Turquoise Global Holdings Limited

Report and Financial Statements

For the year ended 31 March 2014

Company Registration Number 07102717

TURQUOISE GLOBAL HOLDINGS LIMITED
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TURQUOISE GLOBAL HOLDINGS LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

R Barnes
D Lester - Chairman
N Bertrand
S McGoldrick
D Mathews
R Leighton
A Justham
C Woolley
A Yarrow

COMPANY SECRETARY

L M Condron

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

BANKERS

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

REVIEW OF BUSINESS

Turquoise Global Holdings Limited ("TGHL" or the "Company") operates both a pan-European MTF cash equity platform and prior to the disposal of the derivative business on 30 September 2013, a derivatives platform for equity derivatives.

Turquoise Equities demonstrated strong growth during the year ending 31st March 2014. Cash Equities trading for the year increased 68 per cent to € 729.4 billion (2013: € 432.9 billion). Turquoise's share of European equity trading has risen from 3.0 per cent when acquired by London Stock Exchange plc to an average of 8.2 per cent for the year.

From 01 April 2013 until 30 September 2013 the number of contracts traded on Turquoise Derivatives reduced by 34% to 8.8 million compared to 13.4m in 2013 over the same period, largely caused by lower volumes and volatility in the underlying equities. The subsequent sale the derivative business resulted in Turquoise breaking even on a monthly basis from 01 October 2013.

FUTURE DEVELOPMENTS

The Company will seek to increase revenues principally through adding new customers for existing services, adding new instruments, and through the introduction of new or enhanced trading services.

The Company will control its costs tightly, through constant monitoring, budgeting and forecasting to ensure costs are kept under control.

EMPLOYEES

Information on the Company's employment policies is given in the "Strategic Report" section of London Stock Exchange Group's ("LSEG") Annual Report and Accounts to 31 March 2014, which does not form part of this report. LSEG 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. LSEG 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 risk management framework is described in the Corporate Governance section of the Ultimate Parent's Annual Report and Financial Statements to 31 March 2014, which does not form part of this report. In addition to the principal market and operational risks below, the Company is exposed to financial risks that are detailed on page 15.

The Company's principal market risks are considered to arise from clients and competition (with client alignment paramount to the successful operation and growth of our business), the changing regulatory environment and the macro economic environment (unfavourable tax regimes or the changing regulatory environment may reduce the attractiveness of London as a major financial centre).

The Company's principal operational risks are considered to arise from change management with the Company having a number of major, complex projects and initiatives underway concurrently, 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.

Further details of the Company's principal risks and uncertainties are described in the "Strategic Report" section of the LSEG's Annual Report and Financial Statements to 31 March 2014, which does not form part of this report.

By order of the Board

Robert Barnes
Chief Executive Officer
30 June 2014

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

TURQUOISE GLOBAL HOLDINGS LIMITED
DIRECTORS' REPORT

The Directors present their report and the audited consolidated financial statements for the year ended 31 March 2014.

PRINCIPAL ACTIVITIES

TGHL is an investment firm authorised by the Financial Conduct Authority of the United Kingdom. Initially founded by a consortium of nine investment banks, it is now majority owned by its Ultimate Parent, London Stock Exchange Group ("LSEG"). TGHL is the parent of the following subsidiaries: TTL (Turquoise Trading Limited), TSL (Turquoise Services Limited) and BGL (Baikal Global Limited) which was dissolved in December 2013, together the "Group".

In addition to LSEG, its shareholders currently include twelve of the leading investment banks. TGHL was established to engender greater competition in the secondary trading of European equities, and offers a combination of innovative services, superior technology and competitive pricing. TGHL services included equity and index derivatives until 30 September 2013when the Company sold its derivative business to London Stock Exchange plc, which is an subsidiary of LSEG, for nominal consideration.

TGHL operates a multilateral trading facility ("MTF"). Members of TGHL were able to access both equity and derivatives platforms providing they had the appropriate post-trade arrangements in place.

- The TGHL Equity platform offers the secondary trading of Pan-European and US equities, Exchange Traded Funds, Global Depositary Receipts, American Depositary Receipts, Exchange Traded Currency funds and Exchange Traded Commodity funds. TGHL Equities comprises the Turquoise Integrated Order Book and Turquoise Midpoint Dark Order Book, each covering some 2,000 securities (includes 175 liquid US equities, ETFs, GDRs and ADRs) over 19 countries, including all major European markets, Spain, Czech, Hungary and the United States. TGHL supports member-choice of central clearer under an interoperable CCP model.
- Prior to the sale of the derivative business, the TGHL Derivatives platform offered trading of single stock, index and dividend derivatives based on Pan-European and International Order Book ("IOB") equities.

The TGHL trading platforms are hosted in the data-centres of the LSEG and have interfaces common to other markets of LSEG, ensuring that customers accessing other LSEG markets can enjoy access to TGHL with little incremental cost or effort.

Users of the TGHL MTF benefit from fully risk-managed central clearing solutions provided by regulated Clearing Houses, and industry-leading market surveillance to ensure fair and orderly operations.

DIVIDENDS

The Directors have not recommended a dividend in financial year 2014 (2013: nil).

