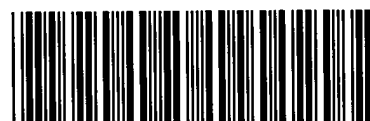


**London Stock Exchange Group Holdings (Italy) Limited**  
**Report and Financial Statements**  
**For the year ended 31 December 2015**

**Company Registration Number 06795359**

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# **LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED**

## **DIRECTORS AND OFFICERS**

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### **DIRECTORS**

David Warren  
Raffaele Jerusalmi  
Xavier Rolet

### **COMPANY SECRETARY**

Lisa Condron

### **REGISTERED OFFICE**

10 Paternoster Square  
London  
EC4M 7LS

### **INDEPENDENT AUDITORS**

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

### **BANKERS**

Intesa Sanpaolo  
Piazza della Scala, 6  
20121  
Milano

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## STRATEGIC REPORT

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The Directors present their Strategic Report for the year ended 31 December 2015.

### REVIEW OF BUSINESS

London Stock Exchange Group Holdings (Italy) Limited (the "Company") operates as an investment holding company. In the prior year the company changed its financial year end to 31 December. As a consequence, this report shows results for the year to 31 December 2015, with the comparatives for the 9 month period to 31 December 2014.

The Company's profit after tax for the year ended 31 December 2015, was €74.0 million (period ended 31 December 2014: €64.3 million). Profit was driven mainly by dividend income the Company received in the year.

Following a detailed review of the investments in subsidiary undertakings it has been considered that the carrying value at 31 December 2015 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 relevant KPI's.

### 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

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 Board and other key stakeholders over the effectiveness of the systems of controls and the Risk Framework.

The Company is exposed to market, financial and operational risks that are detailed on pages 12 and 13.

By order of the Board



David Warren  
Director  
28 April 2016

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

# **LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED**

## **DIRECTORS' REPORT**

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The Directors present their report and the audited financial statements for the year ended 31 December 2015.

### **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 this year (period ended 31 December 2014:nil).

### **DIRECTORS AND DIRECTORS' INTERESTS**

The following Directors have held office throughout the period, except as noted below, and up to the date of approval of the financial statements:

David Warren  
Raffaele Jerusalmi  
Xavier Rolet  
Massimo Tononi (resigned 7 August 2015)

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 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 period.

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 (ITALY) LIMITED

## DIRECTORS' REPORT

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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.

### 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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### EVENTS AFTER REPORTING PERIOD

On 23 February 2016, London Stock Exchange Group plc ("LSEG"), the Company's ultimate parent undertaking, confirmed that detailed discussions about a potential merger of equals was under way with Deutsche Boerse.

The potential merger would be structured as an all-share merger of equals under a new holding company. Under the terms of the potential merger, shareholders of LSEG would be entitled to receive 0.4421 new shares in exchange for each LSE share and Deutsche Boerse shareholders would be entitled to receive one new share in exchange for each Deutsche Boerse share. Based on this exchange ratio, the parties anticipate that Deutsche Boerse shareholders would hold 54.4 per cent, and LSEG shareholders would hold 45.6 per cent of the enlarged issued and to be issued share capital of the combined group. The combined group would have a unitary board composed of equal numbers of LSEG and Deutsche Boerse directors.

Discussions between the parties remain ongoing and any transaction would be subject to regulatory approval, LSEG shareholder approval and Deutsche Boerse shareholders' acceptance, as well as other customary conditions.

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

### AUDITORS

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

By order of the Board



David Warren  
Director  
28 April 2016

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

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

We have audited the financial statements of London Stock Exchange Group Holdings (Italy) Limited (the "Company") for the year ended 31 December 2015 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 13. 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 Financial Reporting Standard 101 'Reduced Disclosure Framework'.

This report is made solely to the Company's member, 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 member 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 member 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 pages 3 and 4, 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 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.

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

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

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

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

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

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

*Ernst & Young LLP*

Maurice McCormick (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

Date: 28 April 2016



# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## INCOME STATEMENT

Year ended 31 December 2015

	Notes	Year ended 31 December 2015 €m	Period ended 31 December 2014 €m
<b>Expenses</b>			
Professional fees		-	(0.6)
Foreign exchange gains		0.7	0.8
<b>Total net expenses</b>	4	0.7	0.2
<b>Operating profit</b>		0.7	0.2
Finance income	6	79.2	69.4
Finance expense	6	(2.4)	(2.7)
<b>Net finance income</b>		76.8	66.7
<b>Profit on ordinary activities before taxation</b>		77.5	66.9
Taxation	5	(3.5)	(2.6)
<b>Profit on ordinary activities after taxation</b>		74.0	64.3

The notes on pages 10 to 17 form an integral part of these financial statements.

