

**London Stock Exchange Group Holdings Limited**  
**Report and Financial Statements**  
**Year ended 31 December 2016**

**Company Registration Number 06795362**

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# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

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# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## DIRECTORS AND OFFICERS

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### DIRECTORS

L Condron  
C Thomas  
D Warren

### COMPANY SECRETARY

T Hogan (appointed 20 May 2016)

### REGISTERED OFFICE

10 Paternoster Square  
London  
EC4M 7LS

### INDEPENDENT AUDITORS

Ernst & Young LLP  
25 Churchill Place  
Canary Wharf  
London  
E14 5EY

### BANKERS

HSBC Bank plc  
*City of London Branch*  
60 Queen Victoria Street  
London  
EC4N 4TR

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## STRATEGIC REPORT

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The Directors present their Strategic Report for the year ended 31 December 2016.

### REVIEW OF BUSINESS

London Stock Exchange Group Holdings Limited (the "Company") operates as an investment holding company. The Company receives royalties from FTSE International Limited, a wholly owned subsidiary, for the use of a brand name.

This report shows results for the year ended 31 December 2016, with comparatives for the year ended 31 December 2015.

The Company's profit after tax for the year ended 31 December 2016 was £22.4 million (year ended 31 December 2015: loss of £2.5 million). The increase in profit was driven primarily from foreign exchange gains on loans held with group companies denominated in USD. Following a detailed review of the investments, it has been considered that the carrying value at 31 December 2016 is appropriate with no factors to indicate any impairment. Due to the nature of the business, the Directors have concluded that there are no other KPI's.

The Company is part of London Stock Exchange Group plc (the "Group").

### FUTURE DEVELOPMENTS

The Company is expected to continue to operate as an investment holding company.

### EMPLOYEES

The Company has no employees.

### PRINCIPAL RISKS AND UNCERTAINTIES

London Stock Exchange Group plc ("LSEG") operates group wide risk management procedures which bring greater judgement to decision making as this allows management to make better, more informed and more consistent decisions based on a clear understanding of the risks involved. LSEG has adopted a group wide risk management system that provides ongoing formal assurance that all the subsidiary companies are appropriately controlling all of the risks to which they are exposed, ensuring that internal controls operate efficiently and effectively.

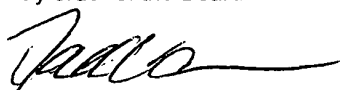
The Company is subject to a variety of foreseeable and unforeseeable risks and uncertainties which may have an impact on the Company's ability to execute its strategy and deliver its expected performance. The identification, assessment and management of these risks are central to the Company's operating framework. The Company's risk management structure 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 Group Board Committees on risk exposure.
- The Third line (Internal Audit), provides independent assurance to the LSEG Board and other key stakeholders over the effectiveness of the systems of controls and the Risk Framework.

The Company is exposed to credit, market and liquidity risks that are detailed on page 12 and 13.

On 23 June 2016 the UK voted to exit the EU. The Company's undertakings rely on a number of rights that are available to it to conduct business with EU members. This includes, without limitation, the right for UK trading venues to offer services to members in the EU. The Company has analysed the potential impact as an investment holding company as have its subsidiaries and considered contingency plans that it may choose to execute should these rights not be replaced by rights that persist outside EU membership.

By order of the Board



David Warren  
Director

18 September 2017

REGISTERED OFFICE:

10 Paternoster Square, London, EC4M 7LS

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## DIRECTORS' REPORT

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The Directors present their report and the audited financial statements for the year ended 31 December 2016.

### REVIEW OF BUSINESS

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

### DIVIDENDS

There was no final dividend proposed or paid in the year (year ended 31 December 2015: 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:

L Condron  
C Thomas  
D Warren

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 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* (FRS 101).

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

In preparing those 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;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## DIRECTORS' REPORT

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### GOING CONCERN

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. The Parent has formally confirmed it will continue to provide financial support for the ongoing operations of London Stock Exchange Group Holdings Limited for the twelve months following the date of this annual report and that it does not intend to call amounts outstanding under the loan agreement within that year, so long as the Company remains a part of London Stock Exchange Group plc (the "Group"). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### POST BALANCE SHEET EVENTS

The Directors confirm that there were no 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 2016.

