

FTSE International (Italy) Limited
Report and Financial Statements
For the year ended 31 December 2016

Company Registration Number 6858736

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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
25 Churchill Place
London
EC4M 7LS

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 2016.

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 recorded a total income of £979.5k for the year ended 31 December 2016 (year ended 31 December 2015: £759.3k), profit after tax of £43.0k (year ended 31 December 2015: £45.0k) and its net assets were £100.3k as at 31 December 2016 (31 December 2015: £54.5k).

The Director has concluded that there are no other relevant KPIs except for the aforementioned.

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 (year ended 31 December 2015: £nil).

DIRECTORS AND DIRECTORS' INTERESTS

The following Director has held office throughout the year 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.

FTSE INTERNATIONAL (ITALY) LIMITED

DIRECTOR'S REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

The Group operates group wide risk management procedures which bring greater judgement to decision making as this allows management to make better, more informed and more consistent decisions based on a clear understanding of the risks involved.

The Group has adopted a group wide risk management system that provides ongoing formal assurance that all the subsidiary companies are appropriately controlling all of the risks to which they are exposed, ensuring that internal controls operate efficiently and effectively.

The Company is subject to a variety of foreseeable and unforeseeable risks and uncertainties which may have an impact on the Company's ability to execute its strategy and deliver its expected performance. The identification, assessment and management of these risks are central to the Company's operating framework. The Company's risk management structure is based on the 'three lines of defence' model:

- The First line (Management), is responsible and accountable for identifying, assessing and managing risk.
- The Second line (Risk Management and Compliance), is responsible for defining the risk management process and policy framework and providing challenge to the first line on risk management activities assessing risks and reporting to the Group Board Committees on risk exposure.
- The Third line (Internal Audit), provides independent assurance to the Board and other key stakeholders over the effectiveness of the systems of controls and the Risk Framework.

In addition to the principal business risks below, the Company is exposed to financial risks that are detailed on page 12.

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; 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.

FTSE INTERNATIONAL (ITALY) LIMITED

DIRECTOR'S REPORT

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 Parent's forecasts and projections which include the Company's financials, taking into account reasonably possible changes in trading performance of the FTSE International Limited and its subsidiaries ("FTSE Group"), which show that the FTSE Group has sufficient financial resources and a viable business model. 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 twelve months from the date of approval of the financial statements. Accordingly, the Director continues to adopt the going concern basis in preparing the financial statements.

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.

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 year, the Company's turnover was not more than £10,200,000 and the number of employees was not more than 50.

By order of the Board



M Makepeace
Director
28 September 2017

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 for the year ended 31 December 2016 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20. 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 Directors' Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including 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, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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

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

- 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 director was not entitled to prepare the financial statements in accordance with the small companies regime and take the advantage of the small companies' exemptions in not preparing the Strategic Report



Gary Adams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
29 September 2017

FTSE INTERNATIONAL (ITALY) LIMITED

INCOME STATEMENT

Year ended 31 December 2016

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 Restated £
Revenue	4	979,479	759,328
Total income		979,479	759,328
Expenses			
Administrative expenses	5	(926,008)	(711,885)
Total expenses		(926,008)	(711,885)
Operating profit		53,471	47,443
Profit on ordinary activities before taxation		53,471	47,443
Taxation	8	(10,518)	(2,436)
Profit for the financial year		42,953	45,007

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

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

The notes on pages 10 to 20 form an integral part of these financial statements.

FTSE INTERNATIONAL (ITALY) LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		31 December 2016	31 December 2015 Restated
	Notes	£	£
Assets			
Non-current assets			
Property, plant and equipment	10	941	7,182
Deferred tax asset	11	15,033	6,674
		15,974	13,856
Current assets			
Trade and other receivables	13	398,978	281,464
Current tax		14,569	23,359
Cash and cash equivalents	14	18,706	25,930
		432,253	330,753
Total assets		448,227	344,609
Liabilities			
Current liabilities			
Trade and other payables	15	347,905	290,108
Total liabilities		347,905	290,108
Net assets		100,322	54,501
Equity			
Share capital	16	1	1
Retained earnings		100,321	54,500
Total equity		100,322	54,501

The notes on pages 10 to 20 form an integral part of these financial statements.

The financial statements on pages 7 to 20 were approved by the Board on 28 September 2017 and signed on its behalf by:



M Makepeace
Director
28 September 2017

FTSE International (Italy) Limited

Registered number 6858736

FTSE INTERNATIONAL (ITALY) LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Notes	Ordinary share capital £	Retained earnings £	Total attributable to equity holder £
01 January 2015		1	7,329	7,330
Profit for the financial year (restated)	1	-	45,007	45,007
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 (restated)	1	1	54,500	54,501
Profit for the financial year		-	42,953	42,953
Tax on employee share scheme		-	2,868	2,868
Share based recharges		-	26,041	26,041
Share based payments		-	(26,041)	(26,041)
31 December 2016		1	100,321	100,322

The notes on pages 10 to 20 form an integral part of these financial statements.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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 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 IAS 36 disclosure of impairment review;
- reduced IFRS 13 disclosure relating to fair value measurement;
- disclosure in respect of new standards and interpretations that have been issued but which are not yet effective; 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 101, 'Reduced Disclosure Framework 2015/16 Cycle' (July 2016); and
- Amendments to FRS 101 'Reduced Disclosure Framework' and FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' - Notification of Shareholders (December 2016).

