

**London Stock Exchange Group Holdings (R) Limited**

**Report and Financial Statements**

**For the year ended 31 December 2019**

**Company Registration Number 07388645**



# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

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

## **DIRECTORS AND OFFICERS**

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### **DIRECTORS**

L Condron  
C Thomas  
M Freedman

### **REGISTERED OFFICE**

10 Paternoster Square  
London  
EC4M 7LS

### **INDEPENDENT AUDITORS**

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

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

## **STRATEGIC REPORT**

The Directors present their strategic report for London Stock Exchange Group Holdings (R) Limited (the "Company") for the year ended 31 December 2019.

### **REVIEW OF BUSINESS**

London Stock Exchange Group Holdings (R) Limited operates as an investment holding company and its key objective is the monitoring and review of its investments. It is a wholly owned subsidiary of London Stock Exchange Group plc ("LSEG", the "parent", the "group").

The Company's loss after tax for the year ended 31 December 2019 was £10.0k (loss for the year ended 31 December 2018: £7.7k). The loss was driven primarily by administrative costs incurred in the year.

Following a detailed review of investments, it has been deemed that the carrying value of £11,889.7k (31 December 2018: £11,889.7k) is appropriate as at 31 December 2019 with no factors to indicate impairment. Due to the nature of the business, the Directors have concluded that there are no other relevant KPIs.

### **FUTURE DEVELOPMENTS**

The Company is expected to continue to operate as an investment holding company.

### **EMPLOYEES**

The Company has no employees.

### **PRINCIPAL RISKS AND UNCERTAINTIES**

LSEG 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.

LSEG has adopted a group wide risk management system that provides ongoing formal assurance that all 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 control 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 Management Framework.

The Company's principal risks are considered to arise from clients and competition (with client alignment paramount to the successful operation and growth of our business), the continuing changing regulatory environment and the macro economic environment (unfavourable tax regimes, impact of Brexit on ability to conduct business with

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

### **STRATEGIC REPORT**

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European Union ("EU") members, or the changing regulatory environment, may reduce the attractiveness of London as a major financial centre) and increasing security threats (both physical and cyber).

The Company's principal operational risks arise from ensuring it maintains secure and stable technology performing to high levels of availability. The Company is reliant upon secure premises to protect its employees and physical assets as well as appropriate safeguards to ensure uninterrupted operation of its IT systems and infrastructure.

The UK's exit from the EU leaves significant uncertainty concerning the political and regulatory environment, the UK's future relationship with the EU, and the overall impact on the UK and EU economies both in the short and medium term. The Company relies on a number of rights that are available to them to conduct business with other EU or EEA members. This includes, without limitation, the right for UK trading venues to offer services to members in the EU or EEA. The Company has analysed the potential impact and considered contingency plans that they may choose to execute should these rights not be replaced by rights that persist outside EU membership.

By order of the Board:



Mark Freedman  
Director  
5 June 2020

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

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

## **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

### **REVIEW OF BUSINESS**

The review of the Company's business is set out within the strategic report on page 2.

### **DIVIDENDS**

The Directors have not recommended a dividend for the year (year ended 31 December 2018: nil).

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

The following Directors have held office throughout the year and up to the date of approval of the financial statements:

L Condron  
C Thomas  
M Freedman

None of the Directors had any interest in the shares of the Company. There are no Directors' interests requiring disclosure under the Companies Act 2006.

### **DIRECTORS' LIABILITIES**

The Company has Directors 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 Directors' report.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

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

In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

## **DIRECTORS' REPORT**

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The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **GOING CONCERN**

LSEG has formally confirmed it will continue to provide financial support for the ongoing operations of the Company for the 12 months following the date of this annual report and that it does not intend to call amounts outstanding or recall amounts due to be paid, under the loan agreement within that period, so long as the Company remains a part of the group. On this basis, the Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in performance, which show that the Company has sufficient financial resources. On the basis of this review, including consideration to the item discussed in the Events After the Reporting Period section below and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