DIRECTORS AND DIRECTORS' INTERESTS

The following Directors have held office during the financial year:

D Mathews	(appointed 30 July 2013)
R Barnes	(appointed 2 September 2013)
C Woolley	
D Lester	
N Bertrand	
S McGoldrick	
R Leighton	
A Yarrow	
A Justham	
T Wildenberg	(resigned 13 May 2013)
N Tiefenbrun	(resigned 2 September 2013)
A Krishnan	(resigned 26 March 2014)
O Self	(appointed 3 June 2013 and resigned 4 April 2014)

None of the Directors had any interest in the shares of the Company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 group and parent company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 group and the company and of the profit or loss of the group for that period. In preparing these 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;

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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

GOING CONCERN

The Directors have reviewed the Company's and Group's forecasts and projections, taking into account reasonably possible changes in trading performance and the sale of the derivatives business, which shows that the Company and Group are expected to have sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and Group will have adequate resources to continue in operation existence for the foreseeable future. Accordingly, they continue to adopt *the going concern basis in preparing the financial statements.*

INDEPENDENT AUDITORS

In accordance with Section 418, directors' reports shall include a statement, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On 22nd April 2014, London Stock Exchange Group plc, the Company's parent announced that it was proposing to appoint Ernst & Young LLP as its external auditor. It is also the Company's intention to appoint Ernst & Young as its external auditor.

A resolution to appoint Ernst & Young LLP as the Company's external auditor will be proposed at the annual general meeting.

By order of the Board

Robert Barnes
Chief Executive Officer
30 June 2014

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

Report on the financial statements

Our opinion

In our opinion:

- the financial statements, defined below, give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2014 and of the group's loss and the group's and the company's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

What we have audited

The group financial statements and company financial statements (the "financial statements"), which are prepared by Turquoise Global Holdings Limited, comprise:

- the group and company balance sheets as at 31 March 2014;
- the consolidated income statement and consolidated statement of comprehensive income for the year then ended;
- the group and company cash flow statements for the year then ended;
- the group and company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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

What an audit of financial statements involves

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

- whether the accounting policies are appropriate to the group's and 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 (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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

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

Luke Hanson

Luke Hanson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
30 June 2014

TURQUOISE GLOBAL HOLDINGS LIMITED
CONSOLIDATED INCOME STATEMENT
Year ended 31 March 2014

		2014			2013		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	4	23,416	753	24,169	12,427	2,284	14,711
Cost of sales		(11,893)	(199)	(12,092)	(6,344)	(370)	(6,714)
Gross profit		11,523	554	12,077	6,083	1,914	7,997
Expenses							
Administrative expenses before amortisation of purchased intangibles	5	(9,445)	(3,218)	(12,663)	(9,234)	(6,397)	(15,631)
Amortisation of purchased intangibles	5, 8	(218)	-	(218)	(218)	-	(218)
Total expenses		(9,663)	(3,218)	(12,881)	(9,452)	(6,397)	(15,849)
Operating profit/(loss)		1,860	(2,664)	(804)	(3,369)	(4,483)	(7,852)
Analysed as:							
Operating profit/(loss) before amortisation of purchased intangibles		2,078	(2,664)	(586)	(3,151)	(4,483)	(7,634)
Amortisation of purchased intangibles		(218)	-	(218)	(218)	-	(218)
Operating profit/(loss)		1,860	(2,664)	(804)	(3,369)	(4,483)	(7,852)
Finance income		30	10	40	43	14	57
Profit/(loss) before taxation		1,890	(2,654)	(764)	(3,326)	(4,469)	(7,795)
Taxation credit	9	2,032	-	2,032	423	519	942
Profit/(loss) for the financial year		3,922	(2,654)	1,268	(2,903)	(3,950)	(6,853)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2014

	2014			2013		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Profit/(loss) for the financial year	3,922	(2,654)	1,268	(2,903)	(3,950)	(6,853)
Other comprehensive income/(loss): Items that may be subsequently reclassified to profit or loss						
Cash flow hedge	19	-	19	(36)	-	(36)
Other comprehensive profit/(loss) for the financial year	19	-	19	(36)	-	(36)
Total comprehensive profit/(loss) for the financial year	3,941	(2,654)	1,287	(2,939)	(3,950)	(6,889)

TURQUOISE GLOBAL HOLDINGS LIMITED
BALANCE SHEETS
As at 31 March 2014

		Group		Company	
		2014	2013	2014	2013
	Notes	£'000	£'000	£'000	£'000
Assets					
Non-current assets					
Intangible assets	11	9,813	10,368	9,813	10,368
Investment in subsidiary undertakings	12	-	-	15,400	15,557
Deferred tax assets	13	2,407	333	2,407	333
		12,220	10,701	27,620	26,258
Current assets					
Trade and other receivables	14	3,807	4,459	4,285	4,884
Derivative financial instruments		7	-	7	-
Cash and cash equivalents	15	17,713	14,895	16,763	13,681
		21,527	19,354	21,055	18,565
Total assets		33,747	30,055	48,675	44,823
Liabilities					
Current liabilities					
Trade and other payables	16	10,123	8,258	26,225	24,009
Derivative financial instruments		-	12	-	12
Non-current liabilities					
Deferred tax liabilities	13	283	312	283	312
Total liabilities		10,406	8,582	26,508	24,333
Net assets		23,341	21,473	22,167	20,490
Equity **Capital and reserves attributable to the Company's equity holders**					
Ordinary Share capital	17	14,000	14,000	14,000	14,000
Share Premium		6,581	6,000	6,581	6,000
Other Reserves		30,341	30,322	30,341	30,322
Retained losses		(27,581)	(28,849)	(28,755)	(29,832)
Total equity		23,341	21,473	22,167	20,490

