

FTSE International (Italy) Limited
Report and Financial Statements
For the year ended 31 December 2015

Company Registration Number 6858736



FTSE INTERNATIONAL (ITALY) LIMITED

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FTSE INTERNATIONAL (ITALY) LIMITED

DIRECTOR AND OFFICERS

DIRECTOR

M Makepeace

COMPANY SECRETARY

S Tutton

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

AUDITORS

Ernst & Young LLP
1 More London Place
London
SE1 2AF

BANKERS

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

FTSE INTERNATIONAL (ITALY) LIMITED

DIRECTOR'S REPORT

The Director presents his report for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the Company is to provide marketing services and promotional activities for its parent company FTSE International Limited, predominantly in Italy and the surrounding territories. All operating expenses incurred except for finance costs and unrealised exchange differences are recharged to a fellow group undertaking at cost plus 6%.

The Company changed its financial year in the prior period to 31 December. As a consequence, this report shows comparative results for 9 months to 31 December 2014.

The Company recorded a total income of £715.1k for the year ended 31 December 2015 (period ended 31 December 2014: £547.0k), profit after tax of £43.3k (nine month period ended 31 December 2014: £3.8k loss) and its net assets were £52.8k as at 31 December 2015 (31 December 2014: £7.3k).

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

FUTURE DEVELOPMENTS

During the year, the Company has continued to promote the FTSE brand in Italy and the Director expects that the present level of activity will be sustained for the foreseeable future.

DIVIDENDS

No dividend has been proposed or paid for the year (period ended 31 December 2014: nil).

DIRECTORS AND DIRECTORS' INTERESTS

The following Director has held office throughout the period and up to the date of approval of the financial statements:

M Makepeace

The Director had no interest in the shares of the Company. There are no director's interests requiring disclosure under Companies Act 2006.

EMPLOYEES

Our people are at the heart of what we do and drive the success of our business. Attracting, developing and retaining the skills we need to deliver on our strategy of being the most trusted market expert is a key imperative for the Company. We are dedicated to unifying our growing company and supporting our employees' talent in an environment built on partnership, integrity, innovation and excellence. The Company also provides an induction programme for new employees, including training on health and safety, and a range of development programmes for all staff to develop their skills and knowledge. The Company encourages and assists the employment, training and retention of disabled people. Where changes to working practices or structure affect staff, they are consulted and given appropriate support.

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

PRINCIPAL RISKS AND UNCERTAINTIES

The 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.

FTSE INTERNATIONAL (ITALY) LIMITED

DIRECTOR'S REPORT

In addition to the principal market and operational risks below, the Company is exposed to financial risks that are detailed on page 13.

The Company's principal operational risks are considered to arise from: the Company's ability to attract and retain high quality employees; the Company's dependency on having secure premises and uninterrupted operation of its IT systems and infrastructure; and the Company's businesses and major revenue streams being highly dependent on secure and stable technology performing to high levels of availability and throughput.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The Director is responsible for preparing the Director's Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Director to prepare financial statements for each financial year. Under that law the Director has 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 Director must not approve the financial statements unless he is 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 Director is 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 Director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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 Director is 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.

DIRECTOR'S LIABILITIES

The Company has Director 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 Director's Report.

GOING CONCERN

The Director has 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 Director has 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, he continues to adopt the going concern basis in preparing the financial statements.

FTSE INTERNATIONAL (ITALY) LIMITED

DIRECTOR'S REPORT

DIRECTOR'S STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In the case of the person who is the Director of the Company at the date when this report was approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the Director 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.

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 LSEG 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 and Deutsche Boerse shareholders' acceptance, as well as other customary conditions.

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 annual general meeting.

STRATEGIC REPORT

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has taken the exemption not to prepare a strategic report as the Company qualifies as a small company in accordance with sections 382(2) and 383(3) of the Companies Act 2006. In the current year and in the prior period, the Company's turnover was not more than £5,600,000 and the number of employees was not more than 50.

By order of the Board



M Makepeace
Director
15 July 2016

REGISTERED OFFICE:
10 Paternoster Square
London
EC4M 7LS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FTSE INTERNATIONAL (ITALY) LIMITED

We have audited the financial statements of FTSE International (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 21. 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 director and auditor

As explained more fully in the Statement of Director's Responsibilities set out on page 3, the director is 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 director; 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, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FTSE INTERNATIONAL (ITALY) LIMITED

We have audited the financial statements of FTSE International (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 21. 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 director and auditor

As explained more fully in the Statement of Director's Responsibilities set out on page 3, the director is 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 director; 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, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FTSE INTERNATIONAL (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; or
- the directors are not entitled to take advantage of the small companies exemption in preparing the directors' report.