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

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	31 December 2015 €m	31 December 2014 €m
<b>Non-current assets</b>			
Investment in subsidiary undertakings	7	958.5	958.5
		<b>958.5</b>	<b>958.5</b>
<b>Current assets</b>			
Trade and other receivables	8	818.0	858.0
		<b>818.0</b>	<b>858.0</b>
<b>Total assets</b>		<b>1,776.5</b>	<b>1,816.5</b>
<b>Liabilities</b>			
Trade and other payables	9	(648.5)	(763.2)
Current tax		(2.2)	(1.5)
<b>Total liabilities</b>		<b>(650.7)</b>	<b>(764.7)</b>
<b>Net current assets</b>		<b>167.3</b>	<b>93.3</b>
<b>Net assets</b>		<b>1,125.8</b>	<b>1,051.8</b>
<b>Equity</b>			
Share capital	10	20.2	20.2
Other distributable reserves		956.7	956.7
Retained earnings		148.9	74.9
<b>Total equity</b>		<b>1,125.8</b>	<b>1,051.8</b>

The notes on pages 10 to 17 form an integral part of these financial statements.

The financial statements on pages 7 to 17 were approved by the Board on 28 April 2016 and signed on its behalf by:



David Warren  
Director  
London Stock Exchange Group Holdings (Italy) Limited

28 April 2016

Registered number 06795359

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to equity holder of the Company			
	Ordinary share capital	Retained earnings	Other distributable reserves	Total attributable to equity holders
	€m	€m	€m	€m
31 March 2014	20.2	10.6	956.7	987.5
Profit for the period	-	64.3	-	64.3
31 December 2014	20.2	74.9	956.7	1051.8
Profit for the year	-	74.0	-	74.0
<b>31 December 2015</b>	<b>20.2</b>	<b>148.9</b>	<b>956.7</b>	<b>1,125.8</b>

On 20 May 2009, the Company filed a solvency statement converting the share premium recognised on issue of shares into Other distributable reserves.

The notes on pages 10 to 17 form an integral part of these financial statements.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

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### 1. Basis of Preparation and Accounting Policies

#### Basis of Preparation

The Company's 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 13 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

The Company's date of transition to FRS 101 was 1 April 2012. The Company has notified its shareholders in writing, and they do not object to, the use of the disclosure exemptions used by the Company in these financial statements.

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 was not material on the shareholders' equity as at the date of transition and as at 31 December 2015 or on the profit for the year ended 31 December 2015.

In the prior year, the Company changed its financial year end to 31 December. As a consequence, the financial statements shows results for the year to 31 December 2015, with comparatives for the nine month period ended 31 December 2014.

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 IFRS 2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- reduced IFRS 7 disclosure of financial instruments;
- reduced IFRS 13 disclosure relating to fair value measurement; and
- the requirement to present comparatives in roll-forward reconciliations for property, plant and equipment and intangible assets.

The following standards and interpretations have been issued by the International Accounting Standards Board ("IASB") and and IFRS Interpretation Committee ("IFRIC") and have been adopted in these financial statements:

- Amendments to FRS 100, 'Application of Financial Reporting Requirements' (July 2015); and
- Amendments to FRS 101, 'Reduced Disclosure Framework' (July 2015).

The adoption of these standards did not have a material impact on these financial statements.

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 (Italy) 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 the UK. 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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

---

### *Foreign currencies*

These financial statements are presented in Euro, 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 expenses*

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

### *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 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 assets*

The Company classifies its financial assets as 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.

### *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 included in current assets and comprise "Debtors" and "Cash at bank and in hand" in the Statement of Financial Position.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

---

### *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.

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.

### *Trade creditors*

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as 'Creditors: amounts falling due within one year 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 as 'Creditors: amounts falling due after more than one year'.

### *Cash at bank and in hand*

Cash at bank and in hand comprises deposits held at call with banks, short term deposits and investments in money market funds that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

### *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 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 Market Risk

#### *Foreign exchange risk*

The Company operates in the UK and reports its results in euro and therefore its exposure to foreign exchange risk is limited to specific foreign currency transactions that it may enter into.