The financial statements on pages 7 to 27 were approved by the Board on 12 June 2014 and signed on its behalf by:

Robert Barnes
Chief Executive Officer
Turquoise Global Holdings Limited

Registered number 07102717

TURQUOISE GLOBAL HOLDINGS LIMITED
CASHFLOW STATEMENTS
Year ended 31 March 2014

		Group		Company	
		2014	2013	2014	2013
	Notes	£'000	£'000	£'000	£'000
Cash flow from operating activities					
Cash generated/(absorbed) by operations	18	2,198	(1,533)	2,119	211
Interest received		46	63	45	63
Interest paid		(7)	(6)	(7)	(2)
Corporation tax received		-	102	-	-
Net cash inflow/(outflow) from operating activities		2,237	(1,374)	2,157	272
Cash flow from investing activities					
Dividends received		-	-	344	-
Net cash inflow from investing activities		-	-	344	-
Cash flow from financing activities					
Issue of shares		581	-	581	-
Net cash inflow from financing activities		581	-	581	-
Increase/(decrease) in cash and cash equivalents		2,818	(1,374)	3,082	272
Cash and cash equivalents at beginning of the year		14,895	16,269	13,681	13,409
Cash and cash equivalents at end of the year	15	17,713	14,895	16,763	13,681

Reclassification in 2013 Company numbers between loan from subsidiary company and finance expense accrued but not yet paid in operating cash flows as considered to be a more representative of the nature of the transactions and consistent with the 2014 format. There was no change to overall cash.

TURQUOISE GLOBAL HOLDINGS LIMITED
STATEMENTS OF CHANGES IN EQUITY
Year ended 31 March 2014

	Attributable to equity owners of the Group				
	Ordinary share capital	Share premium account	Accumulated losses	Other reserves	Total attributable to equity owners
Group	£'000	£'000	£'000	£'000	£'000
1 April 2012	14,000	6,000	(21,996)	30,358	28,362
Loss for the year	-	-	(6,853)	-	(6,853)
Other comprehensive loss for the year	-	-	-	(36)	(36)
Employee share scheme expenses	-	-	(276)	-	(276)
Employee share scheme recharges	-	-	276	-	276
31 March 2013	14,000	6,000	(28,849)	30,322	21,473
Profit for the year	-	-	1,268	-	1,268
Other comprehensive profit for the year	-	-	-	19	19
Issue of share capital	-	581	-	-	581
Employee share scheme credits	-	-	258	-	258
Employee share scheme recharges	-	-	(258)	-	(258)
31 March 2014	14,000	6,581	(27,581)	30,341	23,341

	Attributable to equity owners of the Company				
	Ordinary share capital	Share premium account	Accumulated Losses	Other reserves	Total attributable to equity owners
Company	£'000	£'000	£'000	£'000	£'000
1 April 2012	14,000	6,000	(22,091)	30,358	28,267
Loss for the year	-	-	(7,741)	-	(7,741)
Other comprehensive loss for the year	-	-	-	(36)	(36)
Employee share scheme expenses	-	-	(276)	-	(276)
Employee share scheme recharges	-	-	276	-	276
31 March 2013	14,000	6,000	(29,832)	30,322	20,490
Profit for the year	-	-	1,077	-	1,077
Other comprehensive profit for the year	-	-	-	19	19
Issue of share capital	-	581	-	-	581
Employee share scheme credits	-	-	258	-	258
Employee share scheme recharges	-	-	(258)	-	(258)
31 March 2014	14,000	6,581	(28,755)	30,341	22,167

Other reserves comprise the following:

Capital contribution reserve of £21.4m (2013: £21.4m), a distributable reserve resulting from capital contributions made by London Stock Exchange Group Holdings (R) Limited the Company's parent.

Merger reserve of £8.9m (2013: £8.9m), arising on consolidation when the Company issued shares as part of the consideration to acquire subsidiary undertakings.

1. Basis of Preparation and Accounting Policies

The Company's and Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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

The financial statements are prepared under the historical cost convention as modified by the revaluation of assets and liabilities held at fair value and on the basis of the Group'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.

The Directors have reviewed the Company's and Group's forecasts and projections, taking into account reasonably possible changes in trading performance which show that the Company and Group are expected to have sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company and Group will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

1.1 Recent Accounting Developments

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

- Amendments to IFRS 1, 'First time adoption' - exemption for severe hyperinflation and removal of fixed dates;
- Amendment to IFRS 7, 'Financial instruments: Disclosures' - disclosures on transfers of financial assets and offsetting financial assets and liabilities;
- IAS19R, 'Amendments to IAS 19 Employee Benefits';
- IFRS 13, 'Fair value measurement';
- IAS 1, 'Presentation of Financial Statements' - Presentation of Items of Other Comprehensive Income; and
- IFRS various Annual improvements 2012 and 2013.

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

The restatement relating to IAS19R resulted in reclassification of net expenses with an immaterial impact to profit for the financial period.

