

SSC Global Business Services Limited
Report and Financial Statements
For the year ended 31 December 2018

Company Registration Number 07584392



SSC GLOBAL BUSINESS SERVICES LIMITED

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SSC GLOBAL BUSINESS SERVICES LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

L Condron
C Thomas
M Freedman
C Corrado

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

BANKERS

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

SSC GLOBAL BUSINESS SERVICES LIMITED

STRATEGIC REPORT

The Directors present their Strategic Report for SSC Global Services Limited (the "Company") for the year ended 31 December 2018.

REVIEW OF BUSINESS

The Company's loss for the financial year ended 31 December 2018 of £6,134.1k (year ended 31 December 2017: loss of £9,046.6k) was driven mainly by depreciation charges on its fixed assets and IT costs. The Company generates revenue from phase 1 of its Tickerplant product and BorsaMIT Exchange, services provided to the Mongolian Stock Exchange and data centre services. From 2017 onwards there is also revenue from the provision of Finance Systems to the rest of the London Stock Exchange Group plc Companies. The Directors have concluded there are no KPIs.

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

PRINCIPAL ACTIVITIES

SSC Global Business Services Limited (the "Company") was incorporated on 30 March 2011 to provide technology services to customers, primarily focused in the developing exchange market. The Company is one of a number of shared services companies operated by the LSEG. The Company holds technology assets and incurs costs from associated companies which are then passed onto other Group companies and external customers. In the current year, income has been generated on costs recharged to Group companies for the use of licences, intellectual property and the provision of data centre services.

FUTURE DEVELOPMENTS

The Company will continue to provide support services to the London Stock Exchange Group plc and entities under its common control in the development and expansion of its IT platforms and services. The key aspects of the Group's market position and outlook are described in the Strategic Report of the Annual Report and Financial Statements of London Stock Exchange Group plc (the "Ultimate Parent") for the year ended 31 December 2018, which does not form part of this report. Further, the Company intends to provide services to a number of third parties.

EMPLOYEES

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

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

PRINCIPAL RISKS AND UNCERTAINTIES

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 the subsidiary companies are appropriately controlling all of the risks to which they are exposed, ensuring that internal controls operate efficiently and effectively.

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

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

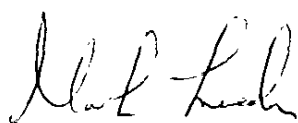
SSC GLOBAL BUSINESS SERVICES LIMITED

STRATEGIC REPORT

The Company's principal operational risks are considered to arise from client competition (with client alignment paramount to the successful operation and growth of our business), the changing regulatory environment and the macro economic environment.

On 23 June 2016 the UK voted to exit the EU. The Company relies on a number of rights that are available to it to conduct business with EU members. This includes, without limitation, the right for the UK trading venues to offer services to members in the EU. The Company has analysed the potential impact and considered contingency plans that it 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

20 September 2019

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

SSC GLOBAL BUSINESS SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the financial statements of the Company for the year ended 31 December 2018.

REVIEW OF BUSINESS

The review of the Company's business is set out within the Strategic Report on pages 2-3.

DIVIDENDS

The Directors have not recommended a dividend for the year ended 31 December 2018 (year ended 31 December 2017: 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 except as noted below:

L Condron
C Thomas
C Corrado
M Freedman

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

DIRECTORS' LIABILITIES

The Company has Directors and Officers insurance which provides 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, 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 loss of the Company for that year.

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.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transaction 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.

SSC GLOBAL BUSINESS SERVICES LIMITED

DIRECTORS' REPORT

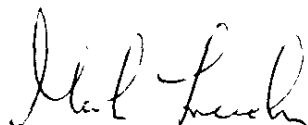
GOING CONCERN

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

AUDIT EXEMPTION

For the year ended 31 December 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

By order of the Board



Mark Freedman
Director
20 September 2019

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

SSC GLOBAL BUSINESS SERVICES LIMITED

INCOME STATEMENT

Year ended 31 December 2018

		Year ended 31 December 2018	Year ended 31 December 2017
	Notes	£'000	£'000
Revenue	3	20,814.8	16,982.7
Cost of sales		(454.9)	(1,156.2)
Gross profit		20,359.9	15,826.5
Expenses			
Administrative expenses	4	(25,674.7)	(24,436.0)
Operating loss		(5,314.8)	(8,609.5)
Finance expense	9	(1,780.8)	(1,226.1)
Loss before taxation		(7,095.6)	(9,835.6)
Taxation	7	961.5	789.0
Loss for the financial year		(6,134.1)	(9,046.6)

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

There are no other items of income or expenditure other than those included within the income statement for the year ended 31 December 2018 and the year ended 31 December 2017.

