LSEG Business Services Limited

Report and Financial Statements

For the year ended 31 December 2018

Company Registration Number 08980140

LSEG BUSINESS SERVICES LIMITED
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LSEG BUSINESS SERVICES LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

L M Condron
C A Thomas
D P Warren
C Corrado
A Neidenbach

COMPANY SECRETARY

T J E Hogan

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

LSEG BUSINESS SERVICES LIMITED
STRATEGIC REPORT

The Directors present their Strategic Report for LSEG Business Services Limited (the "Company") for the year ended 31 December 2018.

REVIEW OF BUSINESS

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

The Company provides a shared service centre for the London Stock Exchange Group plc (LSEG) and its subsidiaries. The Company's aim is to facilitate sharing assets and resources across the Group for mutual benefit, particularly enabling lower unit costs and improved service resilience. The Company delivers benefit by pooling expertise, standardisation, consolidation, implementation of best practice and optimising location strategy.

The Company generates income by charging customers on a cost plus basis for the provision of staff, licenses, intellectual property, data centre services, finance support and IT Support. The Company's profit after tax for the year ended 31 December 2018 was £3,539.6k (year ended 31 December 2017 loss of: £3,430.7k). The Directors have concluded there are no other KPIs.

FUTURE DEVELOPMENTS

The Company will continue to primarily focus on technology and corporate service provision for the Group.

PRINCIPAL RISKS AND UNCERTAINTIES

London Stock Exchange Group plc has implemented a Risk Management Framework which ensures that the management and assessment of risk remains a fundamental component of the 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 Group and its businesses within the 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 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 control 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, 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 Board and other key stakeholders over the effectiveness of the systems of controls and the Risk Management Framework.

The Company's principal risks are considered to arise from clients and competition (with client alignment paramount to the successful operation and growth of our business), the continuing changing regulatory environment and the macro economic environment (unfavourable tax regimes, impact of Brexit on ability to conduct business with European Union ("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 Company's principal operational risks arise from ensuring it maintains secure and stable technology performing to high levels of availability. The Company is reliant upon secure premises to protect its employees and physical assets as well as appropriate safeguards to ensure the uninterrupted operation of its IT systems and infrastructure. The Company has recently undertaken a number of major, complex change programmes to ensure compliance with MiFID II which went live on 3 January 2018; this has introduced additional regulatory requirements the Company has to adhere to.

On 23 June 2016, the UK voted to exit the EU. The Company's customers 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 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:

D P Warren
Director
27 September 2019

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

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2018.

REVIEW OF BUSINESS

The review of the Company's business is set out within the Strategic Report on pages 2-3.

DIVIDENDS

No dividend has been proposed or paid for the year (year ended 31 December 2017: £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, except as noted below:

L M Condron	
C A Thomas	
D P Warren	
C Corrado	
M Ryan	(resigned 30 April 2018)
A G Neidenbach	(appointed 12 July 2018)

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 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.

LSEG BUSINESS SERVICES LIMITED
DIRECTORS' REPORT

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.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance. 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 for a period of at least 12 months from the date of approval of the financial statements. In addition, LSEG, the Ultimate Parent, has formally confirmed it will continue to provide financial support for the on-going operations of the Company for the 12 months following the date of signing of this annual report, so long as the Company remains a part of London Stock Exchange Group plc.

Accordingly, the going concern basis in preparing the financial statements is continued to be adopted.

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.

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 2018.

AUDITORS

The auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board:

D P Warren
Director
27 September 2019
REGISTERED OFFICE:
10 Paternoster Square, London, EC4M 7LS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LSEG BUSINESS SERVICES LIMITED

Opinion

We have audited the financial statements of LSEG Business Services Limited for the year ended 31 December 2018 which comprise the Income Statement, the Statement of comprehensive income, the Statement of financial position, the Statement of changes in equity and the related notes 1 to 19, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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.

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 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 Report and Financial Statements, 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.