### **EVENTS AFTER THE REPORTING PERIOD**

Since the emergence of Novel Coronavirus (COVID-19) in China at the end of 2019 the virus has spread rapidly across the rest of the world, triggering a set of interventions across major global economies with respect to travel restrictions, border controls and quarantine protocols. Measures increasingly involve social restrictions in public domains, education centres, recreational venues and changes to professional working arrangements. These measures are putting pressure on industrial productivity, suppressing demand for commodities, impacting global supply chains and consumption of goods and services. This has the potential to significantly impact global financial markets with severe shocks to asset prices and corporate earnings, further central bank intervention and accommodative monetary measures, and an extended period of low or negative interest rates. Management have considered the potential impact on the Company and consider this to be a non-adjusting event after the reporting period. In addition to the going concern considerations noted in the Going Concern section above, management have concluded that the going concern assessment remains appropriate.

The Board considered the impact on going concern in the most recent Board meeting to review and approve the financial statements. The following matters were discussed and concluded:

- The business activities of the Company have continued to be operational since the outbreak;
- Being an investment holding company with a view to monitoring and reviewing its investments, demand for the services provided by the Company has continued to exist since the outbreak;
- Financial performance of the Company has not been impacted to a material extent.

On this basis, the Board continues to support that the Company will continue to operate as a going concern for a period of at least 12 months from the date of approving these financial statements.

### **DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

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

## **DIRECTORS' REPORT**

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In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves 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. They are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board:



Mark Freedman  
Director  
5 June 2020

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



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

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## **OPINION**

We have audited the financial statements of London Stock Exchange Group Holdings (R) Limited (the "Company") for the year ended 31 December 2019 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 14, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **BASIS FOR OPINION**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **EMPHASIS OF MATTER – EFFECTS OF COVID-19**

We draw attention to note 14 of the financial statements, which describes the impact of the COVID-19 pandemic on the Company as an intermediary holding company, subsequent to the year end. Our opinion is not modified in respect of this matter.

## **CONCLUSIONS RELATING TO GOING CONCERN**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

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## OTHER INFORMATION

The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

## OPINIONS ON OTHER MATTERS 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 Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and Directors' report have been prepared in accordance with applicable legal requirements.

## MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or Directors' Report.

We have nothing to report in respect of the following matters in relation to which 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.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement 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  
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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

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and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### USE OF OUR REPORT

This report is made solely to the company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Ernst & Young LLP

Nicolas Dawes (Senior Statutory Auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

8 June 2020

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

## **INCOME STATEMENT**

Year ended 31 December 2019

	Notes	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Administrative expenses	3	(12.9)	(10.0)
<b>Operating loss</b>		<b>(12.9)</b>	<b>(10.0)</b>
Finance income	5	0.6	0.5
<b>Loss before taxation</b>		<b>(12.3)</b>	<b>(9.5)</b>
Taxation	6	2.3	1.8
<b>Loss for the financial year</b>		<b>(10.0)</b>	<b>(7.7)</b>

The transactions in the current year and 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 2019 and year ended 31 December 2018.

The notes on pages 13 to 21 form an integral part of these financial statements.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		31 December 2019	31 December 2018
	Notes	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investment in subsidiary undertakings	7	11,889.7	11,889.7
<b>Current assets</b>			
Other receivables	8	27.8	25.1
<b>Total assets</b>		<b>11,917.5</b>	<b>11,914.8</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	9	(38.2)	(25.5)
<b>Total liabilities</b>		<b>(38.2)</b>	<b>(25.5)</b>
<b>Net current liabilities</b>		<b>(10.4)</b>	<b>(0.4)</b>
<b>Net assets</b>		<b>11,879.3</b>	<b>11,889.3</b>
<b>Equity</b>			
Share capital	10	22,504.4	22,504.4
Retained losses		(10,625.1)	(10,615.1)
<b>Total equity</b>		<b>11,879.3</b>	<b>11,889.3</b>

The notes on pages 13 to 21 form an integral part of these financial statements.

