year ended 31 December 2018
	£'000	£'000	£'000	£'000
Profit before taxation	1,044	1,371	1,067	1,331
Amortisation and impairment of intangible assets	755	9,886	755	9,886
Impairment of investment in subsidiary undertakings	-	-	605	-
Finance income	(426)	(511)	(426)	(511)
Dividends received	-	-	(504)	-
Net foreign exchange	336	(84)	18	(4)
Share scheme expense	383	385	383	385
Decrease in trade and other receivables	825	432	804	432
(Decrease) in trade and other payables	(5,022)	(8,891)	(4,753)	(8,764)
Fair value gain on deferred consideration	-	(8,218)	-	(8,218)
Net Cashflow generated by operations	(2,105)	(5,630)	(2,051)	(5,463)

* Profit before taxation as at 31 December 2018 have been restated which is described in further detail in Note 1.

18. Commitments and Contingencies

Contracted capital commitments and other contracted commitments and contingencies not provided for in the financial statements of the Company and the TGHL Group were both nil (31 December 2018: nil).

19. Share Schemes

The LTIP, approved at the 2014 AGM, is equity settled and includes a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in LSEG shares - the latter element is not applicable to executive directors. Vesting of these awards is dependent upon both market and non-market performance conditions. These performance conditions include achievement of LSEG's absolute total shareholder return and adjusted basic earnings per share of the Group. Performance measures are normally equally weighted.

For each performance measure, achievement of the threshold performance level will result in no more than 25 per cent of the maximum award paying out. For achievement of the maximum performance level, 100 per cent of the maximum pays out. Normally, there is straight-line vesting between these points.

The Group's Remuneration Committee determines performance targets each year to ensure that the targets are stretching and support value creation for shareholders whilst remaining motivational for management. Further details are provided in the Remuneration Report in the Annual Report of the London Stock Exchange Group plc for the year ended 31 December 2019, which does not form part of this report.

The Save As You Earn ("SAYE") scheme provide for grants of options to employees who enter into a SAYE savings contract. These options are granted at an exercise price which represents a discount of up to 20% to market value at the date of invitation. No performance conditions are attached to SAYE options.

Share options were exercised on a regular basis throughout the year and the weighted average exercise price was as follows:

	SAYE Scheme		LTIP	
	Number	Weighted average exercise price (£)	Number	Weighted average exercise price (£)
31 December 2018	2,148	31.30	55,407	-
Granted	982	38.46	13,571	-
Exercised	-	-	(16,833)	-
Lapsed/Forfeited	(171)	35.47	(1,952)	-
Transferred in	-	-	-	-
31 December 2019	2,959	33.43	50,193	-

The weighted average share price of London Stock Exchange Group plc shares during the year was £58.78 (year ended 31 December 2018: £42.62).

	At 31 December 2019		At 31 December 2018	
	Number outstanding	Weighted average remaining contractual life	Number outstanding	Weighted average remaining contractual life
		Years		Years
SAYE				
More than £30	2,959	1.2	2,148	1.88
LTIP				
Nil	50,193	1.1	55,407	1.3
Total	53,152	1.1	57,555	1.3

The fair value of share awards and share options granted during the period was determined using a stochastic valuation model. The key assumptions used in the valuation were as follows:

	Performance Shares	Matching Shares	Sharesave Plan
	22-Mar-19	22-Mar-19	01-May-19
Grant date share price	£45.94	£45.94	£51.86
Expected life	3 years	3 years	3.3 years
Exercise price	n.a.	n.a.	£38.46-£39.37
Dividend yield	1.46%	1.46%	1.28%
Risk-free interest rate	0.72%	0.72%	0.81%
Volatility	20.30%	20.30%	23.40%
Fair value	-	-	£14.41-£15.00
Fair value TSR	£13.69	£13.69	n.a
Fair value EPS	£43.97	£43.97	n.a

The approach adopted by the LSEG Group in determining the fair value for the Performance and Matching Shares granted during the year was based on a Total Shareholder Return ("TSR") pricing model which incorporates TSR performance conditions and references the vesting schedules of the awards.

For all other share awards, including the Share Save Plan, the Black-Scholes model was used.

The significant inputs into both models are the share price at grant date, expected volatility, dividend yields and annual risk-free interest rate. The volatility assumption is based on the historical 3-year volatility as at the date of grant. The risk-free interest rate represents the yield available on a UK zero-coupon government bond on the date of grant for a term commensurate with the vesting period of the award. The expected life refers to the time from the date of grant to the date the awards vest. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

20. Transactions with Related Party

Directors

During the current period and in the prior year, no contracts of significance were entered into by the Company in which the Directors had a material interest.

Key management compensation

Compensation for Directors of the Company and key management personnel who have authority for planning, directing and controlling the TGHL Group:

	31 December 2019 £'000	31 December 2018 £'000
Emoluments received	661	793
Benefits	8	7
Value of contributions to group personal / money purchase schemes	30	34
Share based payments	460	496
Total expenses	1,159	1,330

Transactions with companies under common control (Group):