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 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 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on pages 4 and 5, 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 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 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

Gary Adams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
27 September 2019

LSEG BUSINESS SERVICES LIMITED
INCOME STATEMENT
Year ended 31 December 2018

	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Revenue	3	193,571.1	134,264.6
Total income		193,571.1	134,264.6
Expenses			
Administrative expenses	4	(187,545.3)	(138,408.9)
Total expenses		(187,545.3)	(138,408.9)
Operating profit / (Loss)		6,025.8	(4,144.3)
Finance income	6	53.0	49.1
Finance expense	6	(1,756.6)	(275.3)
Net finance (expense)/ income		(1,703.6)	(226.2)
Profit/(Loss) before taxation		4,322.2	(4,370.5)
Taxation	7	(782.6)	939.8
Profit/(Loss) for the financial year		3,539.6	(3,430.7)

The transactions in the current year and prior year 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 2018 and the year ended 31 December 2017.

The notes on pages 11 to 20 form an integral part of these financial statements.

LSEG BUSINESS SERVICES LIMITED
STATEMENT OF FINANCIAL POSITION
At 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	9	32,664.7	23,964.1
Intangible assets	10	43,904.9	19,190.3
		76,569.6	43,154.4
Current assets			
Trade and other receivables	11	126,898.2	164,776.0
Cash and cash equivalents	12	10,494.2	10,587.0
		137,392.4	175,363.0
Total assets		213,962.0	218,517.4
Liabilities			
Current liabilities			
Trade and other payables	13	192,916.0	200,953.8
Derivative financial instruments	14	93.6	28.7
		193,009.6	200,982.5
Non- current liabilities			
Deferred tax	15	586.0	708.1
		586.0	708.1
Total liabilities		193,595.6	201,690.6
Net assets		20,366.4	16,826.8
Equity			
Share capital	16	-	-
Share premium	16	10,500.0	10,500.0
Retained earnings		9,866.4	6,326.8
Total equity		20,366.4	16,826.8

The notes on pages 11 to 20 form an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved by the Board on 27 September 2019 and signed on its behalf by:

D P Warren
Director

LSEG Business Services Limited

Registered number 08980140

LSEG BUSINESS SERVICES LIMITED
STATEMENT OF CHANGES IN EQUITY
At 31 December 2018

	Ordinary share capital	Share premium account	Retained earnings	Total attributable to equity holders
	£'000	£'000	£'000	£'000
31 December 2016	-	10,500.0	9,757.5	20,257.5
(Loss) for the financial year	-	-	(3,430.7)	(3,430.7)
31 December 2017	**-**	**10,500.0**	**6,326.8**	**16,826.8**
Profit for the financial year	-	-	**3,539.6**	**3,539.6**
31 December 2018	**-**	**10,500.0**	**9,866.4**	**20,366.4**

Issued share capital of the Company consists of 2 shares of nominal value £2, fully paid as at 31 December 2018 and 31 December 2017.

The notes on pages 11 to 20 form an integral part of these financial statements.

1. Basis of preparation and accounting policies

Basis of preparation

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 ("EU").

The Company is a qualifying entity for the purposes of FRS 101. Note 18 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS as adopted by the EU may be obtained.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with IFRS as adopted by the EU was not material on the shareholders' equity as at the date of transition.

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

- IAS 7 cash flow statements and related notes;
- reduced IFRS 2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- IAS 8 the listing of new or revised standards that have not been adopted (and information about their likely impact) may be omitted;
- reduced IAS 36 disclosure of impairment review;
- reduced IFRS 3 disclosure for business combinations during and after the period;
- reduced IFRS 5 disclosure for discounted operations;
- reduced IFRS 7 disclosure of financial instruments;
- reduced IFRS 13 disclosure relating to fair value measurement;
- IAS 24 related party disclosures for intra-group transactions and disclosure of key management compensation;
- IAS 1 the requirement to present comparatives in roll-forward reconciliations for movements on share capital, property plant and equipment, intangible assets and investment property; and
- reduced IAS 1.134-1.136 disclosure on capital management.

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

- IFRS 9 'Financial Instruments' on classification and measurement and amendments regarding general hedge accounting
- IFRS 15 'Revenue from Contracts with Customers'
- Amendment to IFRS 4 'Insurance Contracts' regarding the implementation of IFRS 9, 'Financial instruments'
- Amendments to IAS 40 'Transfers of Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- IFRIC 23 'Uncertainty over Income Tax Treatments'

The impact of adopting IFRS 9 and IFRS 15 on the Company's financial results are described in the accounting policies. None of the other standards or amendments had a material effect on the result of the Company. The adoption of these standards did not have a material impact on the 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.