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

There were no other standards, interpretations and amendments effective as of 1 January 2016 that were issued by the FRC and adopted for the first time by the Company in these financial statements.

Adjustments in respect of the prior year

The comparative Income Statement, Statement of Financial Position and Statement of Changes in Equity for the year ended 31 December 2016 have been restated to adjust for amounts of bonus expense incorrectly accrued in the year ended 31 December 2015.

The correction of these balances result in:

- Previously disclosed revenue being restated from £715,166 to £759,328;
- Previously disclosed administrative expenses being restated from £670,223 to ££711,885;
- Previously disclosed taxation expense and current tax asset have been restated from £1,651 to £2,436 and from £24,144 to £23,359 respectively;
- Previously disclosed operating profit and profit on ordinary activities before taxation from £44,943 to £47,443;
- Previously disclosed amounts due from the Parent and total trade and other receivables have been restated from £234,748 to £278,910 and from £237,302 to £281,464 respectively;
- Previously disclosed accruals and total trade and other payables have been restated from £94,924 to £136,586 and from £248,446 to £290,108 respectively; and
- Previously disclosed Profit for the financial year has been restated from £43,292 to £45,007.

The restatement had an impact on retained earnings as at 31 December 2015. The effect of these adjustments on the previously disclosed equity balances is presented in the Statement of Changes in Equity.

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 England and Wales. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

Going concern

The Director has reviewed the Parent's forecasts and projections which include the Company's financials, taking into account reasonably possible changes in trading performance of the FTSE Group, which show that the FTSE Group has sufficient financial resources and a viable business model. 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 twelve months from the date of approval of the financial statements. Accordingly, the Director continues to adopt the going concern basis in preparing the financial statements.

Accounting policies

Income statement

Revenue

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

Revenue 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 Italy and the surrounding territories.

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, or in cash. For schemes settled in shares of the ultimate parent, 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. For shares settled in cash, the liability is recorded at fair value with changes in the fair value recognised in the Company's income statement. The Company is recharged costs from LSEG to settle the share based awards made to employees of the Company.

Pension costs

The Company operates a defined contribution Personal Pension Scheme under which the Company pays a core contribution and will match employee contributions up to a maximum of six per cent of pensionable pay; 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 'administrative expenses'.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1. Basis of preparation and accounting policies (continued)

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. Impairment losses are recognised in the income statement in administrative expenses.

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:-

IT 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 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 other comprehensive income or directly in equity. In this case, the tax is also recognised in the other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is not recognised if it arises from the initial recognition of an asset or liability in a transaction (other than a business combination) that affects neither accounting nor taxable profit or loss at that time. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1. Basis of preparation and accounting policies (continued)

Financial assets

The Company classifies its financial assets as loans and receivables. Management determines the classification of its financial assets at initial recognition.

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, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets. Loans and receivables comprise 'trade and other receivables' and 'cash and cash equivalents' in the balance sheet.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivable. Significant financial difficulties of the receivable, probability that receivable will enter bankruptcy or financial reorganisation and default or delinquencies in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the portion deemed recoverable.

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.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Equity and related items

Share capital

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

2. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity 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 and finance function. The Group's risk management approach seeks to minimise the potential adverse effects of these risks on the financial performance of the Company.

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.

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 currency the Company is exposed to is Euro.

The Company recharges all operating expenses incurred except for finance costs and unrealised exchange differences 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 counterparties with receivables other than its parent company, FTSE International Limited, and companies under common control and therefore management have assessed the associated credit risk of the Company to be low.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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.

3. Significant judgements and estimates

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

- Depreciation of property plant and equipment: property plant and equipment are depreciated over their estimated useful economic lives. These are based on management's best estimates of future performance and periods over which value from the assets is realised; and
- Deferred tax asset: The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Recognition therefore involves judgement regarding the future financial performance of the Company.

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, these activities are considered to be one business segment.

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

5. Expenses by nature

Expenses comprise the following:

	Notes	Year ended 31 December 2016 £	Year ended 31 December 2015 Restated £
Employee costs	6	771,746	602,020
Property rent		83,321	74,900
Depreciation	10	6,242	1,325
IT costs		4,046	3,597
Other costs		60,653	30,043
Total		926,008	711,885

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

6. Employee costs

Employee costs comprise the following:

		Year ended 31 December 2016	Year ended 31 December 2015 Restated
	Note	£	£
Salaries and other short term benefits		592,060	443,453
Social security costs		132,160	131,852
Pension costs	12	21,485	14,908
Share based compensation		26,041	11,807
Total		771,746	602,020

The number of employees in the Company was:

At the year end	4	4
Average for the year	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's financial statements.