The following standards and interpretations were issued by the IASB and IFRIC since the last Annual Report, but have not been adopted either because they were not endorsed by the European Union (EU) at 31 March 2014 or they are not yet mandatory and the Group has not chosen to early adopt. The impact on the Group's financial statements of the future standards, amendments and interpretations is still under review, but the Group does not expect any of these changes to have a material impact on the results or the net assets of the Group:

International accounting standards and interpretations	Effective date
IFRS 10, 'Consolidated financial statements' and amendments	1 January 2013
IFRS 11, 'Joint arrangements'	1 January 2013
IFRS 12, 'Disclosure of interests in other entities' and amendments	1 January 2013
IAS 27 (Revised 2011), 'Separate financial statements' and amendments	1 January 2013
IAS 28 (Revised 2011), 'Associates and joint ventures'	1 January 2013
Amendment to IAS 32, 'Financial instruments: Presentation'	1 January 2014
Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures	1 January 2014
Amendment to IAS 39 on novation of derivatives and hedge accounting	1 January 2014
IFRIC 21, 'Levies'	1 January 2014
Amendments to IAS 19, 'Employee Benefits' on defined benefit plans	1 July 2014
IFRS 14, 'Regulatory deferral accounts'	1 January 2016
IFRS 15, 'Revenue from contracts with customers'	1 January 2017
IFRS 9, 'Financial instruments' and amendments	1 January 2018

1.2 Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries with all inter-company balances and transactions eliminated, together with the Group's attributable share of the results of associates. The results of subsidiaries sold or acquired are included in the income statement up to, or from, the date that control passes. As permitted by Section 408 of the Companies Act 2006, the Company's income statement has not been included in these financial statements. The Company's income for the year is disclosed within the statement of changes in equity.

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Adjustments to fair values include those made to bring accounting policies into line with those of the Group.

Investments in subsidiaries shares, loans and other contributions are recognised at cost. These are reviewed for impairment when events indicate the carrying amount may not be recoverable and are accounted for in the Company's financial statements at cost less accumulated impairment losses.

1.3 Revenue

Equity revenue, which is derived from the provision of electronic execution services for secondary trading of pan-European equities, 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. Equity revenue is recognised in the year when the service or supply is provided.

Derivative 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.

The derivative revenue is recognised in the year when the service or supply is provided. The sources of derivative revenue are:

a) Trade, exercise and assignment fees, which are recognised in the month in which the transaction occurs. A volume based discount scheme and revenue share agreement is then applied to the fees if members qualify; and

b) Market access fees, for which billing is prepared quarterly, are recognised as the service is provided.

1.4 Non-Recurring Items

Items of income and expense that are material by size and/or nature and are non-recurring are classified as non-recurring items on the face of the income statement within their relevant category. The separate reporting of these items together with amortisation of purchased intangible assets helps give an indication of the Group's underlying performance.

1.5 Foreign Currencies

These financial statements are presented in pounds Sterling ("Sterling"), which is the Company's and Group's presentational 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. Translation differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss 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 and cash equivalents are presented in the income statement within 'finance income or expense'. All other foreign exchange gains and losses are presented in the income statement within 'administrative expenses before non-recurring items'.

1.6 Intangible Assets

Goodwill arising on the acquisition of subsidiaries represents the excess of consideration paid over the fair value of the Group's share of net identifiable assets purchased. It is not amortised but is tested for impairment annually and when there are indications that the carrying value may not be recoverable, and is carried at cost less accumulated impairment losses.

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licences and software intellectual property, all of which are recorded as intangible assets and held at cost less accumulated amortisation. These assets are amortised on a straight line basis over their useful economic lives, which do not normally exceed 25 years or the term of the licence. The amortisation period and method are reviewed and adjusted, as appropriate, at each balance sheet date.

Third party software costs for the development and implementation of systems which enhance the services provided by the Group are capitalised and amortised over their estimated useful economic lives of three to five years.

Research expenditure is written off in the period in which it is incurred. Development expenditure is written off in the period in which it is incurred, unless it meets the requirements as detailed below. Internal product development expenditure is capitalised and amortised over the useful life of the developed product of 3 to 5 years, when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred.

1.7 Investment in Subsidiary Undertakings

A subsidiary is an entity in which the Company has power to control the financial and operating policies so as to obtain benefits from its activities. Investments in subsidiaries are stated in the Company's financial statements at cost less impairment losses, if any. On disposal, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

1.8 Current and Deferred Taxation

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 and its subsidiaries operate and generate 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. The deferred income 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 tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability where the timing of the reversal is controlled by the company or it is probable that the temporary difference will not reverse in the foreseeable future.

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

1.9 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.

1.10 Trade Receivables

Trade receivables are non-interest bearing and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or will be subject to a financial reorganisation and / or default on or be delinquent on its payment obligations are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

1.11 Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank, 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.

1.12 Hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument, and if so the nature of the item being hedged.

The Group applies fair value hedge accounting for hedging interest risk on borrowings. Any gain or loss is recognised in the income statement within finance expenses.

The Group designates as cash flow hedges both foreign currency derivatives and hedges of interest rate movements associated with highly probable forecast transactions. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity.

In order to qualify for hedge accounting, a transaction must meet strict criteria as regards documentation, effectiveness, probability of occurrence and reliability of measurement. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. Effectiveness testing is conducted at each reporting date and at the commencement and conclusion of any hedge in order to verify that the hedge continues to satisfy all the criteria for hedge accounting to be maintained. The ineffective portion is recognised in the income statement within finance costs.