### 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 he or she ought to have taken as a Director to make himself/ herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### INDEPENDENT AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming board meeting.

By order of the Board



David Warren  
Director  
18 September 2017

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

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We have audited the financial statements of London Stock Exchange Group Holdings Limited (the "Company") for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

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.

## Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## Scope of the audit of the financial statements

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

## Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

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

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

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

*GA - EY LLP*

Gary Adams (Senior Statutory Auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

**20** September 2017



# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## INCOME STATEMENT

Year ended 31 December 2016

	Notes	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Royalty income	4	26,411.7	23,632.0
<b>Total income</b>		<b>26,411.7</b>	<b>23,632.0</b>
<b>Expenses</b>			
Amortisation of purchased intangible assets		(9,058.3)	(9,058.3)
Administrative expenses		(2.3)	(981.2)
Foreign exchange gain		23,458.7	2,843.4
<b>Total expenses</b>	5	<b>14,398.1</b>	<b>(7,196.1)</b>
<b>Operating profit</b>		<b>40,809.8</b>	<b>16,435.9</b>
Finance income	7	9,924.5	5,605.0
Finance expense	7	(22,724.5)	(25,027.1)
<b>Net finance expense</b>		<b>(12,800.0)</b>	<b>(19,422.1)</b>
<b>Profit before taxation</b>		<b>28,009.8</b>	<b>(2,986.2)</b>
Taxation	6	(5,638.8)	454.9
<b>Profit for the financial year</b>		<b>22,371.0</b>	<b>(2,531.3)</b>

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

There are no other items of income or expenditure other than those included within the income statement for the year ended 31 December 2016 or year ended 31 December 2015.

The notes on pages 10 to 22 form an integral part of these financial statements.

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

At 31 December 2016

	Notes	31 December 2016 £'000	31 December 2015 <sup>1</sup> £'000
<b>Non current assets</b>			
Intangible assets	8	180,788.6	189,846.9
Investments in subsidiary undertakings	9	237,974.1	237,974.1
Long term loans due from associated companies	10	3,000.0	-
		<b>421,762.7</b>	<b>427,821.0</b>
<b>Current assets</b>			
Trade and other receivables	11	444,543.6	292,533.7
Cash and cash equivalents	12	2.1	12.2
Derivative financial instruments	13	11.4	83.5
		<b>444,557.1</b>	<b>292,629.4</b>
<b>Total assets</b>		<b>866,319.8</b>	<b>720,450.4</b>
<b>Current liabilities</b>			
Trade and other payables	14	(832,322.3)	(710,515.2)
		<b>(832,322.3)</b>	<b>(710,515.2)</b>
<b>Non current liabilities</b>			
Deferred consideration	9	(2,647.1)	(2,169.2)
Deferred tax liabilities	15	(3,713.4)	(2,500.0)
		<b>(6,360.5)</b>	<b>(4,669.2)</b>
<b>Total liabilities</b>		<b>(838,682.8)</b>	<b>(715,184.4)</b>
<b>Net assets</b>		<b>27,637.0</b>	<b>5,266.0</b>
<b>Capital and reserves attributable to the Company's equity holder</b>			
Share capital	16	7,000.0	7,000.0
Retained earnings		20,637.0	(1,734.0)
<b>Total equity</b>		<b>27,637.0</b>	<b>5,266.0</b>

<sup>1</sup> - Comparative amounts have been re-presented to reflect the presentation of derivative financial instruments as a separate line item on the income statement.

The notes on pages 10 to 22 form an integral part of these financial statements.

The financial statements on pages 7 to 22 were approved by the Board on 18 September 2017 and signed on its behalf by:



David Warren  
Director  
London Stock Exchange Group Holdings Limited  
18 September 2017

Registered number 06795362

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

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	Ordinary share capital £'000	Retained earnings £'000	Total attributable to equity holders £'000
31 December 2015	7,000.0	(1,734.0)	5,266.0
Profit for the financial year	-	22,371.0	22,371.0
<b>31 December 2016</b>	<b>7,000.0</b>	<b>20,637.0</b>	<b>27,637.0</b>

The notes on pages 10 to 22 form an integral part of these financial statements.