The Company is a public limited company, limited by shares and 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. 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 for a period of at least 12 months from the date of approval of the financial statements. In addition, LSEG, the Ultimate Parent, has formally confirmed it will continue to provide financial support for the on-going operations of the Company for the 12 months following the date of signing of this annual report, so long as the Company remains a part of London Stock Exchange Group plc. Accordingly, the going concern basis in preparing the financial statements is continued to be adopted.

Accounting policies

Income statement

Revenue
The Company adopted IFRS 15 'Revenue from Contracts with Customers' (IFRS 15) with effect 1 January 2018. The new accounting standard requires the Company to recognise revenue when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The new guidance requires more detailed revenue disclosures and policies to identify the Company's performance obligations to customers.

The Company has adopted IFRS 15 prospectively from 1 January 2018 under the modified retrospective approach, and consequently the comparative amounts in the Company's financial statements remain unchanged and are reported under IAS 18 'Revenue'. As permitted by IFRS 15, the Company applied the new standard to contracts that were not completed at the 1 January 2018 transition date.

The adoption of IFRS 15 resulted in no material changes to the measurement or timing of revenue recognition for the Company.

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for 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.

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 year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Finance income and expense
Finance income and expense comprise interest earned on cash deposited with financial counterparties and loans to Parent, and interest paid on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the period.

Statement of Financial Position

Property, Plant and Equipment
Plant and equipment relates to hardware development and IT equipment. Plant and equipment is included in the financial statements at cost less accumulated depreciation and any provision for impairment.

Plant and equipment is depreciated to residual value on a straight line basis over the estimated useful economic lives of the assets, which generally range from 3 to 15 years. Depreciation rates are based on expected economic lives, taking into account the expected rate of technological development, market requirements and expected use of the assets. The selected rates are regularly reviewed to ensure they remain appropriate to the Company's circumstances.

Hardware development is not depreciated until it is brought into service, when it will be transferred to IT equipment.

Intangible Assets
Third party software costs for the development and implementation of systems which enhance the services provided by the Company are capitalised and amortised over their estimated useful economic lives of 3 to 5 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 Company has sufficient resources to complete the development and to use or sell the asset. Judgement is required as to whether these tests are met. The assets are recorded at cost including labour, directly attributable costs and any directly attributable third party expenses.

The Company estimates the useful economic life of its IT software and software licences to be 5 years.

Intangible assets are assessed for any indicators of impairment 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 Company business area, management evaluates the overall value of the asset from the perspective of a market participant.

Development costs are not amortised until they are brought into service, when they are transferred to internally generated software.

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 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 countries 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 instruments
On 1 January 2018, the Company adopted IFRS 9 'Financial Instruments' and applied that standard retrospectively. The adoption of IFRS 9 resulted in no material changes to the measurement and recognition of financial instruments of the Company.

The Company classifies its financial instruments as fair value through profit or loss (FVTPL), and amortised cost. The classification is based on the Company's business model for managing its financial instruments and that the cash flows generated are "solely 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 Company's cash and cash equivalents and trade and other receivables.

b) Financial assets at fair value through profit or loss (FVTPL): all other financial assets not classified as held at amortised cost or FVTOCI including derivative instruments held by the Company.

c) Financial liabilities at amortised cost: all financial liabilities that are not held at FVTPL are held at amortised cost. This comprises the Company's trade and other payables balances and borrowings.

d) Financial liabilities at fair value through profit or loss (FVTPL): this category includes any derivative instruments held by the Company.

The Company 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 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.

Financial assets
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise "Trade and other receivables" in the Statement of Financial Position.

Cash and cash equivalents
Cash and cash equivalents comprise deposits held at call with banks, and investments in money market funds that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Trade and other receivables
Trade receivables are non-interest bearing and 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 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 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.

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

a) Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for liquidity purposes and are initially recognised at fair value and any subsequent changes in fair value are recognised directly in the income statement. Financial liabilities at fair value through profit or loss are represented by "Derivative financial instruments" in the Statement of Financial Position. None of the derivative financial instruments are designated as hedges.

b) Trade and other payables
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 expense respectively. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired. They comprise "Trade and other payables" in the Statement of Financial Position.

Equity and related items

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

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 2018 are as follows:

- Intangible assets: The Company generates intangible assets such as IT software internally. It also purchases intangible assets such as software licences. Internally generated intangible assets are valued based on management's best estimates, driven mainly by both current market and future performance. They are amortised over management's best estimate of their useful economic lives.