The financial statements on pages 10 to 21 were approved by the Board on 5 June 2020 and signed on its behalf by:



Mark Freedman  
Director  
London Stock Exchange Group Holdings (R) Limited  
5 June 2020

Registered number 07388645

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

## **STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2019

	Share capital	Retained losses	Total attributable to equity holders
	£'000	£'000	£'000
1 January 2018	22,504.4	(10,607.4)	11,897.0
Loss for the financial year	-	(7.7)	(7.7)
<b>31 December 2018</b>	<b>22,504.4</b>	<b>(10,615.1)</b>	<b>11,889.3</b>
Loss for the financial year	-	(10.0)	(10.0)
<b>31 December 2019</b>	<b>22,504.4</b>	<b>(10,625.1)</b>	<b>11,879.3</b>

The notes on pages 13 to 21 form an integral part of these financial statements.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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### 1. Basis of Preparation and Accounting Policies

#### Basis of Preparation

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 ("EU").

The Company is a qualifying entity for the purposes of FRS 101. Note 12 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS as adopted by the EU may be obtained. The Company's date of transition to FRS 101 was 1 April 2012.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with IFRS as adopted by the EU was not material on the shareholders' equity as at the date of transition and as at 31 December 2019 or on the loss for the year ended 31 December 2019.

The following disclosure exemptions under FRS 101 have been considered and applied where deemed to be applicable:

- IAS 7 *Statement of Cash Flows* and related notes;
- reduced IFRS 2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- IAS 8 the listing of new or revised standards that have not been adopted (and information about their likely impact) may be omitted;
- reduced IAS 36 disclosure of impairment reviews;
- reduced IFRS 3 disclosure for business combinations during and after the period;
- reduced IFRS 5 disclosure for discounted operations;
- reduced IFRS 7 disclosure for financial instruments;
- reduced IFRS 13 disclosure relating to fair value measurement;
- IAS 24 related party disclosures for intra-group transactions and disclosure of key management compensation;
- IAS 1 the requirement to present comparatives in roll-forward reconciliations for movements on share capital, property plant and equipment, intangible assets and investment property;
- reduced IAS 1.134-1.136 disclosure on capital management;
- reduced disclosure for IFRS 15 *Revenue from Contracts with Customers*; and
- reduced disclosure for IFRS 16 *Leases*.

The following standards and amendments were endorsed by the EU during the year and have been adopted in these financial statements:

- IFRS 16 *Leases*;
- IFRIC 23 *Uncertainty over Income Tax Treatments*;
- Amendments to IAS 28 *Long-term interest in Associates and Joint Ventures*;
- Amendments to IAS 19 *Plan amendment, curtailment or settlement*;
- Amendments to IFRS 9 *Prepayment features with negative compensation*; and

# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

- Annual improvements to IFRS standards 2015-2017.

The adoption of these standards and amendments did not have a material impact on the results of the Company.

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.

These financial statements contain information about London Stock Exchange Group Holdings (R) Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken the exemption from producing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of London Stock Exchange Group plc which prepares consolidated financial statements which are publicly available.

The Company is a private limited company, limited by shares incorporated and domiciled in England and Wales. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

### Going concern

LSEG has formally confirmed it will continue to provide financial support for the ongoing operations of the Company for the 12 months following the date of this annual report and that it does not intend to call amounts outstanding or recall amounts due to be paid, under the loan agreement within that period, so long as the Company remains a part of the group. On this basis, the Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in performance, which show that the Company has sufficient financial resources. On the basis of this review, including consideration to the item discussed in note 14 and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. Accordingly, the Company continues to adopt the going concern basis in preparing these financial statements.

## Accounting Policies

### Income Statement

#### Finance income

Finance income comprises interest earned on cash deposited with financial counterparties which reflects the agreed market-based or contractual rate for each transaction undertaken during the period and calculated using the effective interest rate method. In conditions where negative interest rates apply, the Company recognises interest paid on cash deposits as an expense and interest received on liabilities as income.

### Statement of Financial Position

#### Investment in subsidiary undertakings

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.



# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Investments in subsidiaries are stated in the Company's financial statements at cost less impairment, if any. On disposal, the difference between the net disposal proceeds and the investment's carrying amount is included in the income statement.

### *Current taxation*

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

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

### *Financial instruments*

Financial assets and liabilities are initially recognised on their settlement date. The Company classifies its financial instruments as amortised cost. The classification depends on the Company's business model for managing its financial instruments and whether the cash flows generated are 'solely payments of principal and interest' ("SPPI").