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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### 1. Basis of Preparation and Accounting Policies

The financial statements have been prepared in accordance with Financial Reporting Standard 101, "Reduced Disclosure Framework" ("FRS 101") and the Companies Act 2006 (the Act). FRS 101 sets out a reduced disclosure framework for a "qualifying entity" as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS") adopted by the European Union.

The Company is a qualifying entity for the purposes of FRS 101. Note 16 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

Where appropriate, prior year figures have been represented to conform to the current year presentation.

The following disclosure exemptions under FRS 101 have been considered and applied where deemed to be applicable:

- cash flow statements and related notes;
- disclosure of key management compensation and related party disclosures for intra-group transactions;
- disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IFRS 1.134-1.136 disclosure on capital management;
- reduced IFRS2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- reduced IFRS7 disclosure of financial instruments;
- reduced IFRS13 disclosure relating to fair value measurement; and
- the requirement to present comparatives in roll-forward reconciliations for property, plant and equipment and intangible assets and
- disclosure in respect of new standards and interpretations that have not been issued and not yet effective.

The following standards and interpretations have been issued by the Financial Reporting Council ("FRC") and have been adopted in these financial statements:

- Amendments to FRS 101 'Reduced Disclosure Framework' - 2015/16 Cycle (July 2016)
- Amendments to FRS 101 'Reduced Disclosure Framework' and FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' - Notification of Shareholders (December 2016)

The adoption of these standards did not have an impact on the financial statements. There were no other standards, interpretations and amendments effective as of 1 January 2016 that were issued by the FRC and adopted for the first time by the Company in these financial statements.

These financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

These financial statements contain information about London Stock Exchange Group Holdings Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken the exemption from producing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of London Stock Exchange Group plc which prepares consolidated financial statements which are publicly available.

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

#### **Going concern**

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. The Parent has formally confirmed it will continue to provide financial support for the ongoing operations of London Stock Exchange Group Holdings Limited for the twelve months following the date of this annual report and that it does not intend to call amounts outstanding under the loan agreement within that year, so long as the Company remains a part of London Stock Exchange Group plc (the "Group"). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### Accounting policies

#### **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.

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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Revenue is recognised in the period when the service or supply is provided. The source of revenue and other income is: Royalties - revenue is recognised at the date at which they are earned and measurable with certainty.

### *Foreign currencies*

These financial statements are presented in Pounds Sterling, which is the Company's presentation 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 period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

### *Finance income and expense*

Finance income and expense comprise interest earned on cash deposited with financial counterparties and amounts due from Group undertakings and associated companies, and interest paid on borrowings and amounts owed to Group undertakings which reflect the agreed market-based or contractual rate for each transaction undertaken during the financial period.

Finance income includes dividend income which is recognised when the Company's right to receive the payment is established; and this is generally when shareholders approve the dividend.

### *Intangible assets*

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, and 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 do not normally exceed 25 years or the term of the licence. The amortisation period and method are reviewed and adjusted, as appropriate, at each balance sheet date.

### *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 the Statement of Comprehensive Income or directly in equity. In this case, the tax is also recognised in the Statement of 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 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 expected 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 temporary 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.

### *Financial assets*

The Company classifies its financial assets in the following categories: at fair value through profit or loss, and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

#### a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for liquidity purposes, they are initially recognised at fair value and any subsequent changes in fair value are recognised directly in the income statement. These assets are financial instruments not designated as hedges.

#### b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are recognised at fair value at recognition, and subsequently measured at amortised cost using the effective interest rate method. They are included in current assets and comprise "Trade and other receivables" and "Cash at bank and in hand" in the Statement of Financial Position.

### *Investments in subsidiary undertakings*

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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Investments in subsidiaries are stated in the Company's financial statements at cost less impairment, if any. On disposal, the difference between the net disposal proceeds and the investment's carrying amount is included in the income statement. Loans to subsidiaries which are not intended to be repaid and which are determined as capital contributions are recorded as investments in subsidiary undertakings.