There are no significant judgements.

3. Revenue

The Directors consider that the Company has one class of business, being the provision of technology services and corporate services, constituting a single business segment. The principal operations and customers of the Company are in the United Kingdom. No further information on business or geographical segments is disclosed.

4. Expenses by nature

Expenses comprise the following:	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Contracted staff		**23,537.2**	11,122.3
Group employee recharges		**69,651.7**	59,897.2
Property costs		**11,426.2**	10,696.9
IT costs		**58,229.8**	43,481.8
Amortisation and depreciation	9, 10	**11,341.5**	2,250.5
Impairment	9, 10	**1,156.6**	-
Professional fees		**7,085.6**	8,317.7
Other costs		**5,116.7**	2,642.5
Total		**187,545.3**	138,408.9

The Company does not hire any employees directly, instead receiving a recharge from other companies within the Group for employee services.

5. Directors' remuneration

The Directors' aggregate emoluments in respect of qualifying services were:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Emoluments received	734.3	131.7
Benefits	510.7	6.3
Pensions	26.0	7.1
Share based payments	1,506.0	181.7
Total	**2,777.0**	326.8

During the year, 2 (year ended 31 December 2017: 1) directors had retirement benefits accruing under the Group personal pension schemes.

During the year, as part of benefits, the highest paid director was compensated for loss of office of £403.0k (year ended 31 December 2017: nil).

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

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Emoluments received	106.5	130.1
Benefits	412.0	6.3
Share based payments	1,139.4	181.7
Pensions	8.3	7.1
Total	**1,666.1**	326.8

6. Net Finance Income

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Finance income		
Interest income on deposit	53.0	23.2
Interest on loan to parent	-	25.9
	53.0	49.1
Finance expense		
Interest on loan from parent	(1,756.6)	(275.3)
	(1,756.6)	(275.3)
Total	(1,703.6)	(226.2)

7. Taxation

The standard UK corporation tax rate was 19% for the year ended 31 December 2018 (19.25% for the year ended 31 December 2017).

Taxation (credited)/charged to the income statement	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Current UK tax:		
Corporation tax for the year	957.7	(1,499.9)
Adjustments in respect of previous years	(53.0)	(63.8)
Total current tax	904.7	(1,563.7)
Deferred tax:		
Deferred tax for the year	(136.5)	706.5
Rate change adjustment	14.4	(82.6)
Total deferred tax	(122.1)	623.9
Tax on (loss)/profit on ordinary activities	782.6	(939.8)

Factors affecting the tax charge for the year

The income statement tax (credit)/charge for the year differs from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2017: 19.25%) as explained below:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
(Loss)/profit before taxation	4,322.2	(4,370.5)
(Loss)/profit multiplied by standard rate of corporation tax in the UK	821.2	(841.3)
Interest not taxable/deductible	0.0	48.0
Adjustments in respect of previous years	(53.0)	(63.8)
Deferred tax rate change	14.4	(82.6)
Taxation charge/(credit)	782.6	(939.8)

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

8. Dividends

No dividend has been proposed or paid for the year (year ended 31 December 2017: nil).

9. Property, plant and equipment

	Hardware development	IT Equipment	Total
	£'000	£'000	£'000
Cost:			
At 1 January 2018	19,830.3	4,809.8	24,640.1
Additions in the year	15,963.3	-	15,963.3
Impairment	(130.6)	-	(130.6)
Transfers out of development	(24,598.9)	24,598.9	-
At 31 December 2018	**11,064.1**	**29,408.7**	**40,472.8**
Accumulated depreciation:			
At 1 January 2018	-	676.0	676.0
Depreciation charge for the year	-	7,132.1	7,132.1
At 31 December 2018	**-**	**7,808.1**	**7,808.1**
Net book values:			
At 31 December 2018	**11,064.1**	**21,600.6**	**32,664.7**
At 31 December 2017	19,830.3	4,133.8	23,964.1

As at 31 December 2018 there have been £130.6k impairments identified (31 December 2017: £nil).