Ernst & Young LLP

David Canning-Jones (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
15 July 2016

FTSE INTERNATIONAL (ITALY) LIMITED

INCOME STATEMENT

Year ended 31 December 2015

	Notes	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Revenue	4	715,166	547,030
Total income		715,166	547,030
Expenses			
Administrative expenses	5	(670,223)	(518,640)
Total expenses		(670,223)	(518,640)
Operating profit		44,943	28,390
Profit on ordinary activities before taxation		44,943	28,390
Taxation	8	(1,651)	(32,179)
Profit /(Loss) for the financial year/period		43,292	(3,789)

The transactions in the current year and in the prior period 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 2015 and the period ended 31 December 2014.

The notes on pages 10 to 19 form an integral part of these financial statements.

FTSE INTERNATIONAL (ITALY) LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	31 December 2015 £	31 December 2014 £
Assets			
Non-current assets			
Property, plant and equipment	10	7,182	8,507
Deferred tax asset	11	6,674	1,999
		13,856	10,506
Current assets			
Trade and other receivables	13	237,302	94,498
Current tax		24,144	14,067
Cash and cash equivalents	14	25,930	36,187
		287,376	144,752
Total assets		301,232	155,258
Liabilities			
Current liabilities			
Trade and other payables	15	248,446	147,928
Net current assets /(liabilities)		38,930	(3,176)
Total liabilities		248,446	147,928
Net assets		52,786	7,330
Equity			
Share capital	16	1	1
Retained earnings		52,785	7,329
Total equity		52,786	7,330

The notes on pages 10 to 19 form an integral part of these financial statements.

The financial statements on pages 7 to 19 were approved by the Board on 15 July 2016 and signed on its behalf by:



M Makepeace
Director
15 July 2016

FTSE International (Italy) Limited

Registered number 6858736

FTSE INTERNATIONAL (ITALY) LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Ordinary share capital	Retained earnings	Total attributable to equity holder
	£	£	£
1 April 2014	1	11,118	11,119
Loss for the financial period	-	(3,789)	(3,789)
31 December 2014	1	7,329	7,330
Profit for the financial year	-	43,292	43,292
Tax on employee share scheme	-	2,164	2,164
Share based recharges	-	11,807	11,807
Share based payments	-	(11,807)	(11,807)
31 December 2015	1	52,785	52,786

The notes on pages 10 to 19 form an integral part of these financial statements.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

1. Basis of Preparation and Accounting Policies

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

The Company is a qualifying entity for the purposes of FRS 101. Note 19 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 shareholder's equity as at the date of transition and as at 31 December 2014 or on the profit for the period ended 31 December 2014.

The Company changed its financial year in the prior period to 31 December. As a consequence, this report shows comparative results for 9 months to 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;
- reduced IFRS2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- IFRS 1.134-1.136 disclosure on capital management;
- reduced IFRS7 disclosure of financial instruments;
- reduced IFRS13 disclosure relating to fair value measurement; and
- the requirement to present comparatives in roll-forward reconciliations for property, plant and equipment and intangible assets.

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

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

The adoption of these standards resulted in the Company applying the requirements of IAS 1 'Presentation of Financial Statements', which did not have a material impact on the financial statements.

There were no other standards, interpretations and amendments effective as of 1 January 2015 that were issued by the FRC and adopted for the first time by the Company in these financial statements.

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

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

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 Director has 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 Director has 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, he continues to adopt the going concern basis in preparing the financial statements.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

Accounting policies

Income statement

Revenue and other income

Revenue and other income is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

Revenue and other income is recognised in the period when the service or supply is provided.

Revenue comprises amounts recharged at cost plus 6% to FTSE International Limited (the parent company), in respect of providing marketing services and promotional activities for the parent company in Japan and the surrounding territories. These transactions are carried out on an arm's length basis.

Share based compensation

The Company operates share based compensation plans for employees, settled in shares of the ultimate parent company, London Stock Exchange Group plc. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant as an indirect measure of the value of employee services received by the Company and recognised over the relevant vesting period.

Pension costs

The Company operates a defined contribution Personal Pension Scheme under which the Company pays fixed contributions; the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets. The Company provides no other post retirement benefits to its employees. Contributions are charged to the income statement as incurred.

Foreign currencies

These financial statements are presented in Pound Sterling, which is the Company's presentation and functional currency.

Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction or at the monthly average as a proxy. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at period-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement. Translation differences arising on the retranslation of non-monetary items carried at fair value are included in the income statement for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

Foreign exchange gains and losses that relate to borrowings and cash at bank are presented in the income statement within 'interest income or expense'. All other foreign exchange gains and losses are presented in the income statement within 'other gains/losses'.