### *Cash at bank and in hand*

Cash at bank and in hand comprises deposits held at call with banks that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

### *Trade and other payables*

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified within current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented within non current liabilities. They are measured initially at fair value, and then subsequently measured at amortised costs using effective interest method.

### *Financial liabilities*

The Company classifies its trade and other payables as financial liabilities at amortised cost. Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest rate method, with gains and losses recognised in finance income and expenses respectively. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

### *Derivatives*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance sheet date. Any movements in fair value are recognized in the income statement.

### *Deferred consideration*

To the extent that deferred consideration is payable, this is included in the total consideration at its fair value on the date of acquisition and recorded as a liability of the Company. Where the deferral period is greater than one year, then the deferred consideration may be discounted at an appropriate interest rate. Any discount element is unwound through the income statement over the lifetime of the obligation.

### *Share capital*

The share capital of the Company consists of only one class of Ordinary Shares and these are classified as equity.

## 2. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and risk of impairment to investments (refer to note 3). The Company is part of London Stock Exchange Group plc the ("Group") and financial risk management is carried out by the Group through its central treasury, and financial control function. The Group's risk management approach seeks to minimise the potential adverse effects of these risks on the financial performance of the Company.

### 2.1 Credit Risk

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

Credit risk is controlled through policies and procedures developed either at the Group level or by the Company. At the balance sheet date, trade and other receivables consist mainly of intercompany receivables and therefore credit risk is considered not significant.

Credit risk on cash and deposits at banks and other financial institutions is managed at the Group level by limiting the exposure to up to £50m placed for 12 months with counterparties rated long term AAA (or equivalent) through to a maximum of £25m overnight with counterparties rated short term A-2 (or equivalent).

### 2.2 Market Risk

#### *Foreign exchange risk*

The Company operates in the UK 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 identified by the Group's central treasury function and, if deemed material, is hedged in accordance with a Group's approved policy framework.

An increase/decrease of 10% to the exchange rate would decrease/increase loss after tax by £2.5m and £3.1m (year ended 31 December 2015: £8.8m and £10.7m) respectively.

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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### *Interest rate risk*

The Company's interest rate risk arises from the variable interest rates applied to its loan assets and liabilities, and the variable interest rates it earns on the short term cash and cash equivalent investments it is required to maintain. Loans are all internal to related Group companies and include fixed interest margins that reduce the impact of variations in market interest rates.

An increase/decrease of 0.5% to the interest rate would increase/decrease loss after tax by £0.5m and £0.7m (year ended 31 December 2015: £1.8m and £1.8m).

## 2.3 Liquidity Risk

The Company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations. The Company maintains sufficient cash and has access to funding through the committed credit facilities of its parent, to meet all its financial obligations as they fall due.

The Company's liquidity is managed by the Group. Management monitors forecasts of the Company's cash flow and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions. Internal cash management is a key focus of the Group's treasury management.

Management monitors forecasts of the Company's cash flow and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions. Internal cash management is a key focus of the Group's treasury management.

No separate analyses have been prepared to split the Company's financial liabilities into relevant maturity groupings because all liabilities are either repayable on demand, or within a period of less than one year. Specific contractual maturities are set out in note 12.

## 3. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The significant judgements and estimates for the year ended 31 December 2016 are as follows:

- Purchased intangible assets: valued on acquisition using appropriate methodologies and amortised over their estimated useful economic lives. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets is realised; and
- Valuation of investments in subsidiary companies: for purpose of impairment assessment, determined based on forecast cash flows and an appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

## 4. Royalty Income

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Royalty income	26,411.7	23,632.0
<b>Total</b>	<b>26,411.7</b>	<b>23,632.0</b>

The principal operations and customers of the Company are in the United Kingdom. Therefore no further information on business or geographical segments is disclosed.

The Company receives royalties from FTSE International Limited, a wholly owned subsidiary, for the use of a brand name.

