

Registration number: 06097517

# Securities Lending Services Group Limited

Annual Report and Financial Statements

for the Year Ended 31 December 2015



# **Securities Lending Services Group Limited**

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# **Securities Lending Services Group Limited**

## **Company Information**

<b>Directors</b>	Lance Uggla Jeffrey Gooch
<b>Registered office</b>	4th Floor Ropemaker Place 25 Ropemaker Street London EC2Y 9LY
<b>Solicitors</b>	Ashurst Broadwalk House 5 Appold Street London EC2A 2HA
<b>Independent Auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT

## Securities Lending Services Group Limited

### Directors' Report for the Year Ended 31 December 2015

The Directors present their report and the audited financial statements for the year ended 31 December 2015. A strategic report has not been prepared as the company is entitled to the small companies exemption under Part 15 of the Companies Act 2006.

#### Principal activities

The principal activities of the Company during the year were that of an investment holding company and the company is expected to continue as an investment holding company

#### Results and Dividends

The Company's profit for the financial year amounted to £12,437k (2014: profit of £6,341k).

A dividend of £25,322k was paid in 2015 (2014: £6,100k).

#### Foreign Currency

These financial statements have been prepared in Sterling, as it is the currency of the primary economic environment in which the Company operates and generates cash flows.

The exchange rate between US Dollar and Sterling as at 31 December 2015 was 1.4739.

#### Principal risks and uncertainties

The Company's exposures to risks and uncertainties other than market risk are limited due to the nature of its business which is predominately investing in or financing of subsidiaries.

#### Market Risk

Market risk is the risk that movements in market risk factors including foreign exchange rates and interest rates will negatively impact the results of the Company. Exposure to these risks arise from external loan facilities and intergroup payables denominated in non Sterling currencies. These are mitigated through active monitoring of the exposure positions of the Company.

#### Directors of the Company

The Directors who served the Company during the year and up to the date of signing the financial statements were as follows:

Lance Ugla

Jeffrey Gooch

#### Donations

No charitable or political donations were made during the current year (2014: £0k).

#### Independent Auditors

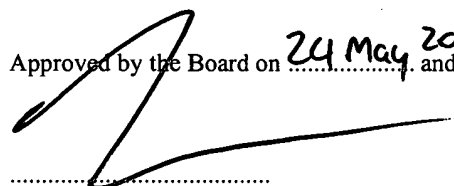
The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office.

#### Disclosure of information to the auditors

In so far as the directors are aware:

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

Approved by the Board on 24 May 2016 and signed on its behalf by:



Jeff Gooch  
Director

## **Securities Lending Services Group Limited**

### **Statement of Directors' Responsibilities**

The Directors are responsible for preparing the Annual Report and financial statements (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 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 102 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 102 used in the preparation of the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

## **Securities Lending Services Group Limited**

### **Independent Auditors' Report to the members of Securities Lending Services Group Limited**

#### **Report on the financial statements**

##### **Our Opinion**

In our opinion Securities Lending Services Group Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2015 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.

##### **What we have audited**

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

- Balance Sheet as at 31 December 2015;
- Profit and Loss Account for the year then ended;
- Statement Of Changes In Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

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

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

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

##### **Other matters on which we are required to report by exception**

###### **Adequacy of accounting records and information and explanations received**

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

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

###### **Directors' remuneration**

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

###### **Entitlement to exemptions**

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

## **Securities Lending Services Group Limited**

### **Independent Auditors' Report to the members of Securities Lending Services Group Limited (continued)**

#### **Responsibilities for the financial statements and the audit**

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities (set out on page 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) (ISAs (UK & Ireland)). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

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

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

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

.....  
Duncan McNab (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP, Chartered Accountants and Statutory Auditor

7 More London Riverside

London

SE1 2RT

Date:

24 May 2016

## Securities Lending Services Group Limited

### Profit and Loss Account for the Year Ended 31 December 2015

	Note	2015 £ 000	2014 £ 000
Turnover		-	-
Administrative expenses		-	(11)
Operating result/(loss)	3	-	(11)
Interest receivable and similar income	4	12,497	6,412
Total other income		12,497	6,412
Profit on ordinary activities before taxation		12,497	6,401
Tax on profit on ordinary activities	5	(60)	(60)
Profit for the financial year		12,437	6,341

The above results were derived from continuing operations.

The company has no other comprehensive income other than those stated above and, therefore no separate statement of comprehensive income has been included.