The notes on pages 9 to 20 form an integral part of these financial statements.

SSC GLOBAL BUSINESS SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	31 December 2018 £'000	31 December 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	2,835.3	5,236.6
Intangible assets	10	30,581.5	33,699.0
Investment in subsidiary undertaking	12	-	67.3
Deferred tax asset	16	615.1	294.6
		34,031.9	39,297.5
Current assets			
Trade and other receivables	13	28,207.0	33,558.1
Contract assets	13	245.8	-
Cash and cash equivalents	14	-	60.4
		28,452.8	33,618.5
Total assets		62,484.7	72,916.0
Liabilities			
Current liabilities			
Trade and other payables	15	(97,692.8)	(101,995.8)
Total liabilities		(97,692.8)	(101,995.8)
Net liabilities		(35,208.1)	(29,079.8)
Equity			
Share capital	17	-	-
Retained losses		(35,237.9)	(29,109.6)
Other reserves		29.8	29.8
		(35,246.1)	(29,079.8)
Total equity		(35,208.1)	(29,079.8)

The notes on pages 9 to 20 form an integral part of these financial statements.

For the year ended 31 December 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities

- the members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with 476; and
- the directors acknowledge their responsibilities for complying with the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 6 to 20 were approved by the Board on 20 September 2019 and signed on its behalf by:



Mark Freedman
Director
SSC Global Business Services Limited

Registered number 07584392

SSC GLOBAL BUSINESS SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Attributable to equity holder of the Company			
	Ordinary share capital	Retained losses	Other Reserves	Total shareholder's deficit
	£'000	£'000	£'000	£'000
31 December 2016	-	(20,063.0)	29.8	(20,033.2)
Loss for the financial year	-	(9,046.6)	-	(9,046.6)
31 December 2017	-	(29,109.6)	29.8	(29,079.8)
Loss for the financial year	-	(6,134.1)	-	(6,134.1)
Employee share scheme expenses, net of tax	-	5.8	-	5.8
31 December 2018	-	(35,237.9)	29.8	(35,208.1)

Issued share capital of the Company consists of 1 share with total aggregated nominal value of £1. Shares are fully paid as at 31 December 2018 and 31 December 2017.

The notes on pages 9 to 20 form an integral part of these financial statements.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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 20 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS as adopted by EU may be obtained.

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

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related Regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with IFRS was not material on the shareholders' equity as at the date of transition and as at 31 December 2018 or on the profit for the year ended 31 December 2018.

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

- IAS 7 cash flow statements 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 review;
- reduced IFRS 3 disclosure for business combinations during and after the period;
- reduced IFRS 5 disclosure for discontinued operations;
- reduced IFRS 7 disclosure of 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; and
- reduced IAS 1.134-1.136 disclosure on capital management.

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

- IFRS 9 'Financial Instruments' on classification and measurement and amendments regarding general hedge accounting
- IFRS 15 'Revenue from Contracts with Customers'
- Amendment to IFRS 4 'Insurance Contracts' regarding the implementation of IFRS 9, 'Financial instruments'
- Amendments to IAS 40 'Transfers of Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- IFRIC 23 'Uncertainty over Income Tax Treatments'

The adoption of these standards do not have a material effect on the financial statements.

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

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

These financial statements contain information about SSC Global Business Services 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 the England and Wales. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

Going concern

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources and access to funding. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. Basis of Preparation and Accounting Policies (continued)

Accounting policies

Income statement

Revenue

Revenue is derived from the provision of technology services in the development of trading platforms and other finance systems and is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts, VAT and other sales related taxes.

The Company recognizes revenue as services are performed and it satisfies its obligations to provide a product or service to a customer.