Statement of Financial Position

Property, plant and equipment

Property, plant and equipment are included in the financial statements at cost less accumulated depreciation and any provision for impairment.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values over their estimated useful economic lives, as follows:-

Plant and equipment - 3 to 5 years.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Current and deferred taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the 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.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

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 on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Financial assets

The Company classifies its financial assets as 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 of other receivables in the statement of financial position.

Cash and cash equivalents

Cash and cash equivalents of the Company comprise cash in hand, deposits held at call with banks, 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.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as 'Trade and other payables' within current liabilities, if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as 'Other non-current payables' within non-current liabilities.

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.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Financial Risk Management

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. 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 internationally and is exposed to foreign exchange risk arising from currency exposures from future commercial transactions, recognised financial assets and financial liabilities. The principal foreign currencies the Company is exposed to is Euro.

The company recharges all costs back to the Parent at a mark up of 6% in GBP, this ensures that the Company is protected from exposure to foreign exchange risk.

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.

The Company has no other customers other than its parent company, FTSE International Limited, and therefore management have assessed the associated credit risk of the Company to be low.

2.3 Liquidity Risk

The Company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations. The Company maintains sufficient cash, together with the availability of adequate funding through its committed credit facilities with FTSE International Limited through the Group Treasury cash management policy, to meet all its financial obligations as they fall due.

The Company's liquidity is managed by FTSE International Limited. Management monitors forecasts of the Company's cash flow and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions.

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 equity, comprising issued share capital, reserves and retained earnings.

3. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. There are no significant judgements and estimates for the year ended 31 December 2015.

4. Revenue

Revenue comprises amounts recharged at cost plus 6% to the Parent, in respect of providing marketing services and promotional activities for the parent company in Italy and the surrounding territories.

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

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

5. Expenses by Nature

Expenses comprise the following:

	Notes	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Employee costs	6	560,358	405,400
Property rent		74,900	44,076
Depreciation	10	1,325	2,306
Other costs		33,640	66,858
		670,223	518,640

6. Employee Costs

Employee costs comprise the following:

	Note	Year ended 31 December 2015 £	Period ended 31 December 2014
Salaries and other short term benefits		401,791	321,634
Social security costs		131,852	64,359
Pension costs	12	14,908	19,407
Share based compensation		11,807	-
		560,358	405,400

The number of employees in the Company was:

At the year/period end	4	4
Average for the year/period	4	4

The number of employees in the Company by category was:

Sales	2	2
Operations	2	2

7. Director's Remuneration

The Director did not receive any remuneration from the Company since his duties are incidental to his main duties as a director of the parent company, FTSE International Limited. His remuneration and retirement benefit information are disclosed in the parent company accounts.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

8. Taxation

The standard UK corporation tax rate was 20% (21% for the period ended 31 December 2014).

		Year ended 31 December 2015	Period ended 31 December 2014
	Note	£	£
Taxation charged to the income statement			
Current overseas tax:			
Current tax on profits for the year/period		14,535	22,702
Adjustment in respect of previous years		(10,373)	9,009
Total current tax		4,162	31,711
Deferred tax:			
Deferred tax for the current year/period	11	(3,049)	351
Rate change adjustment		538	117
Tax on profit on ordinary activities		1,651	32,179

		Year ended 31 December 2015	Period ended 31 December 2014
		£	£
Taxation on items not (credited)/charged to the income statement			
Deferred tax credit:			
Tax allowance on share options/awards in excess of expense recognised		(2,435)	-
Rate change adjustment		271	-
Taxation charge		(2,164)	-

Factors affecting the tax charge for the year

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

	Year ended 31 December 2015	Period ended 31 December 2014
	£	£
Profit before taxation	44,943	28,390
Profit multiplied by standard rate of corporation tax in the UK	9,101	5,962
(Income not taxable)/expenses not deductible	(385)	50
Adjustment in respect of previous years	(10,373)	9,009
Deferred tax rate change	538	117
Overseas earnings taxed at higher rate	2,770	17,041
Taxation charge	1,651	32,179

9. Dividends

No dividend has been proposed or paid for the year (period ended 31 December 2014: nil).