Foreign exchange risk is mitigated by the fact that the Company functional currency is euro and all investments and loans are in euros. 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.

#### *Interest rate risk*

The Company's interest rate risk arises from the variable interest rates applied to its loan assets 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 profit after tax by €3.0m.

### 2.2 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 itself in consultation, where appropriate, with its regulator(s). At the balance sheet date, debtors consist mainly of intercompany receivables and therefore credit risk is considered not significant.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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 is profitable and generates strong positive cash flow. To support this potential requirement, the Group is required, under policy, to maintain significant committed credit facilities to support Group-wide liquidity requirements including those of the Company. The central treasury function of the Group ensures the Company is therefore in a position on a day to day basis to meet all its financial obligations as they fall due.

Free cash flow is generally available to make acquisitions, make dividend payments or potentially arrange other returns of capital.

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 expected to be paid, based upon their contractual maturity date, within one year.

### 2.4 Capital Risk Management

The Company manages its capital to ensure it will be able to continue as a going concern. The capital structure of the Company consists of borrowings and equity; the latter comprising issued share capital, share premium and retained earnings as disclosed in the Balance Sheet and in note 10.

## 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 2015 are as follows:

- Valuation of investments in subsidiary companies: for purpose of impairment assessment, determined based on forecast cash flows and appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

## 4. Expenses by Nature

Expenses comprise the following:

	Year ended 31 December 2015	Period ended 31 December 2014
	€m	€m
Professional fees	-	0.6
Foreign exchange gain	(0.7)	(0.8)
<b>Total net expenses</b>	<b>(0.7)</b>	<b>(0.2)</b>

Audit fees of €16,500 (period ended 31 December 2014: €16,250) for the year were borne by another group company. There were no non-audit services provided to the Company in the current year.

Statutory information in 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 period.

No Directors received remuneration during the year to 31 December 2015 in respect of services to this Company, from this Company. The Company has no employees.

The professional fees for the period ended 31 December 2014 mainly relate to tax advice.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 5. Taxation

The standard UK corporation tax rate was 20.25% (21% for the period ended 31 December 2014).

	Year ended 31 December 2015	Period ended 31 December 2014
	€m	€m
<b>Taxation charged to the income statement</b>		
<b>Current tax:</b>		
Corporation tax for the year	3.4	2.6
Adjustment in respect of previous years	0.1	-
<b>Taxation charge for the year</b>	<b>3.5</b>	<b>2.6</b>

#### Factors affecting the tax charge for the year

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 20.25% (for the period ended 31 December 2014: 21%) as explained below:

	Year ended 31 December 2015	Period ended 31 December 2014
	€m	€m
Profit before taxation	77.5	66.9
Profit multiplied by standard rate of corporation tax in the UK	15.7	14.0
Expenses disallowed and income not taxable	(12.3)	(11.4)
Adjustment in respect of previous years	0.1	-
<b>Taxation charge</b>	<b>3.5</b>	<b>2.6</b>

### 6. Net Finance Income

	Year ended 31 December 2015	Period ended 31 December 2014
	€m	€m
<b>Finance income</b>		
Dividend income	52.5	46.9
Interest from group undertakings	11.2	10.3
Interest from companies under common control	15.5	12.2
	<b>79.2</b>	<b>69.4</b>
<b>Finance expense</b>		
Interest payable to parent	(2.4)	(1.0)
Interest payable to group undertakings	-	(0.3)
Interest payable on borrowings	-	(1.4)
	<b>(2.4)</b>	<b>(2.7)</b>
<b>Net finance income</b>	<b>76.8</b>	<b>66.7</b>

Dividend income was received from London Stock Exchange Group Holding Italia S.p.A. during the year ended 31 December 2015 of €52.5m (period ended 31 December 2014: €46.9m)



# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 7. Investment in Subsidiary Undertakings