#### *Initial recognition:*

- a) *Financial assets at amortised cost* are financial assets that are held in order to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. The Company's cash and cash equivalents and other receivables fall within this category.
- b) *Financial liabilities at amortised cost* are all financial liabilities that are not included within financial liabilities at FVPL. This comprises the Company's trade and other payables balances.

#### *Subsequent measurement:*

The Company adopts a forward-looking approach to estimate impairment losses on financial assets. An expected credit loss (ECL) is calculated based on the difference between the contractual cash flows due and the expected cash flows. The difference is discounted at the asset's original effective interest rate and recognised as an allowance against the original value of the asset.

- c) *Financial assets at amortised cost* – the ECL for other receivables and cash and cash equivalents is calculated using IFRS 9's simplified approach using lifetime ECL.

The ECL on other financial assets held at amortised cost is measured using the general approach. The Company calculates an allowance based on the 12-month ECL at each reporting date until there is a significant increase in the financial instrument's credit risk, at which point the Company will calculate a loss allowance based on the lifetime ECL. A significant increase in credit risk is considered to have occurred when contractual payments are more than 30 days past due.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

### *Other receivables*

Other receivables include a loan to the parent which is held to collect the contractual cashflows, and the contractual terms give rise to cashflows that are solely payments of principal and interest.

# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Receivables are initially recognised at fair value and subsequently measured at amortised cost, less any allowance for expected credit losses ("ECL"). The ECLs for other receivables are calculated using IFRS 9's simplified approach of lifetime ECL. This is deemed immaterial for the current year. The simplified approach is based on historic experience of collection rates, adjusted for forward looking factors specific to each counterparty and the economic environment at large to create an expected loss matrix. The carrying amount of the asset is reduced through the use of an allowance account for ECL 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.

### *Trade and other payables*

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Other payables relate to loans from other companies within the group. Trade and other payables are classified as 'trade and other payables' within current liabilities, if payment is due within 1 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. They are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

### *Share capital*

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

### *Dividend distributions*

Dividend distributions to the Company's equity holders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholder.

## 2. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The significant estimates for the year ended 31 December 2019 are as follows:

- Valuation of investment in subsidiary undertakings: for the purpose of impairment assessment, the management of the Company estimated the net assets value of Turquoise Global Holdings Limited ("TGHL") based on forecast cashflows and an appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

There were no principal judgements applied by management for the year ended 31 December 2019.

## 3. Expenses by Nature

Expenses comprise the following:

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Other costs	(12.9)	(10.0)

# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 4. Directors' Remuneration

No remuneration was received by the Directors in respect of qualifying services to this Company in the year (year ended 31 December 2018: £nil).

### 5. Finance Income

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
<b>Finance income</b>		
Interest income on loan to parent	0.6	0.5

### 6. Taxation

The standard UK corporation tax rate was 19% for the year ended 31 December 2019 (year ended 31 December 2018: 19%).

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
<b>Taxation credited to the income statement</b>		
<b>Current tax</b>		
UK corporation tax for the year	2.3	1.8
Taxation credit	2.3	1.8

#### Factors affecting the tax credit for the year

The income statement tax credit for the year does not differ from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2018: 19%) as explained below:

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Loss before taxation	(12.3)	(9.5)
Loss multiplied by standard rate of corporation tax in the UK	2.3	1.8
<b>Taxation credit</b>	<b>2.3</b>	<b>1.8</b>

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

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# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

### 7. Investment in Subsidiary Undertakings

	£'000
At 31 December 2018	11,889.7
At 31 December 2019	11,889.7

A list of the Company's subsidiaries as at 31 December 2019 is given below. The entire share capital of subsidiaries is held within the Company except where the Company's ownership percentages are shown. These percentages give the Company's ultimate percentage and therefore allow for the situation where subsidiaries are owned by partly owned intermediate subsidiaries.