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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### 5. Expenses by Nature

Expenses comprise the following:

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Amortisation of purchased intangible assets	9,058.3	9,058.3
Impairment of investment in subsidiary	9	846.0
Other costs	2.3	135.2
Foreign exchange gain	(23,458.7)	(2,843.4)
<b>Total expenses</b>	<b>(14,398.1)</b>	<b>7,196.1</b>

Audit fees of £10,000 (year ended 31 December 2015: £5,000) for the year were borne by another Group company and not recharged to the Company. There were no non-audit services provided to the Company in the current year.

Statutory information on remuneration for other services provided by the Company's auditors to the LSEG group is given in the consolidated financial statements of London Stock Exchange Group plc, which is the largest group into which the results of the Company are included. There were no non-audit services provided to the Company in the year.

No Directors received remuneration during the year to 31 December 2016 in respect of services to this Company, from this Company.

The Company has no employees (31 December 2015: nil).



# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 6. Taxation

The standard UK corporation tax rate was 20% (20.25% for the year ended 31 December 2015).

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
<b>Taxation charged/(credited) to the income statement</b>		
Corporation tax for the year	4,819.9	(447.9)
Adjustment in respect of previous years	(394.5)	(7.0)
<b>Total current tax</b>	<b>4,425.4</b>	<b>(454.9)</b>
Deferred tax for the year	1,213.4	-
<b>Taxation charge/(credit)</b>	<b>5,638.8</b>	<b>(454.9)</b>

#### Factors affecting the tax charge/(credit) for the year:

The income statement tax charge/(credit) for the year differs from the standard rate of corporation tax in the UK of 20% (for the year ended 31 December 2015: 20.25%) as explained below:

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Profit/(loss) before taxation	28,009.8	(2,986.2)
Loss multiplied by standard rate of corporation tax in the UK	5,602.0	(604.7)
Expenses disallowed and income not taxable	(782.1)	156.8
Adjustment in respect of previous years	(394.5)	(7.0)
Movement in deferred tax on distributable reserves	1,213.4	-
<b>Taxation (credit)/charge</b>	<b>5,638.8</b>	<b>(454.9)</b>

The UK Finance Bill 2015 was enacted in November 2015 reducing the standard rate of corporation tax from 20 per cent to 19 per cent effective from 1 April 2017 and the UK Finance Bill 2016 was enacted in September 2016 reducing the standard rate of corporation tax further to 17 per cent effective from 1 April 2020. Accordingly the UK deferred tax balances at December 2015 have been stated at 19 per cent or 17 per cent dependent on when the timing differences are expected to reverse.

### 7. Net finance expense

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
<b>Finance income</b>		
Interest receivable from the Parent	4,367.6	4,654.8
Interest receivable from subsidiary companies	1,605.0	878.4
Interest receivable from associated company	41.1	-
Dividend income	3,910.8	71.8
	<b>9,924.5</b>	<b>5,605.0</b>
<b>Finance expense</b>		
Interest payable to the Parent	(18,463.7)	(22,932.1)
Interest payable to companies under common control	(344.3)	(196.2)
Interest payable to subsidiary undertaking	(3,856.7)	(1,873.7)
Other interest payable	(59.8)	(25.1)
	<b>(22,724.5)</b>	<b>(25,027.1)</b>
<b>Net finance expense</b>	<b>(12,800.0)</b>	<b>(19,422.1)</b>

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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### 8. Intangible Assets

	Intellectual Property £'000
<hr/>	
Cost:	
1 January 2016	226,457.5
<b>31 December 2016</b>	<b>226,457.5</b>
<hr/>	
Accumulated amortisation:	
1 January 2016	36,610.6
Amortisation charge for the year	9,058.3
<b>31 December 2016</b>	<b>45,668.9</b>
<hr/>	
Net book values:	
<b>31 December 2016</b>	<b>180,788.6</b>
31 December 2015	189,846.9
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The Company made no acquisitions during the year. The balance relates to intellectual property acquired on the acquisition of FTSE International Limited. The remaining amortisation period is 20 years.