	€m
31 December 2014	958.5
31 December 2015	958.5

A list of the Company's subsidiaries as at 31 December 2015 is given below. The entire share capital of subsidiaries is held within the Company except where the Company's ownership percentages are shown. These percentages give the Parent'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	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Percentage of class by its immediate direct parent	Ultimate Parent percentage
Bit Market Services S.p.A.	Italy	Ordinary	Indirect	99.99	99.99
Borsa Italiana SpA	Italy	Ordinary	Indirect	99.99	99.99
Cassa Di Compensazione e Garanzia SpA (CC&G)	Italy	Ordinary	Indirect	99.99	99.99
EuroMTS Limited	UK	Ordinary A	Indirect	100	60.36
EuroTLX SIM SpA	Italy	Ordinary	Indirect	70	69.99
Gatelab Limited	UK	Ordinary	Indirect	100	67
Gatelab Srl	Italy	Ordinary	Indirect	67	67
London Stock Exchange Group Holdings Italia S.p.A	Italy	Ordinary	Direct	100	100
Monte Titoli SpA	Italy	Ordinary	Indirect	98.87	98.86
MTS Markets International Inc.	United States	Ordinary	Indirect	100	60.36
MTS SpA	Italy	Ordinary	Indirect	100	60.36

The Company's associate undertakings were:

Associate name	Country of incorporation	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Percentage of class by its immediate direct parent	Ultimate Parent percentage
MTS Associated Markets S.A.	Italy	Ordinary A	Indirect (group interest)	21.26	12.83

The accounting reference date for the associate is 31 December.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 8. Trade and Other Receivables

	31 December 2015 €m	31 December 2014 €m
Amounts due from subsidiary undertakings	277.1	330.6
Amounts due from companies under common control	538.9	521.8
Other debtors	-	0.8
Group tax relief	2.0	4.8
	<b>818.0</b>	<b>858.0</b>

Amounts due from subsidiary undertakings include a loan to London Stock Exchange Group Holdings Italia S.p.A. of €276.2m (31 December 2014:€330.0m) with interest charged at EURIBOR plus 3.5%.

Amounts due from companies under common control include a Euro denominated loan to London Stock Exchange (C) Ltd of €517.8m (31 December 2014:€502.0m). Interest on this loan is charged at EURIBOR plus 3% per annum.

Amounts due from companies under common control and subsidiary undertakings are repayable on demand.

The carrying values less impairment provisions of debtors are reasonable approximations of fair values. All trade and other receivables are denominated in Euros.

### 9. Trade and Other Payables

	31 December 2015 €m	31 December 2014 €m
Amounts owed to parent	98.2	201.2
Amounts owed to subsidiary undertakings	550.3	562.0
	<b>648.5</b>	<b>763.2</b>

Amounts owed to the subsidiary undertakings include loans from LSEGH(I)LLC of €94.5m and €450m, which were issued on an interest free basis, and during the year the loan from MTS S.p.A was fully paid (31 December 2014: €11.7m). Amounts owed to parent relates to a loan from London Stock Exchange Group of €97.7m (31 December 2014:€201.2m), which accrues interest at 1.5% per annum.

Amounts owed to the parent and amounts owed to subsidiary undertakings are repayable on demand.

The carrying amounts of Creditors falling due within one year are reasonable approximations of fair value.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (ITALY) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 10. Share Capital

	Year ended 31 December 2015		Period ended 31 December 2014	
	Millions	€m	Millions	€m
Issued, called up and fully paid				
Ordinary shares of £1 each	18.7	20.2	18.7	20.2

The authorised number of Ordinary £1 shares are 18,716,107, all of which have been issued and fully paid.

### 11. Commitments and Contingencies

The Company has no contracted commitments, nor has it any contingent liabilities at 31 December 2015 and at 31 December 2014.

### 12. Events after the reporting period

On 23 February 2016 the London Stock Exchange Group plc ("LSEG"), the Company's ultimate parent undertaking, confirmed that detailed discussions about a potential merger of equals was under way with Deutsche Boerse.

The potential merger would be structured as an all-share merger of equals under a new holding company. Under the terms of the potential merger, shareholders of LSEG would be entitled to receive 0.4421 new shares in exchange for each LSE share and Deutsche Boerse shareholders would be entitled to receive one new share in exchange for each Deutsche Boerse share. Based on this exchange ratio, the parties anticipate that Deutsche Boerse shareholders would hold 54.4 per cent, and LSEG shareholders would hold 45.6 per cent of the enlarged issued and to be issued share capital of the combined group. The combined group would have a unitary board composed of equal numbers of LSEG and Deutsche Boerse directors.

Discussions between the parties remain ongoing and any transaction would be subject to regulatory approval, Group shareholder approval and Deutsche Boerse shareholders' acceptance, as well as other customary conditions.

### 13. Ultimate Parent Company

As at 31 December 2015, the Company's immediate and ultimate parent undertaking and the parent that headed the largest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc, a company incorporated in the 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.