Amounts accumulated in equity are recycled in the income statement in the period when the hedged item affects profit or loss (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

1.13 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.

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2004 AGM, has two 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. Vesting of these awards is dependent upon the Company's total shareholder return performance and for awards made since 2008, adjusted earnings per share.

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 per cent 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.

2. Financial Risk Management

The Group's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Group's risk management programme seeks to minimise potential adverse effects on its financial performance whilst fulfilling its regulatory obligations.

2.1 Market Risk

The Group operates predominantly in the UK but is also exposed to foreign exchange risk arising from currency exposures, principally between Sterling, Euro, Norwegian Kroners and US Dollars. Foreign exchange hedging has been entered into with respect to Euros and US Dollars to mitigate exchange rate risks.

2.2 Credit Risk

Credit risk is the risk that the Group's counterparties will be unable to meet their obligations to the Group either in part or in full and arises from credit exposures to customers as well as on cash, deposits and derivative financial instruments with banks and financial institutions.

Credit risk is controlled through policies developed both at a London Stock Exchange Group level and with regulators. Credit risk is managed by depositing funds with counterparties of high quality in accordance with London Stock Exchange Group approved policy. This involves managing the credit risk of cash and cash equivalents by limiting the exposure of London Stock Exchange Group in aggregate to £50 million with counterparties who have a minimum long term rating of Aa3 (per Moody's).

The Group assesses the credit quality of its customers, taking into account their financial position and considering past experience and other factors. Trade receivables, net of impairment, are concentrated in the financial community, and are managed as one class of receivables. There is no concentration of credit risk with respect to trade receivables as the Group has a large number of customers and, generally, a low historic incidence of customer defaults. Given this, and the recurring nature of the billing and collection arrangements, management assesses the credit quality of the Group's customers as high.

2.3 Liquidity Risk

The Group is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations. The Group maintains sufficient cash and marketable securities to meet all its financial obligations as they fall due.

The Group's liquidity is managed by London Stock Exchange Group. Management monitors forecasts of the Group's liquidity, prepared to reflect expected cash flow, and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions. Liquidity risk is managed by depositing funds with counterparties of high quality in accordance with London Stock Exchange Group approved policy.

No separate analyses has been prepared to split the Company's or Group'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 Group manages its capital to ensure it meets its regulatory capital requirements and will be able to continue as a going concern. The capital structure of the Group consists of equity, comprising issued share capital, share premium, other reserves and accumulated losses as disclosed in the Balance Sheet and in note 17.

The Group is required to maintain certain levels of liquidity for regulatory and operational purposes. These requirements are agreed with the Financial Conduct Authority. As at 31 March 2014 the Group held capital resources which exceeded the minimum regulatory capital required.

3. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The critical judgements and estimates made in the preparation of these financial statements are those in relation to deferred tax assets and intangible assets and are as follows:

Goodwill - tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return required by shareholders to determine an appropriate discount rate;

Purchased intangible assets - valued on acquisition using appropriate methodologies and amortised over their estimated useful economic lives. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets is realised;

Deferred tax assets - The Company recognises deferred tax assets to the extent it is probable they will be recoverable against future taxable profits or via surrender or group relief to other Group companies, the actual achievement of which is not certain.

4. Revenue

	2014	2013
	£'000	£'000
Equity		
Integrated trading	17,331	10,031
Mid-point trading	2,392	1,313
Other	3,693	1,083
Total Equity Revenue	23,416	12,427
Derivative		
Trading Revenue	741	2,002
Other	12	282
Total Derivative Revenue	753	2,284
Total Revenue	24,169	14,711

The Derivative revenues above represent trading up to 30 September 2013, when the Company sold its derivative business to London Stock Exchange plc, a subsidiary of LSEG.

The principal operations and customers of the Group are in the United Kingdom and Europe.

5. Expenses by Nature

Expenses comprise the following:

		2014	2013
	Notes	£'000	£'000
Employee costs	6	1,343	1,851
Property costs		200	518
Amortisation of intangible assets		336	783
IT costs		8,569	10,716
VAT recovery		22	(130)
Other costs		2,193	1,893
Amortisation of purchased intangibles	8	218	218
Total		12,881	15,849

6. Employee Costs

Employee costs comprise the following:

	2014	2013
	£'000	£'000
Salaries and other short term benefits	1,028	1,403
Social security costs	202	171
Other pension costs	85	106
Other costs	28	171
Total	1,343	1,851

	2014	2013
Monthly average number of employees in the group was:	7	14

7. Directors' Emoluments

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

	2014	2013
	£'000	£'000
Emoluments received	425	430
Benefits	3	6
Value of contributions to money purchase schemes	15	25
Share based payments	362	63
Total	805	524

During the year two (2013: one) Director had retirement benefits accruing under money purchase pension schemes.