# Securities Lending Services Group Limited

(Registration number: 06097517)  
Balance Sheet as at 31 December 2015

	Note	2015 £ 000	2014 £ 000
<b>Fixed assets</b>			
Investments	6	48,133	48,133
<b>Current assets</b>			
Debtors	7	27	12,906
Cash at bank and in hand	8	6	6
		33	12,912
<b>Creditors: Amounts falling due within one year</b>	9	(21)	(15)
<b>Net current assets</b>		12	12,897
<b>Net assets</b>		48,145	61,030
<b>Capital and reserves</b>			
Called up share capital	10	1,610	1,610
Capital redemption reserve		49	49
Profit and loss account		46,486	59,371
<b>Total equity</b>		48,145	61,030

The financial statements on pages 6 to 15 were approved by the Board of Directors and authorised for issue on

24 May 2016 and are signed on their behalf by:

Jeff Gooch  
Director

## Securities Lending Services Group Limited

### Statement of Changes in Equity for the Year Ended 31 December 2015

	Called up share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2015	1,610	49	59,371	61,030
Profit for the financial year	-	-	12,437	12,437
Total comprehensive income	-	-	12,437	12,437
Dividends	-	-	(25,322)	(25,322)
At 31 December 2015	1,610	49	46,486	48,145
	Called up share capital £ 000	Capital redemption reserve £ 000	Profit and loss account £ 000	Total equity £ 000
At 1 January 2014	1,610	49	59,130	60,789
Profit for the financial year	-	-	6,341	6,341
Total comprehensive income	-	-	6,341	6,341
Dividends	-	-	(6,100)	(6,100)
At 31 December 2014	1,610	49	59,371	61,030

The notes on pages 9 to 15 form an integral part of these financial statements.

## **Securities Lending Services Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015**

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#### **1 Statement of compliance**

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006, including the provisions of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, and under the historical cost conversion.

Monetary amounts in these financial statements are rounded to the nearest whole £1,000, except where otherwise indicated.

#### **2 Accounting policies**

##### **Summary of significant accounting policies and key accounting estimates**

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

##### **Critical Accounting Estimates and Areas of Judgement**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

##### **Critical accounting estimates and assumptions**

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

##### **Critical areas of judgement**

The Company sets out the accounting policies used in the preparation of the financial statements. The policies are continually reviewed to ensure they are relevant but management will be required to exercise judgement from time to time, in order to ensure the policies are applied appropriately.

##### **Basis of preparation**

The functional and presentational currency of the Company is Sterling and the financial statements have been prepared on the going concern basis, under the historical cost convention, in accordance with the Companies Act 2006 and applicable United Kingdom accounting standards.

##### **Group financial statements not prepared**

The financial statements present information about the Company as an individual undertaking and not about its group.

The Company has not prepared group financial statements as it is exempt from the requirement to do so by section 401 of the Companies Act 2006 as it is a subsidiary undertaking of Markit Ltd, a company incorporated in Bermuda, and is included in the consolidated financial statements of that company. The group financial statements can be found on [www.markit.com/company/investors-financial-information](http://www.markit.com/company/investors-financial-information).

## **Securities Lending Services Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

#### **2 Accounting policies (continued)**

##### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

##### **Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

##### **Investments**

Investments in equity shares which are publicly traded or where the fair value can be measured reliably are initially measured at fair value, with changes in fair value recognised in profit or loss. Investments in equity shares which are not publicly traded and where fair value cannot be measured reliably are measured at cost less impairment.

Interest income on debt securities, where applicable, is recognised in income using the effective interest method. Dividends on equity securities are recognised in income when receivable.

##### **Cash at bank and in hand**

Cash at bank and in hand comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

##### **Share capital**

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

##### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## Securities Lending Services Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 3 Operating loss

Arrived at after charging

	2015 £ 000	2014 £ 000
Foreign exchange losses	-	1

The cost of the audit of £17k was borne by a fellow group company.

#### 4 Interest receivable and similar income

	2015 £ 000	2014 £ 000
Interest income on bank deposits	297	312
Dividend income	12,200	6,100
	<u>12,497</u>	<u>6,412</u>

#### 5 Tax on profit on ordinary activities

Tax charged in the profit and loss account

	2015 £ 000	2014 £ 000
<b>Current taxation</b>		
UK corporation tax	21	-
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	39	60
Tax expense in the profit and loss account	<u>60</u>	<u>60</u>

#### Factors affecting current tax charge

The tax assessed on the profit on ordinary activities before taxation for the year is different than the standard rate of corporation tax in the UK of 20.25% (2014: 21.50%). The differences are explained below:

	2015 £ 000	2014 £ 000
Profit on ordinary activities before taxation	12,497	6,401
Taxation charge at standard rate of taxation	2,530	1,436
Adjustments in respect of prior years	-	(65)
Non-taxable income	(2,470)	(1,311)
Total tax expense	<u>60</u>	<u>60</u>

## Securities Lending Services Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 5 Tax on profit on ordinary activities (continued)