Share based compensation

The Company operates share based compensation plans for employees, settled in shares of the ultimate parent company, London Stock Exchange Group plc, or in cash. For schemes settled in shares of the ultimate parent, the charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant as an indirect measure of the value of employee services received by the Company and recognised over the relevant vesting period. For shares settled in cash, the liability is recorded at fair value with changes in the fair value recognised in the income statement. The Company is recharged costs from LSEG plc to settle the share based awards made to employees of the Company.

Pension costs

The Company operates a defined contribution personal pension scheme under which the Company pays fixed contributions; the Company has no legal or constructive obligations to pay for the contributions if the fund does not hold sufficient assets. Contributions are charged to the Income statement.

Foreign currencies

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

Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction or at the monthly average as a proxy. Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Finance expenses

Finance expenses comprise interest paid on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the year.

Statement of Financial Position

Property, plant and equipment

Plant and equipment relates to hardware development and IT equipment. Plant and equipment is included in the financial statements at cost less accumulated depreciation and any provision for impairment.

Plant and equipment are depreciated to residual value on a straight line basis over the estimated useful economic lives of the assets, which generally range from 3 to 15 years. The Company estimates the useful economic life of its IT equipment to mainly be 4 years. Depreciation rates are based on expected economic lives, taking into account the expected rate of technological development, market requirements and expected use of the assets. The selected rates are regularly reviewed to ensure they remain appropriate to the Company's circumstances.

Intangible assets

Third party software costs for the development and implementation of systems which enhance the services provided by the Company are capitalised and amortised over their estimated useful economic lives, of 3 to 5 years.

Internal product development expenditure is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable and the Company has sufficient resources to complete the development and to use or sell the asset. Judgement is required as to whether these tests are met. The assets are recorded at cost including labour, directly attributable costs and any directly attributable third party expenses.

The Company estimates the useful economic life of its IT software and software licences to be 5 years.

Financial instruments

On 1 January 2018, the Company adopted IFRS 9 'Financial Instruments'.

The Company classifies its financial instruments as fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) or amortised cost. The classification is based on the Company's business model for managing its financial instruments and that the cash flows generated are "solely payments of principal and interest" (SPPI).

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

- 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. This includes the Company's cash and cash equivalents and trade and other receivables.

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.

Financial assets at amortised cost - the ECL for trade receivables, contract assets and cash and cash equivalents are calculated using IFRS 9's simplified approach using lifetime ECL. The provision 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.

Trade and other receivables

Trade receivables are non-interest bearing and are stated at their fair value which is the original invoiced amount less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the receivable, probability that the trade receivable will enter bankruptcy or financial reorganisation and default or delinquency in payments 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 to the income statement.

Contract assets

Contract assets are recognised when there is the conditional right to consideration from a customer in exchange for goods or services transferred.

Contract assets are transferred to and presented as trade receivables when the entitlement to payment becomes unconditional and only the passage of time is required before payment is due.

Cash and cash equivalents

Cash and cash equivalents comprise deposits held at call with banks, short term deposits and investments in money market funds that are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

Investments in subsidiary undertakings

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

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

Current and deferred taxation

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

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

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

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.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Trade and other payables

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

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

Share capital

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

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 2018 are as follows:

- **Intangible assets:** The Company generates intangible assets such as IT software internally. It also purchases intangible assets such as software licences. Internally generated intangible assets are valued based on management's best estimates of fair value driven mainly by both current market and future performance. They are amortised over management's best estimate of their useful economic lives. Purchased intangible assets are 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.

Valuation of investment in subsidiary undertakings: for purposes of impairment assessment, this is determined based on forecast cash flows and an appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

3. Revenue

The Directors consider that the Company has one class of business, being the provision of technology services, constituting a single business segment. The principal operations and customers of the Company are in the United Kingdom. No further information on business or geographical segments is disclosed.

4. Administrative Expenses

Expenses comprise the following:

		Year ended 31 December 2018	Year ended 31 December 2017
	Notes	£'000	£'000
Employee costs	5	2,302.1	3,409.4
Depreciation and amortisation	10, 11	10,468.4	10,345.4
IT costs		11,269.1	10,140.0
Foreign exchange (gains)/losses		439.0	(781.6)
Irrecoverable VAT		237.5	945.2
Property costs		86.8	543.9
Other costs		909.8	(166.3)
Total expenses		25,712.7	24,436.0

The Company is exempt from audit and therefore no audit fees were incurred by the Company for the year ended 31 December 2018 (year ended 31 December 2017: £nil).