The emoluments of Directors disclosed above includes the following amounts for the highest paid Director who served during the year:

	2014	2013
	£'000	£'000
Emoluments received	95	218
Benefits	1	1
Value of contributions to money purchase schemes	13	9
Share based payments	362	63
Total	471	291

8. Amortisation of Purchased Intangibles

	2014	2013
	£'000	£'000
Amortisation of purchased intangible assets	218	218
Total	**218**	218

9. Taxation

	Notes	2014 £'000	2013 £'000
Taxation credited to the income statement			
Current tax			
Corporation tax for the year		(127)	953
Adjustment in respect of previous years		56	101
		(71)	1,054
Deferred taxation	13		
Deferred tax for the current year		1,920	(43)
Adjustment in respect of previous years		183	(69)
Taxation credit		**2,032**	942

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns of subsidiary undertakings agreed with relevant tax authorities.

Factors affecting the tax credit for the year

The reconciling items between the profits multiplied by the UK rate of corporation tax, 23% (2013: 24%), and the income statement tax credit for the year are explained below:

	2014 £'000	2013 £'000
Loss before taxation	(764)	(7,795)
Loss multiplied by standard rate of corporation tax in the UK	176	1,871
Expenses disallowed for tax purposes	(157)	(27)
Adjustment in respect of previous years	239	32
Rate Change Adjustment	(16)	-
Net losses recognised	1,790	(934)
Taxation credit	**2,032**	942

10. Dividend

No dividend has been proposed or paid for the year (2013: nil).

11. Intangible Assets

Group and Company	Goodwill	Purchased Intangible Assets	Software	Total
	£000	£000	£000	£000
Cost:				
1 April 2012	7,377	3,337	2,807	13,521
31 March 2013	7,377	3,337	2,807	13,521
31 March 2014	**7,377**	**3,337**	**2,807**	**13,521**
Amortisation and accumulated impairment:				
1 April 2012	-	464	1,688	2,152
Amortisation charge for the year	-	218	783	1,001
31 March 2013	-	682	2,471	3,153
Amortisation charge for the year	-	218	336	554
31 March 2014	**-**	**900**	**2,807**	**3,708**
Net book values:				
31 March 2014	**7,377**	**2,437**	**-**	**9,813**
31 March 2013	7,377	2,655	336	10,368

On the 1 April 2011 the goodwill and the purchased intangibles of the Group were transferred into the Company. This was following the transfer of the trading businesses of its subsidiaries into the Company, and reflected the value attributable to the goodwill and the purchased intangibles which is now held by the Company.

Purchased intangible assets primarily comprise customer relationships.

Impairment tests for goodwill

The carrying value of goodwill as at 31 March 2014 was tested for potential impairment by calculating the value in use using discounted cash flow projections prepared by management covering the five year period ending 31 March 2018. Cash flows beyond this period were extrapolated using an estimated long term growth rate of 3.1 per cent, which represents management's internal forecast based on external estimates of GDP and inflation for the sixteen year period 1 January 2003 to 31 December 2018, and does not exceed the UK long term average growth rate.

A pre-tax discount rate of 14.1 per cent, applied to the cash flow projections, is based on a number of factors including the UK risk free rate, the Company's estimated market risk premium and a premium to reflect the inherent risks of the business. In addition to the long term growth rate and discount rate, the value in use calculation is based on key assumptions about short and medium term revenue and cost growth. These assumptions reflect current trends, anticipated market developments, discussions with customers and suppliers and management's experience.

Based on the results of the impairment tests performed management believes there is no impairment of the carrying value of the goodwill.

Value in use calculations for the CGU are sensitive to changes in short and medium term revenue and cost growth assumptions, long term growth rates and pre-tax discount rates. The impact on value in use of reasonable changes in these assumptions is shown below:

	Excess of value in use over carrying value	Impact on value in use of: 5% reduction in revenues	5% increase in costs	0.5% reduction in long-term growth rate	0.5% increase in pre-tax discount rate
	£m	£m	£m	£m	£m
Turquoise	14.7	12.8	11.6	1.0	1.3

12. Investment in Subsidiary Undertakings

	Baikal Global Limited	Turquoise Services Limited	Turquoise Trading Limited	Total
	£'000	£'000	£'000	£'000
1 April 2012	157	504	14,896	15,557
31 March 2013	**157**	**504**	**14,896**	**15,557**
Impairment	(157)	-	-	(157)
31 March 2014	-	**504**	**14,896**	**15,400**

Principal subsidiaries	Principal activity	Country of incorporation	Country of principal operations	% Equity and votes held
Turquoise Trading Limited	Non Trading	United Kingdom	United Kingdom	100%
Turquoise Services Limited	Non Trading	United Kingdom	United Kingdom	100%

During the year, the Company recognised an impairment charge relating to its investment in Baikal Global Limited which was dissolved in December 2013.

13. Deferred Tax

	Group: Accelerated capital allowances	Group: Amortisation of purchased intangibles	Group: Tax losses and other temporary differences	Group: Total	Company: Accelerated capital allowances	Company: Amortisation of purchased intangibles	Company: Tax losses and other temporary differences	Company: Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
01 April 2012	485	(352)	-	133	482	(352)	-	130
Tax credited to income statement	(152)	40	-	(112)	(149)	40	-	(109)
1 April 2013	333	(312)	-	21	333	(312)	-	21
Tax credited to income statement	111	29	1,963	2,103	111	29	1,963	2,103
31 March 2014	**444**	**(283)**	**1,963**	**2,124**	**444**	**(283)**	**1,963**	**2,124**
31 March 2013	333	(312)	-	21	333	(312)	-	21

The deferred tax assets recognised are available against future profits.