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 9. Investment in Subsidiary Undertakings

	£'000
31 December 2015	237,974.1
<b>31 December 2016</b>	<b>237,974.1</b>

Deferred consideration of £2.6m (31 December 2015: £2.1m) arising on acquisition of Exactpro Systems Limited, is payable in 2 amounts on 29 May 2018 (\$2.2m) and 29 May 2020 (\$1m), discounted to present day value.

A list of the Company's subsidiaries as at 31 December 2016 is given below including the percentage of each class held and the Company's ownership percentage. The Company's ownership percentages give the Group's ultimate percentage and therefore allow for the situation where subsidiaries are owned by partly owned intermediate subsidiaries.

Name of subsidiary undertaking	Country of incorporation	Registered office address	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Percent age of class by direct parent	Ultimate Company ownership percentage
Exactpro Systems Limited	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Direct	100	100
Exactpro, LLC	Russian Federation	Building 4, 20A 2nd Yuzhnoportoviy Proeezd, Moscow, 115088, Russian Federation	Member interest	Indirect	100	100
Exactpro Systems, LLC	United States	4040 Civic Center Drive, Suite 200, San Rafael, California, 94903, United States	Member interest	Indirect	100	100
FTSE (Australia) Limited	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Indirect	100	100
FTSE (Beijing) Consulting Limited	China	Room 02D-H, 6/F Dongwai Diplomatic Building, 23 Dongzhimenwai Dajie, Beijing, China	Ordinary	Indirect	100	100
FTSE (Japan) Limited	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Indirect	100	100
FTSE Americas, Inc	United States	80 State Street, Albany, New York, 12207- 2543, United States	Ordinary	Indirect	100	100
FTSE China Index Ltd	Hong Kong	6th Floor, Alexandra House, 18 Chater Road, Central Hong Kong	Ordinary	Indirect	100	100
FTSE International (France) Limited	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Indirect	100	100
FTSE International (Hong Kong) Limited	Hong Kong	6th Floor Alexandra House, 18 Chater Road, Central Hong Kong	Ordinary	Indirect	100	100
FTSE International (India) Limited	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Indirect	100	100
FTSE International (Italy) Limited	England and	10 Paternoster Square,	Ordinary	Indirect	100	100

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

	Wales	London, England and Wales, EC4M 7LS Office 50, Level 15 The Gate, PO Box 121208, Dubai,					
FTSE International (MEA) Ltd	United Arab Emirates	United Arab Emirates Edificio Argentina, Praia de Botafogo 228, 16 andar, Sala1617, Rio de Janeiro,	Ordinary	Indirect	100	100	
FTSE International Brasil Representacoes LTDA	Brazil	Brazil 10 Paternoster Square, London,	Ordinary	Indirect	100	100	
FTSE International Limited	England and Wales	England and Wales, EC4M 7LS Paseo de los Tamarindos 400 <sup>a</sup> , 5 piso, Col. Bosques de las Lomas, Mexico City, C.P. 05120, Mexico	Ordinary	Direct	100	100	
FTSE Mexico Sociedad	Mexico	Mexico 70 York Street, Suite 1520, Toronto, Ontario, Canada	Ordinary	Indirect	100	100	
FTSE TMX Global Debt Capital Markets Inc	Canada	Canada 10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Indirect	100	74.55	
FTSE TMX Global Debt Capital Markets Limited	England and Wales	England and Wales, EC4M 7LS 12F, No. 415, Sec. 4, Xinyi Rod., Xinyi District, Taipei City (110), Taiwan	Ordinary A Ordinary B	Indirect	100 11.03	72.74 1.81	
Glacier Taiwan Limited	Taiwan	Taiwan 10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Indirect	100	100	
Innovative Trading Systems UK Limited	England and Wales	England and Wales, EC4M 7LS 20A, St. 4 2 <sup>nd</sup> Yuzhnoportovy, Proezd, 115088, Moscow, Russian Federation	Ordinary	Indirect	100	100	
Innovative Trading Systems, LLC LSEG Post Trade Services Limited (name changed to LSEG Technology Ltd as at 11 August 2017)	Russian Federation	Russian Federation 10 Paternoster Square, London, England and Wales, EC4M 7LS c/o Capital Services Inc 1675 State Street Suite B, Dover, Delaware 19901	Ordinary	Indirect	100	100	
LSEGH Inc.	England and Wales	England and Wales, EC4M 7LS United States Landmark 7th Floor, Chinggis Avenue Ulaanbaatar	Ordinary	Direct	100	100	
LSEM LLC	United States	United States 1013 Centre Road, Suite 403S, Wilmington, New Castle County, Delaware 19805,	Ordinary	Indirect	100	100	
MillenniumIT (USA) Inc	Mongolia	Mongolia 1013 Centre Road, Suite 403S, Wilmington, New Castle County, Delaware 19805,	Common	Indirect		100	
Millennium Information Technologies (India) (Private) Limited	United States	United States 83 - C, Mittal Towers, Nariman Point, Mumbai - 400 021,	Ordinary	Indirect	100	100	
Millennium Information Technologies (Private) Limited	India Sri Lanka	India No 1 Millennium Drive, Malabe, Sri Lanka	Ordinary	Indirect (group interest)	100	100	