##### Deferred Tax

The movement in the deferred taxation balance during the year was:

	2015 £ 000	2014 £ 000
Balance brought forward	(39)	(99)
Deferred Tax Charge	39	60
Balance carried forward	<u>-</u>	<u>(39)</u>

#### 6 Investments

	2015 £ 000	2014 £ 000
Investments in subsidiaries	<u>48,133</u>	<u>48,133</u>
<b>Subsidiaries</b>		<b>£ 000</b>
<b>Cost or valuation</b>		
At 1 January 2015 and 31 December 2015		<u>48,133</u>
<b>Carrying amount</b>		
At 31 December 2015		<u>48,133</u>
At 31 December 2014		<u>48,133</u>

## Securities Lending Services Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 6 Investments (continued)

##### Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Name of undertaking	Holding	Country of incorporation	Nature of business
<b>Subsidiary undertakings</b>			
Markit Securities Finance Analytics Limited	100%	England & Wales	Provision of Securities financing data
Securities Finance Systems Limited	100%	England & Wales	Corporate Trustee
Markit Securities Finance Analytics Consulting Limited	100%	England & Wales	Provision of consultancy Services
Markit Securities Finance Analytics Incorporated	100%	USA	Provision of Securities financing data
Markit Group (Hong Kong) Limited	100%	Hong Kong	Sales Office in Hong Kong

#### 7 Debtors

	Note	2015 £ 000	2014 £ 000
Amounts owed by related parties	11	27	12,867
Deferred tax assets	5	-	39
		<u>27</u>	<u>12,906</u>

#### 8 Cash at bank and in hand

	2015 £ 000	2014 £ 000
Cash at bank and in hand	<u>6</u>	<u>6</u>

#### 9 Creditors: Amounts falling due within one year

	Note	2015 £ 000	2014 £ 000
Amounts owed to group undertakings	11	-	1
Income tax liability	5	21	-
Accruals and deferred income		<u>-</u>	<u>14</u>
		<u>21</u>	<u>15</u>

## Securities Lending Services Group Limited

### Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)

#### 10 Called up share capital

##### Allotted, called up and fully paid shares

	2015		2014	
	Number	£	Number	£
Ordinary Shares of £0.10 each	<u>16,100,010</u>	<u>1,610,001</u>	<u>16,100,010</u>	<u>1,610,001</u>

#### Rights, preferences and restrictions

The rights relating to each class of share in issue at 31 December 2015 are as follows:

- a) One vote per share
- b) Equal rights to dividends if declared
- c) Equal distribution of capitalised sums to those who would have been entitled to such sum had it been declared by way of dividend

#### 11 Related party transactions

The Company has taken advantage of the exemption in FRS 102 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company and the Company is wholly owned.

#### 12 Ultimate parent company

The immediate parent company is Markit Group Limited. The ultimate parent company, which is the smallest and largest group to consolidate these financial statements, is considered to be Markit Ltd., a company registered in Bermuda.

Markit Ltd. prepares group financial statements and copies can be obtained from its registered office, Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.



## **Securities Lending Services Group Limited**

### **Notes to the Financial Statements for the Year Ended 31 December 2015 (continued)**

#### **13 Transition to FRS 102**

These financial statements are the first financial statements of Securities Lending Services Group Limited prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Securities Lending Services Group Limited for the year ended 31 December 2014 were prepared in accordance with previous UK GAAP.

Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP. Consequently, the directors have amended certain accounting policies to comply with FRS 102. The directors have also taken advantage of certain exemptions from the requirements of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'.

Comparative figures have been restated to reflect the adjustments made, except to the extent that the directors have taken advantage of exemptions to retrospective application of FRS 102 permitted by FRS 102 Chapter 35 'Transition to this FRS'. Adjustments are recognised directly in retained earnings at the transition date.

The Company has not provided a reconciliation of equity and a reconciliation of profit and loss as there have been no changes in equity and profit and loss in transition from UK GAAP to FRS 102.

#### **REDUCED DISCLOSURES**

In accordance with FRS 102, the Company has taken advantage of the exemptions from the following disclosure requirements:

- Section 4 'Statement of Financial Position' – Reconciliation of the opening and closing number of shares;
- Section 7 'Statement of Cash Flows' – Presentation of a Statement of Cash Flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 26 'Share based Payment' – Share-based payment expense charged to profit or loss, reconciliation of opening and closing number and weighted average exercise price of share options, how the fair value of options granted was measured; and
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the Company are consolidated in the financial statements of Markit Ltd, its ultimate parent undertaking. The consolidated financial statements of Markit Ltd are available from its registered office, Clarendon House, 2 Church Street, Hamilton, HM11, Bermuda.