Name of subsidiary undertaking	Country of incorporation	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Percentage of class by direct parent	Registered office address	Ultimate Company percentage
Turquoise Global Holdings Limited	United Kingdom	Ordinary A	Direct	51.36	10 Paternoster Square, London, EC4M 7LS	51.36
Turquoise Global Holdings Europe B.V.	Netherlands	Ordinary	Indirect	100	Suite 108, Nieuwezijds Voorburgwal 162, Amsterdam, 1012 SJ, Netherlands	51.36

# LONDON STOCK EXCHANGE GROUP HOLDINGS (R) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Turquoise Global Holdings US, Inc.	United States	Ordinary	Indirect	100	c/o United Agent Group Inc. 3411 Silverside Road, Tatnall Building #104, Wilmington, New Castle County, DE, 19810, United States	51.36
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### 8. Other Receivables

	31 December 2019 £'000	31 December 2018 £'000
Amounts due from parent	25.7	25.1
Other receivables	2.1	-
	<b>27.8</b>	<b>25.1</b>

Amounts due from parent comprise a loan to London Stock Exchange Group plc of £25,593 (31 December 2018: £25,005). The loan receives interest at LIBOR +1.5% and is repayable with 3 months' notice or on its final maturity date of 30 March 2023.

The carrying values of other receivables are reasonable approximations of fair value. Receivables not past due are not considered to be impaired.

### 9. Trade and Other Payables

	31 December 2019 £'000	31 December 2018 £'000
Amounts owed to parent	(9.5)	-
Amounts owed to companies under common control	(23.0)	(17.5)
Group tax relief	(5.7)	(8.0)
	<b>(38.2)</b>	<b>(25.5)</b>

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

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

## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2019

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

### **10. Share Capital**

	31 December 2019		31 December 2018	
	Number of shares	Share capital £'000	Number of shares	Share capital £'000
Issued, called up and fully paid				
Ordinary shares of £1 each	22,504,416	22,504.4	22,504,416	22,504.4

### **11. Commitments and Contingencies**

Contracted commitments and other contracted contingencies not provided for in the financial statements of the Company were nil (2018: nil) and nil (2018: nil), respectively.

### **12. Ultimate Parent Company**

As at 31 December 2019, the Company's parent and ultimate parent company and the parent that headed the smallest and largest group of entities for which consolidated financial statements were prepared was London Stock Exchange Group plc, a company incorporated in England and Wales. 100% of the issued share capital of the Company was beneficially owned by LSEG.

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.

### **13. Other Statutory Information**

The Company paid £7,880 (year ended 31 December 2018: £7,688) to its auditors in respect of the audit of the financial statements of the Company.

Information on remuneration for other services provided by the Company's auditors for the group is given in the consolidated financial statements of London Stock Exchange Group plc, which is the largest group into which the results of the Company are consolidated. There were no non-audit services provided to the Company in the current year and in the prior year.

### **14. Events After the Reporting Period**

Since the emergence of Novel Coronavirus (COVID-19) in China at the end of 2019 the virus has spread rapidly across the rest of the world, triggering a set of interventions across major global economies with respect to travel restrictions, border controls and quarantine protocols. Measures increasingly involve social restrictions in public

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2019**

domains, education centres, recreational venues and changes to professional working arrangements. These measures are putting pressure on industrial productivity, suppressing demand for commodities, impacting global supply chains and consumption of goods and services. This has the potential to significantly impact global financial markets with severe shocks to asset prices and corporate earnings, further central bank intervention and accommodative monetary measures, and an extended period of low or negative interest rates. Management have considered the potential impact on the Company and consider this to be a non-adjusting event after the reporting period. In addition to the going concern considerations noted in the Going Concern section of note 1 to these financial statements, management have concluded that the going concern assessment remains appropriate.

The Board considered the impact on going concern in the most recent Board meeting to review and approve the financial statements. The following matters were discussed and concluded:

- The business activities of the Company have continued to be operational since the outbreak;
- Being an investment holding company with a view to monitoring and reviewing its investments, demand for the services provided by the Company has continued to exist since the outbreak;
- Financial performance of the Company has not been impacted to a material extent.

On this basis, the Board continues to support that the Company will continue to operate as a going concern for a period of at least 12 months from the date of approving these financial statements.