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. Employee Costs

Employee costs comprise the following:

		Year ended 31 December 2018	Year ended 31 December 2017
	Note	£'000	£'000
Salaries and short term benefits		1,921.9	2,956.8
Social security costs		202.8	192.3
Pension costs		138.6	171.6
Share based payments	18	29.3	63.1
Other costs		9.5	25.6
Total		2,302.1	3,409.4

The number of employees in the Company was:

	Year ended 31 December 2018	Year ended 31 December 2017
At the year end	46	54
Average for the year	42	38

6. Directors' Remuneration

The Directors' aggregate emoluments in respect of qualifying services (all of which relate to the highest paid director) were:

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Emoluments received	22.0	35.5
Benefits	1.3	2.2
Share based payments	81.5	49.5
Pensions	1.2	1.9
Total	106.0	89.1

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7. Taxation

The standard UK corporation tax rate was 19% (19.25% for the year ended 31 December 2017).

	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Taxation credited to the income statement			
Current tax			
Corporation tax for the current year		(656.7)	(1,484.8)
Adjustment in respect of previous years		9.9	941.0
		(646.8)	(543.8)
Deferred taxation			
Deferred tax for the current year		(351.4)	(277.7)
Rate change adjustment		36.7	32.5
Taxation credit		(961.5)	(789.0)
Taxation on items not credited to the income statement			
Deferred tax credit:			
Tax allowance on share options / awards in excess of expense recognised		(5.8)	-
Tax on profit on ordinary activities		(5.8)	-

Factors affecting the tax credit for the year

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (19.25% for the year ended 31 December 2017) as explained below:

	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Loss before taxation	(7,095.6)	(9,835.6)
Loss multiplied by standard rate of corporation tax in the UK	(1,348.2)	(1,893.4)
Expenses not deductible	338.4	118.8
Share allowance on share options/awards in excess of expense recognized	1.7	12.1
Adjustment in respect of the previous years	9.9	941.0
Rate change adjustment	36.7	32.5
Taxation credit	(961.5)	(789.0)

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

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. Dividend

No dividend has been proposed or paid for the year ended 31 December 2018 (year ended 31 December 2017: nil).

9. Finance Expense

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Interest payable on loans from Parent	1,780.8	1,226.1
Total interest expense	1,780.8	1,226.1

10. Intangible Assets

	Development costs	Licenses	Software	Total
	£'000	£'000	£'000	£'000
Cost:				
At 1 January 2018	6,025.2	871.6	48,537.7	55,434.5
Additions in the year	4,117.8	-	-	4,117.8
Transfers out of development costs	(6,601.7)	-	6,601.7	-
At 31 December 2018	3,541.3	871.6	55,139.4	59,552.3
Accumulated Amortisation:				
At 1 January 2018	-	871.6	20,863.9	21,735.5
Amortisation charge for the year	-	-	7,235.3	7,235.3
At 31 December 2018	-	871.6	28,099.2	28,970.8
Net book value:				
At 31 December 2018	3,541.3	-	27,040.2	30,581.5
At 31 December 2017	6,025.2	-	27,673.8	33,699.0

No amortisation has been charged in the year for development costs and licenses as these assets have not been brought into use.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

11. Property, Plant and Equipment

	IT Equipment £'000	Hardware development £'000	Total £'000
Cost:			
At 1 January 2018	15,633.0	370.4	16,003.4
Additions in the year	-	831.8	831.8
Transfers out of development	219.7	(219.7)	-
At 31 December 2018	15,852.7	982.5	16,835.2
Accumulated Depreciation:			
At 1 January 2018	10,766.8	-	10,766.8
Depreciation charge for the year	3,233.1	-	3,233.1
At 31 December 2018	13,999.9	-	13,999.9
Net book value:			
At 31 December 2018	1,852.8	982.5	2,835.3
At 31 December 2017	4,866.1	370.5	5,236.6

No depreciation on hardware development has been charged in the year as the assets have not been brought into use.