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

10. Property, Plant and Equipment

	Fixed plant, plant and equipment £
Cost:	
At 1 January 2015	38,553
Additions	-
At 31 December 2015	38,553
Accumulated depreciation:	
At 1 December 2015	30,046
Depreciation charge for the year	1,325
At 31 December 2015	31,371
Net book values:	
At 31 December 2015	7,182
At 31 December 2014	8,507

11. Deferred Tax

	Share based payments £	Accelerated tax depreciation £	Total £
At 1 April 2014	-	2,467	2,467
Rate change adjustment	-	(117)	(117)
Tax credited to income statement	-	(351)	(351)
At 31 December 2014	-	1,999	1,999
Tax (charged)/credited to income statement:			
Accelerated tax depreciation	2,781	268	3,049
Rate change adjustment	(309)	(229)	(538)
Tax credited to equity:			
Allowance on share options/awards	2,435	-	2,435
Rate change adjustment	(271)	-	(271)
At 31 December 2015	4,636	2,038	6,674
Asset at 31 December 2015	4,636	2,038	6,674
Asset at 31 December 2014	-	1,999	1,999

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

There is no unrecognised deferred tax asset at 31 December 2015 and 31 December 2014.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

12. Pension Commitments

The Company operates a defined contribution scheme. The assets of the defined contribution scheme are held separately from those of the Company in a separate trustee administered fund and the funds are managed by Legal & General Investment Management Limited during the year.

The Company's defined contribution schemes are now the only schemes open to new employees. A core contribution of eight per cent of pensionable pay is provided and the Company will match employee contributions up to a maximum of six per cent of pensionable pay. The contributions made by the Company amount to £15k (period ended 31 December 2014: £19k).

13. Trade and Other Receivables

	31 December 2015	31 December 2014
	£	£
Amounts due from parent	234,748	84,534
Other receivables	1,889	8
Prepayments	665	9,956
	237,302	94,498

Amounts due from Parent are interest free and repayable on demand and the carrying values of trade and other receivables are reasonable approximations of fair values. None of the receivable balances contain impaired assets.

14. Cash and Cash Equivalents

	31 December 2015	31 December 2014
	£	£
Cash at bank	25,930	36,187
	25,930	36,187

Management does not expect any losses from non-performance by the counterparties holding cash at bank, and there are no differences between their book and fair values.

15. Trade and Other Payables

	31 December 2015	31 December 2014
	£	£
Trade payables	-	1,295
Amounts owed to ultimate parent	169	4,775
Amounts owed to companies under common control	88,000	-
Other payables	65,353	27,718
Accruals	94,924	114,140
	248,446	147,928

The carrying amount current liabilities are reasonable approximations of fair value.

Amounts owed to ultimate parent are interest free and repayable on demand.

Amounts owed to group undertakings are interest free and repayable on demand.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

16. Ordinary Share Capital

	31 December 2015		31 December 2014	
	Number	£	Number	£
Issued, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1

17. Commitments and Contingencies

The Company has no capital commitments or other contracted commitments that have arisen in the ordinary course of business (31 December 2014: nil).

18. Share Schemes

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2015 AGM, has 2 elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in the Company's shares - the latter element is not applicable to Executive Directors. Vesting of these awards is dependent upon the Company's total shareholder return performance and adjusted basic earnings per share. Further details are provided in the Remuneration Report of the Annual Report of London Stock Exchange Group plc for the year ended 31 December 2015, which does not form part of this report.

The SAYE scheme and International Sharesave Plan provide for grants of options to employees who enter into a SAYE savings contract and options were granted at 20% below fair market value. Share awards were granted at nil cost to employees and other share options were granted at fair market value or above.

There were no Share options exercised throughout the year (period ended December 2014: nil).

The range of exercise prices and weighted average remaining contractual life of awards and options outstanding are as follows:

	31 December 2015		31 December 2014	
	Number outstanding	Weighted average remaining contractual life (years)	Number outstanding	Weighted average remaining contractual life (years)
SAYE				
Between £7 and £8	1,913	0.1	1,913	0.9
Between £8 and £9	-	-	-	-
More than £9	877	0.6	622	0.7
LTIP				
Nil	4,375	1.9	2,575	2.7
Total	7,165	1.4	5,110	2.1

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

19. Ultimate Parent Company

As at 31 December 2015, the Company's 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 England and Wales. The Company's immediate parent is FTSE International Limited, a company incorporated in England and Wales. 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.

20. Other Statutory Information

Auditors' remuneration of £6k to Ernst & Young LLP is paid for by the Parent company (period ended 31 December 2014: £6k). Statutory information on remuneration for other services provided by the Company's auditors to the LSEG Group is given in the consolidated financial statements of London Stock Exchange Group plc, which is the largest group into which the results of the Company are included. There were no non-audit services provided to the Company in the current period and in the prior period.

21. 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 LSEG 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 and Deutsche Boerse shareholders' acceptance, as well as other customary conditions.