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

8. Taxation

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

		Year ended 31 December 2016	Year ended 31 December 2015 Restated
Taxation charged to the income statement	Note	£	£
Current overseas tax:			
Current tax on profits for the year		18,780	15,320
Adjustment in respect of previous years		(2,771)	(10,373)
Total current tax		16,009	4,947
Deferred tax:			
Deferred tax for the current year	11	(5,886)	(3,049)
Rate change adjustment		395	538
Total deferred tax		(5,491)	(2,511)
Tax on profit on ordinary activities		10,518	2,436
Taxation on items not charged to/(credited to) the income statement		£	£
Deferred tax credit:			
Tax allowance on share options/awards in excess of expense recognised		(2,892)	(2,435)
Rate change adjustment		24	271
Taxation charge/(credit)		(2,868)	(2,164)

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% (year ended 31 December 2015: 20.25%) as explained below:

	Year ended 31 December 2016	Year ended 31 December 2015 Restated
	£	£
Profit before taxation	53,471	47,443
Profit multiplied by standard rate of corporation tax in the UK	10,694	9,607
Expenses not deductible/(income not taxable)	590	(385)
Adjustment in respect of previous years	(2,771)	(10,373)
Deferred tax rate change	395	538
Overseas earnings taxed at higher rate	1,610	3,049
Taxation charge	10,518	2,436

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

9. Dividends

No dividend has been proposed or paid for the year (year ended 31 December 2015: Nil).

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

10. Property, plant and equipment

	IT equipment £
Cost:	
At 1 January 2016	38,553
At 31 December 2016	38,553
Accumulated depreciation:	
At 1 January 2016	31,371
Depreciation charge for the year	6,242
At 31 December 2016	37,613
Net book values:	
At 31 December 2016	941
At 31 December 2015	7,182

11. Deferred tax

	Share based payments £	Accelerated tax depreciation £	Total £
At 1 January 2015	-	2,467	2,467
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
Tax (charged)/credited to income statement:			
Accelerated tax depreciation	4,637	1,248	5,885
Rate change adjustment	(95)	(300)	(395)
Tax credited to equity:			
Allowance on share options/awards	2,893	-	2,893
Rate change adjustment	(24)	-	(24)
At 31 December 2016	12,047	2,986	15,033
Asset at 31 December 2016	12,047	2,986	15,033
Asset at 31 December 2015	4,636	2,038	6,674

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 2016 and 31 December 2015.

12. Pension commitments

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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 £21k (year ended 31 December 2015: £15k). There were no amounts outstanding at the reporting date (year ended 31 December 2015: £nil).

13. Trade and other receivables

	31 December 2016	31 December 2015 Restated
	£	£
Amounts due from parent	389,512	278,910
Amounts due from companies under common control	732	-
Other receivables	8,734	1,889
Prepayments	-	665
Total	398,978	281,464

Amounts due from parent are interest and amounts due from companies under common control 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 past due or impaired assets.

14. Cash and cash equivalents

	31 December 2016	31 December 2015
	£	£
Cash at bank	18,706	25,930
Total	18,706	25,930

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 2016	31 December 2015 Restated
	£	£
Trade payables	68,897	-
Amounts owed to ultimate parent	731	169
Amounts owed to companies under common control	132,354	88,000
Other payables	-	65,353
Accruals	145,922	136,586
Total	347,905	290,108

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

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

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

16. Ordinary share capital

	31 December 2016		31 December 2015	
	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 2015: 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 of the Group. Vesting of these awards is dependent upon the Group'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 2016, 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.

Share options were exercised on a regular basis throughout the year (year ended December 2015: nil) and the weighted average exercise price was as follows:

	31 December 2016		31 December 2015	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
SAYE	1,913	7.55	-	-
LTIP	-	-	-	-

FTSE INTERNATIONAL (ITALY) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

18. Share schemes (continued)

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

	31 December 2016		31 December 2015	
	Number outstanding	Weighted average remaining contractual life (years)	Number outstanding	Weighted average remaining contractual life (years)
SAYE				
Less than £10	-	-	1,913	0.1
Between £10 and £20	622	0.3	622	0.4
More than £20	946	1.3	255	0.2
LTIP				
Nil	6,021	1.3	4,375	1.9
Total	7,589	1.3	7,165	1.4

19. Ultimate parent company

As at 31 December 2016, the Company's ultimate parent undertaking and the parent that headed the smallest and 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 (year ended 31 December 2015: £6k). Statutory information on remuneration for other services provided by the Company's auditors to 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 included. There were no non-audit services provided to the Company in the current year and in the prior year.