	31 December 2019			31 December 2018		
		Income statement Revenue / (Expense)			Income statement Revenue / (Expense)	
	Trade Receivables / (Payables)	Loan interest	Services	Trade Receivables / (Payables)	Loan interest	Services
London Stock Exchange plc	(371)	-	(2,007)	268	-	(2,141)
Borsa Italiana SpA	(254)	-	(364)	(163)	-	(239)
London Stock Exchange Group plc	1,360	-	(56)	122	-	(56)
LSEGH Ltd	16,911	322	-	19,439	420	-
LSEG Business Services Ltd	(893)	-	(10,629)	(3,860)	-	(10,854)
LSEG Business Services RM S.R.L		-	8			
LSEG Business Services Colombo (Private) Ltd	-	-	2	-	-	9
Gatelab SRL	-	-	(74)	-	-	(249)
Gatelab Ltd	-	-	(177)	-	-	-
LSEGH Inc	(110)	-	(407)	(304)	-	(287)
FTSE Int (Hong Kong) Ltd	(149)	-	(149)	-	-	0
Millennium IT Software (Private) Limited	-	-	(103)	-	-	(96)
Elite SpA	-	-	28	-	-	23
Elite Club Deal Ltd	-	-	16	-	-	32

Elite SIM SpA	-	-	11			
Unavista BV	8	-	-			
MTS Markets Int Inc	-	-	-	-	-	(17)
LSEG US HoldCo Inc	(8)	-	-	-	-	-

Transactions with companies under common control (Company):

	31 December 2019			31 December 2018		
		Income statement Revenue / (Expense)			Income statement Revenue / (Expense)	
	Trade Receivables / (Payables)	Loan interest	Services	Trade Receivables / (Payables)	Loan interest	Services
London Stock Exchange plc	(370)	-	(2,007)	268	-	(2,141)
Borsa Italiana SpA	(254)	-	(364)	(163)	-	(239)
London Stock Exchange Group plc	1,360	-	(56)	122	-	(56)
LSEGH Ltd	16,911	322	-	19,439	420	-
LSEG Business Services Ltd	(880)	-	(10,615)	(3,860)	-	(10,854)
LSEG Business Services RM S.R.L			8			
LSEG Business Services Colombo (Private) Ltd	-	-	2	-	-	9
Gatelab SRL	-	-	(74)	-	-	(249)
Gatelab Ltd			(177)		-	
FTSE Int (Hong Kong) Ltd	(149)	-	(149)	-	-	-
Turquoise Global Holdings US, Inc	(134)	-	-	-	-	-
Millennium IT Software (Private) Limited	-	-	(103)	-	-	(96)
Elite SpA	-	-	28	-	-	23
Elite Club Deal Ltd	-	-	16	-	-	32
Elite SIM SpA	-	-	11			
MTS Markets Int Inc	-	-	-	-	-	(17)

Included within outstanding Trade and Other Receivables/(Payables) balances above, are amounts which represent disbursements made by other LSEG Group companies, on behalf of the Company, and due to their nature, would not be recorded in the income statement.

Related undertakings

A list of the TGHL Group's subsidiaries as at 31 December 2019 is given in note 11.

21. Ultimate Parent Company

As at 31 December 2019, the Company's ultimate parent undertaking and the parent that headed the largest and smallest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc. The Company's immediate parent is London Stock Exchange Group Holdings (R) Limited. Both companies are incorporated in the United Kingdom. 51.36% of the issued share capital of the Company was beneficially owned by its ultimate parent undertaking.

A copy of the London Stock Exchange Group plc consolidated financial statements can be obtained from London Stock Exchange Group plc, 10 Paternoster Square, London EC4M 7LS.

22. Other Statutory Information

Auditors' remuneration payable to Ernst & Young LLP comprise the following:

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Audit of Group's and Company's financial statements	92	98
Audit of subsidiary companies	15	-
Other assurance services	15	7
Total	122	105

23. Events after reporting period

In March 2020, following the Supervisory Review and Evaluation Process performed by De Nederlandsche Bank N.V. (DNB), a requirement for additional regulatory capital to be held within TGHL's subsidiary company TGHE was determined. In order to meet the requirement for additional regulatory capital and ensure that TGHE has sufficient headroom, additional funding is proposed from Turquoise by way of a capital contribution. The capital contribution is expected to complete by the end of March 2020.

Since the emergence of Novel Coronavirus (COVID-19) in China at the end of 2019 the virus has spread rapidly across the rest of the world, triggering a set of interventions across major global economies with respect to travel restrictions, border controls and quarantine protocols. Measures increasingly involve social restrictions in public domains, education centres, recreational venues and changes to professional working arrangements. These measures are putting pressure on industrial productivity, suppressing demand for commodities, impacting global supply chains and consumption of goods and services. This has the potential to significantly impact global financial markets with severe shocks to asset prices and corporate earnings, further central bank intervention and accommodative monetary measures, and an extended period of low or negative interest rates.

The Board considered the impact on going concern in the most recent Board meeting to review and approve the financial statements. The following matters were discussed and concluded:

- The business activities of the Company, and in particular the trading platform, have continued to be operational since the outbreak and provide continuity of services to customers.
- Demand for the services of the Company for the period 31st December 2019 to the signing date of the Accounts, and in particular since the emergence of COVID-19, has been strong as evidenced through trading volumes. The unpredictable nature of the impact of COVID-19 means that there is uncertainty as to how long this level of trading activity will continue.
- As at 31 December 2019 the TGHL Group held capital resources which significantly exceeded the minimum regulatory capital required.
- Financial performance of the Company has not been impacted to a material extent.

On this basis, the Board continues to support that the Company will continue to operate as a going concern for a period of at least 12 months from the date of approving these financial statements.

The Directors confirm that there were no other significant events occurring after the balance sheet date, up to the date of this report, that would meet the criteria to be disclosed or adjusted in the financial statements for the year ended 31 December 2019.