10. Intangible assets

	Development Costs	Internally generated software	Total
	£'000	£'000	£'000
Cost:			
At 1 January 2018	11,307.8	9,995.7	21,303.5
Additions in the year	29,949.9	-	29,949.9
Impairment	(1,026.0)	-	(1,026.0)
Transfers out of development	(15,908.0)	15,908.0	
At 31 December 2018	**24,323.7**	**25,903.7**	**50,227.4**
Amortisation and accumulated impairment:			
At 1 January 2018	-	2,113.2	2,113.2
Amortisation charge for the year	-	4,209.3	4,209.3
31 December 2018	**-**	**6,322.5**	**6,322.5**
Net book values:			
31 December 2018	**24,323.7**	**19,581.2**	**43,904.9**
31 December 2017	11,307.8	7,882.5	19,190.3

As at 31 December 2018 there have been £1,026.0k impairments identified (31 December 2017: £nil).

11. Trade and Other Receivables

	31 December 2018 £'000	31 December 2017 £'000
Amounts due from ultimate parent	**26,229.6**	1,570.3
Amounts due from parent	**18.1**	8.1
Amounts due from companies under common control	**79,208.2**	147,765.1
Prepayments	**21,259.6**	15,429.8
Other debtors	**182.7**	2.7
Total trade and other receivables	**126,898.2**	164,776.0

Amounts due from ultimate parent, parent and companies under common control are interest free and repayable on demand.

The carrying values less impairment provisions of receivables are reasonable approximations of fair values. There are no Trade and Other Receivables that are considered to be past due.

12. Cash and Cash Equivalents

	31 December 2018 £'000	31 December 2017 £'000
Cash at bank	**61.1**	87.0
Overdraft	**(66.9)**	-
Short term deposits	**10,500.0**	10,500.0
Total	**10,494.2**	10,587.0

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

Amounts under overdraft are repayable on demand.

13. Trade and other payables

	31 December 2018 £'000	31 December 2017 £'000
Trade payables	**5,112.8**	4,918.2
Amounts owed to ultimate parent	**4,408.3**	2,673.6
Amounts owed to parent	**42,663.4**	48,661.1
Amounts owed to companies under common control	**125,915.6**	135,133.2
Group tax relief payable	**1,668.8**	772.8
Other payables	**0.5**	15.2
Accruals	**13,146.6**	8,779.7
Total	**192,916.0**	200,953.8

Amounts owed to parent include a loan from London Stock Exchange Group (Services) Limited of £42.3m, (31 December 2017: £48.5) and interest payable on this loan of £0.3m. Interest on this loan is charged at LIBOR plus 0.9%. It is repayable with 3 months notice or on its final maturity date of 3 January 2021.

Amounts owed to ultimate parent and amounts owed to companies under common control are interest free and repayable on demand.

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

14. Derivative financial liabilities

	31 December 2018 £'000	31 December 2017 £'000
Derivatives not designated as hedges – foreign exchange forward contracts	93.6	28.7
Total	**93.6**	28.7

15. Deferred tax

	Accelerated tax depreciation £'000	Total £'000
31 December 2017	708.1	708.1
Tax charged to income statement	(136.5)	(136.5)
Impact of rate change	14.4	14.4
31 December 2018	**586.0**	586.0
Liability at 31 December 2018	**586.0**	586.0
Liability at 31 December 2017	708.1	708.1

16. Ordinary share capital and share premium

	31 December 2018			31 December 2017		
	Number of shares	**Share capital £**	**Share premium £**	Number of shares	Share capital £	Share premium £
Issued, called up and fully paid						
Ordinary shares of £1 each	2	**2**	**10,499,998**	2	**2**	**10,499,998**

17. Commitments and contingencies

The Company has no contracted commitments other than those disclosed in these financial statements, nor has it any contingent liabilities (31 December 2017: nil).

18. Ultimate parent company

As at 31 December 2018, the Company's 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 the United Kingdom. The Company's immediate parent is London Stock Exchange Group (Services) Limited, a company incorporated in England and Wales. One hundred per cent of the issued share capital of the Company is 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.

19. Other statutory information

The Company paid the following amounts to its auditors in respect of the audit of the financial statements of the Company.

	Year ended 31 December 2018	Restated Year ended 31 December 2017
	£'000	£'000
Audit of the Company's financial statements - Ernst & Young LLP	87.1	85.0
Total	**87.1**	**85.0**

The audit fee shown above for the year ended 31 December 2018 comparative has been updated in these financial statements.

Statutory information on the remuneration for other services provided by the Company's auditors for the 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 consolidated. There were no non-audit services provided to the Company in the current year and in the prior year.