The Group and Company has unrecognised deferred tax assets in respect of losses of £37m (2013: £47m) which relates primarily to the equities business. The assets would be recognised in the future only if suitable taxable income were to arise within the Group.

14. Trade and Other Receivables

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Current				
Trade receivables	689	447	689	447
Amounts due from companies under common control	303	1,260	303	1,260
Corporation tax - Consortia relief receivable on surrender of tax losses	1,435	1,506	1,913	1,927
Other receivables	333	-	333	-
Prepayments and accrued income	1,047	1,246	1,047	1,250
Total trade and other receivables	3,807	4,459	4,285	4,884

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values. Trade receivables not past due are not considered to be impaired.

Ageing of past due debtors for the Group is as follows:

	2014		2013	
	Impaired	Not impaired	Impaired	Not impaired
	£'000	£'000	£'000	£'000
0 to 3 months past due	-	203	-	104
Greater than 3 months past due	71	136	209	54
Total trade receivables past due	71	339	209	158

The carrying amounts of the Group and Company's trade and other receivables are denominated in the following currencies:

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Sterling	3,573	4,269	4,051	4,694
Euro	230	167	230	167
US Dollars	4	20	4	20
Other	-	3	-	3
Total trade receivables	3,807	4,459	4,285	4,884

Other currencies comprise mainly of Norwegian Kroners.

15. Cash and Cash Equivalents

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Cash at bank	1,713	3,358	763	2,144
Short term deposits	16,000	11,537	16,000	11,537
Total	17,713	14,895	16,763	13,681

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

16. Trade and Other Payables

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Current				
Trade payables	180	377	180	377
Amounts owed to ultimate parent company and companies under common control	8,471	5,542	8,471	5,542
Amounts owed to subsidiary undertakings	-	-	16,944	16,593
Accrued expenditure and deferred income	1,402	1,720	560	878
Social security and other taxes	70	619	70	619
Total trade and other payables	10,123	8,258	26,225	24,009

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

17. Ordinary Share Capital

	2014		2013	
	000	000	000	000
Issued, called up and fully paid				
Ordinary shares of £1 each	14,000	14,000	14,000	14,000

During the year the Company issued one ordinary share at par value for £580,965 resulting in a share premium of £580,964.

18. Net Cash Flow Generated/(Absorbed) from Operations

	Group		Company	
	2014	2013	2014	2013
	£'000	£'000	£'000	£'000
Loss before taxation	(764)	(7,795)	(1,013)	(8,775)
Amortisation	554	1,001	554	1,001
Impairment of investment in subsidiaries	-	-	157	-
Dividend received	-	-	(344)	-
Finance income	(46)	(63)	(45)	(63)
Finance expense	7	6	7	2
Discontinued operation	1,319	-	1,319	-
(Increase)/decrease in trade and other receivables	(640)	1,435	(636)	2,685
Increase in trade and other payables	1,768	3,883	2,120	5,361
Cash generated/(absorbed) by operations	**2,198**	(1,533)	**2,119**	211

Discontinued operation includes a decrease in trade and other receivables of £1.2m (2013: nil) and an increase in trade and other payables of £0.1m (2013: nil).

19. Commitments and Contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Company and the Group were both £nil (2013: £nil).

20. Share Schemes

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2004 AGM, has two 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. Vesting of these awards is dependent upon the LSEG's total shareholder return performance and for awards made since 2008, adjusted basic earnings per share. Further details are provided in the Remuneration Report of the Annual Report and Financial Statements to 31 March 2014 of London Stock Exchange Group plc, which does not form part of this report.

The SAYE scheme provide for grants of options to employees who enter into a SAYE savings contract and options were granted at 20 per cent 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.

Movements in the number of share options and awards outstanding and their weighted average exercise prices are as follows:

	Share options		SAYE Scheme		LTIP	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
01 April 2012	22,116	8.14	23,193	6.13	235,656	-
Granted	3,080	9.85	658	9.71	89,878	-
Exercised	(1,080)	9.71	(814)	6.13	(2,402)	-
Lapsed/Forfeited	(2,058)	9.71	(5,058)	6.13	(139,304)	-
31 March 2013	**22,058**	**8.15**	**17,979**	**6.21**	**183,828**	-
Granted	-	-	1,851	12.64	62,359	-
Exercised	(4,284)	7.00	-	-	(58,128)	-
Lapsed/Forfeited	-	-	(1,468)	6.13	(89,771)	-
Adjustments to holdings	(16,230)	-	(12,988)	6.13	(51,376)	-
31 March 2014	**1,544**	**9.71**	**5,374**	**8.37**	**46,912**	-

The weighted average share price of London Stock Exchange Group plc shares during the year was £16.80 (2013: £10.70)

The adjustments to holdings represents the movements of outstanding awards to reflect those charged to TGHL from LSEG.