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

Millennium IT Software (Private) Limited	Sri Lanka	No.01 Millennium Drive, Malabe, Sri Lanka	Ordinary	Indirect	100	100
Millennium Software (Canada) Inc	Canada	Suite 2400, 333 Bay Street, Toronto, Ontario, Canada	Common	Indirect	100	100
Mtsnext Limited	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Indirect	100	74.55
Nexus Margue Sdn.Bhd.	Malaysia	Suite 2-4, Level 2 Tower Block, Menara Millenium, Jalan Damanlela, Pusat Bandar Damansara, 50490 Kuala Lumpur, Wilayah Persekutuan, Malaysia	Ordinary	Indirect	100	100
SSC Global Business Services Limited	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Direct	100	100

The accounting reference date for all subsidiaries is 31 December.

The Company's associate undertakings were:

Name of subsidiary undertaking	Country of incorporation	Registered office address	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Percent age of class by direct parent	Ultimate Company ownership percentage
London Stock Exchange Connectivity Solutions LP	England and Wales	10 Paternoster Square, London, England and Wales, EC4M 7LS	Ordinary	Direct	3.6	3.6

### 10. Long term loans due from associated companies

	31 December 2016	31 December 2015
	£'000	£'000
Loan due from associated company	3,000.0	-
<b>Total long term loans due from associated companies</b>	<b>3,000.0</b>	<b>-</b>

Loan due from associated company is in relation to a loan to Curve Global Limited, an associate of the Parent, London Stock Exchange Group plc, of £3.0m (31 December 2015: Nil) which accrues interest at 5% per annum. It is repayable on demand with 3 months or on its final maturity date of 23 September 2022. Post year end this loan has been novated to the Parent.

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 11. Trade and other receivables

	31 December 2016	31 December 2015
	£'000	£'000
Amounts due from Parent	259,180.0	170,427.4
Amounts due from subsidiary companies	176,569.4	113,357.7
Group tax relief due from companies under common control	8,753.1	8,748.6
Amounts due from associated company	41.1	-
<b>Total trade and other receivables</b>	<b>444,543.6</b>	<b>292,533.7</b>

Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents. The carrying values of trade and other receivables are reasonable approximations of fair values. There are no trade and other receivables which are past due and not impaired.

Amounts due from Parent include a loan to London Stock Exchange Group Plc of £133.8m (31 December 2015: £101.4m), £37.5m (€43.9m) (31 December 2015: £26.2m (€35.5m)) and £85.1m (\$105.0m) (31 December 2015: £42.2m (\$62.3m)) which accrues interest at 4% above LIBOR, EURIBOR and USD LIBOR per annum respectively. It is repayable on demand with 3 months notice or on its final maturity date of 16 October 2019.