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

	2014		2013	
	Number outstanding	Weighted average remaining contractual life years	Number outstanding	Weighted average remaining contractual life years
Share options				
Between £7 and £8	-	-	12,852	0.27
More than £9	1,544	0.18	9,256	0.64
SAYE				
Less than £7	3,523	0.92	17,321	1.72
Between £8 and £9	-	-	658	0.07
More than £9	1,851	2.92	-	-
LTIP				
Nil	46,912	2.02	183,828	1.15
Total	53,830	1.92	223,915	1.18

The fair value of share awards and share options granted during the year was determined using a stochastic valuation model. The key assumptions used in the valuation were as follows:

	Share Save Plan	Matching Shares	Performance Shares	
	10 Jan 2014	12 Jun 2013	12 Jun 2013	3 Sep 2013
Grant date share price	£17.99	£13.45	£13.45	£15.74
Expected life	3 years	3 years	3 years	3 years
Exercise price	£12.64	n.a	n.a	n.a
Dividend yield	1.70%	2.20%	2.20%	1.90%
Risk-free interest rate	1.10%	0.70%	0.70%	0.90%
Volatility	30%	30%	30%	30%
Fair value	£6.06	-	-	-
Fair value TSR	-	£4.11	£4.11	£5.13
Fair value EPS	-	£12.59	£12.59	£14.86

The approach adopted by the Group in determining the fair value for the Performance and Matching Shares granted during the year was based on a Total Shareholder Return ("TSR") pricing model which incorporates TSR performance conditions and references the vesting schedules of the awards.

For all other share awards, including the Share Save Plan, the Black-Scholes model was used.

The significant inputs into both models are the share price at grant date, expected volatility, dividend yields and annual risk-free interest rate. The volatility assumption is based on the historical 3-year volatility as at the date of grant. The risk-free interest rate represents the yield available on a UK zero-coupon government bond on the date of grant for a term commensurate with the vesting period of the award. The expected life refers to the time from the date of grant to the date the awards vest. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

21. Transactions with Related Parties

Directors

During the year, no contracts of significance were entered into by the Company in which the Directors had a material interest.

Key management compensation

Compensation for Directors of the Company and key personnel who have authority for planning, directing and controlling the Group:

	2014	2013
	£'000	£'000
Emoluments received	611	649
Benefits	5	7
Value of contributions to money purchase schemes	30	52
Share based payments	468	63
Total expenses	**1,114**	771

During the years ended 31 March 2014 and 2013 the following transactions occurred:

Transactions with Parent company

During the year, the Company issued one ordinary share at par value to the parent company London Stock Exchange Group Holdings (R) Limited for £580,965 resulting in a share premium of £580,964 (2013: nil).

Transactions with companies under common control (Group and Company):

	Balance Sheet	Income Statement				
		Administrative expenses/Cost of sales				
	Trade Receivables / (Payables)	BTS Services	Clearing Services	Service Charges	Data Warehouse	Trade purchases
London Stock Exchange plc	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
31 March 2013	(3,106)	-	-	(10,178)	-	(314)
31 March 2014	**(5,434)**	**-**	**-**	**(9,238)**	**-**	**(427)**
Borsa Italiana SpA						
31 March 2013	-	-	-	(51)	(28)	-
31 March 2014	**-**	**-**	**-**	**(68)**	**(15)**	**-**
BIT Market services SpA						
31 March 2013	-	(34)	-	-	-	-
31 March 2014	**-**	**(18)**	**-**	**-**	**-**	**-**
Cassa di Compensazione e Garanzia SpA						
31 March 2013	-	-	(816)	-	-	-
31 March 2014	**-**	**-**	**(419)**	**-**	**-**	**-**
FTSE International Ltd						
31 March 2013	-	-	-	-	-	(9)
31 March 2014	**-**	**-**	**-**	**-**	**-**	**(3)**
Proquote Limited						
31 March 2013	-	-	-	-	-	(6)
31 March 2014	**-**	**-**	**-**	**-**	**-**	**(1)**
EDX Limited						
31 March 2013	1,558	-	-	-	-	-
31 March 2014	**-**	**-**	**-**	**-**	**-**	**-**
LSE Group plc						
31 March 2013	(933)	-	-	-	-	-
31 March 2014	**(933)**	**-**	**-**	**-**	**-**	**-**
LSEGH Limited						
31 March 2013	(1,791)	-	-	-	-	-
31 March 2014	**(1,791)**	**-**	**-**	**-**	**-**	**-**
LCH Clearnet						
31 March 2013	-	-	(370)	-	-	-
31 March 2014	**-**	**-**	**(154)**	**-**	**-**	**-**

All goods and services are purchased from related parties under normal terms and conditions.

Transactions with subsidiary undertakings (Company):

	Balance Sheet	Income Statement	
	Trade Receivables/ (Payables)	Dividend	Loan Interest
Turquoise Trading limited	**£'000**	**£'000**	**£'000**
31 March 2013	(16,668)	-	(984)
31 March 2014	**(17,101)**	**-**	**(433)**
Turquoise Services Limited			
31 March 2013	74	-	-
31 March 2014	**157**	**-**	**-**
Baikal Global Limited			
31 March 2013	-	-	-
31 March 2014	**-**	**344**	**-**

All goods and services are purchased from related parties under normal terms and conditions.

22. Ultimate Parent Company

As at 31 March 2014, 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. The Company's parent is London Stock Exchange Group Holdings (R) Limited. Both companies are incorporated in Great Britain. 51.36% 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.

23. Other Statutory Information

Auditors' remuneration payable to PricewaterhouseCoopers LLP and its associates comprise the following:

	2014	2013
	£'000	£'000
Audit of Group and consolidated financial statements	46	45
Audit of subsidiary companies	22	31
Other Fees:		
Other assurance services	2	2
	70	78