Amounts due from subsidiary companies includes the following:

- Loans to London Stock Group Exchange Holdings Inc of £0.6m (31 December 2015: £1.0m) and £45.4m (\$56.0m) (31 December 2015: £23.4m (\$34.5m)) which accrues interest at 1.2% above LIBOR and USD LIBOR per annum respectively. It is repayable with 3 months notice or on its final maturity date of 19 January 2018.
- Loans to SSC Global Business Services Limited of £28.4m (31 December 2015: £18.3m), £4.7m (€5.3m) (31 December 2015: £4.6m (€6.4m)) and £19.9m (\$24.5m) (31 December 2015: £14.5m (\$21.4m)) which accrues interest at 1.5% above LIBOR, EURIBOR and USD LIBOR per annum respectively. It is repayable with 3 months notice or on its final maturity date of 22 May 2022.
- Loans to London Stock Exchange Post Trade Ltd of £2.7m (31 December 2015: £3.2m) which accrues interest at 1.5% above LIBOR per annum. It is repayable with 3 months notice or on its final maturity date of 20 April 2022.

The remaining balances are interest free and repayable on demand.

### 12. Cash and cash equivalents

	31 December 2016	31 December 2015
	£'000	£'000
Cash and cash equivalents	2.1	12.2
	2.1	12.2

There are no differences between the book and fair value of the above balances. Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents.

### 13. Derivative financial assets

	31 December 2016	31 December 2015
	£'000	£'000
Derivatives not designated as hedges - foreign exchange forward contracts	11.4	83.5
	11.4	83.5

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 14. Trade and other payables

	31 December 2016 £'000	31 December 2015 £'000
Amounts owed to Parent	539,425.4	514,608.1
Amounts owed to companies under common control	44,128.2	35,866.3
Amounts owed to subsidiary undertakings	243,948.8	159,651.2
Group tax relief payable to Parent	4,819.9	-
Other liabilities	-	389.6
<b>Total trade and other payables</b>	<b>832,322.3</b>	<b>710,515.2</b>

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

Amounts owed to the Parent include loans from the Parent of £533.5m (31 December 2015: £509.8m). The loans are denominated in Sterling. Interest on these loans is charged at LIBOR plus 4%. It is repayable on demand with 3 months notice or on its final maturity date of 16 October 2019.

Amounts owed to companies under common control includes the following:

- Loan to Euro MTS Limited of £15.5m (€18.2m) (31 December 2015: £14.3m (€19.4m)). Interest on this loan is charged at EURIBOR plus 1.2%. It is repayable with 3 months notice or on its final maturity date of 26 March 2022.
- Loan to Turquoise Group Holdings Limited of £18.0m (31 December 2015: £11.0m). Interest is charged at LIBOR plus 1.2%. It is repayable with 3 months notice or on its final maturity date of 9 September 2020.

Amounts owed to subsidiary undertakings include a loan from FTSE International Limited of £243.5m (31 December 2015: £159.3m). Interest on this loan is charged at LIBOR plus 1.5%. It is repayable with 3 months notice or on its final maturity date of 28 March 2022.

Other amounts owed to Parent, companies under common control and subsidiary undertakings are interest free and repayable on demand.

### 15. Deferred Tax

	Other temporary differences £'000	Total £'000
1 January 2016	2,500.0	2,500.0
Tax charged to income statement	1,213.4	1,213.4
<b>31 December 2016</b>	<b>3,713.4</b>	<b>3,713.4</b>

The deferred tax liability, which is due after more than one year, reflects the future withholding tax payable on distribution of reserves in its subsidiary undertaking, Millennium Information Technologies Limited.

### 16. Ordinary Share Capital

	31 December 2016		31 December 2015	
	Number	£	Number	£
Issued, called up and fully paid				
Ordinary shares of £1 each	7,000,000	7,000,000	7,000,000	7,000,000

The authorised number of Ordinary £1 shares is 7,000,000, all of which have been issued and fully paid.

### 17. Commitments and Contingencies

The Company has no contracted commitments, nor has it any contingent liabilities (31 December 2015: nil).

# LONDON STOCK EXCHANGE GROUP HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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### 18. Ultimate Parent Company

As at 31 December 2016, the Company's immediate and ultimate parent undertaking and the parent that headed the smallest and largest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc, a company incorporated in United Kingdom. One hundred per cent 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.