12. Investment in Subsidiary Undertaking

	Total £'000
At 31 December 2017	67.3
Write off of LSEM LLC	(67.3)
At 31 December 2018	-

Following the dissolution of LSEM LLC on 29 August 2018, the Company has written off the carrying value of its investment in LSEM LLC.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13. Trade and other receivables and Contract assets

	31 December 2018 £'000	31 December 2017 £'000
Trade receivables	100.2	1,020.1
Amounts due from the Ultimate parent	1,390.2	1,425.8
Amounts due from parent	5.4	-
Amounts due from companies under common control	19,469.6	24,531.2
Group relief receivable from other Group companies	6,716.2	6,067.0
Prepayments	771.2	300.0
Accrued income ¹	-	214.0
Trade and other receivables	28,207.0	33,558.1
Contract assets	245.8	-

¹ - The Company has adopted IFRS 15 prospectively from 1 January 2018. Under IFRS 15, accrued income is now referred to as 'contract assets' and presented as separate line items on the face of the Company's balance sheet.

Amounts due from the Ultimate parent, companies under common control and subsidiary companies are interest free and repayable on demand.

The carrying values less impairment provisions of receivables are reasonable approximations of fair values. All trade and other receivables are denominated in Pounds Sterling. Trade receivables not past due are not considered to be impaired.

Contract assets relate to the Company's right to consideration for work completed but not invoiced at the reporting date.

The ageing of past due trade receivables is as follows:

	31 December 2018		31 December 2017	
	Impaired £'000	Not impaired £'000	Impaired £'000	Not impaired £'000
0 to 3 months past due	-	75.9	-	241.8
Greater than 3 months past due	-	24.3	-	778.3
	-	100.2	-	1,020.1

14. Cash and cash equivalents

	31 December 2018 £'000	31 December 2017 £'000
Cash and cash equivalents	-	60.4
	-	60.4

There is no difference between the book and fair value of the above balances. Management does not expect any losses from non-performance by the counterparties holding cash and cash equivalents.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15. Trade and other payables

	Note	31 December 2018 £'000	31 December 2017 £'000
Trade payables		212.1	24.1
Amounts owed to subsidiary undertaking		-	99.0
Amounts owed to companies under common control		14,928.1	24,485.9
Amounts owed to the parent		80,274.6	75,843.1
Amounts owed to ultimate parent		607.9	381.5
Accrued expenditure		1,670.1	749.2
Other tax		-	413.0
		97,692.8	101,995.8

Amounts owed to the Parent include loans of £79.8m, USD nil (£ nil) and EUR nil (£ nil) (31 December 2017: £74.6m, USD0.2m (£0.1m) and EUR0.9m (£0.8m)). Interest on the loans is accrued at LIBOR plus 1.5%, US LIBOR plus 1.5% and EURIBOR plus 1.5% respectively. All loans are repayable on demand or on the 26 April 2022.

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

Other payables are interest free and repayable on demand.

The carrying values are reasonable approximations of fair values.

16. Deferred Tax

	Accelerated tax depreciation	Share based payments	Total £'000
1 January 2017	49.4	-	49.4
Tax (charged)/ credited to income statement	277.7	-	277.7
- Impact of rate change	(32.5)	-	(32.5)
31 December 2017	294.6	-	294.6
Tax credited to income statement	347.5	3.9	351.4
- Impact of rate change	(36.6)	(0.1)	(36.7)
Tax credited to equity:			
- Allowance on share options	-	5.8	5.8
31 December 2018	605.5	9.6	615.1
Assets at 31 December 2018	605.5	9.6	615.1
Assets at 31 December 2017	294.6	-	294.6

The tangible fixed assets create a deferred tax liability due to the difference between their accounting and tax treatment. The deferred tax assets are recoverable against future taxable profits and are due after more than one year. The deferred tax assets are recoverable against future taxable profits.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

17. Ordinary Share Capital

	31 December 2018		31 December 2017	
	Number	£	Number	£
Issued, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1

18. Share Schemes

The London Stock Exchange Group Long Term Incentive Plan ("LTIP"), approved at the 2016 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 LSEG shares - the latter element is not applicable to executive directors. Vesting of these awards is dependent upon LSEG total shareholder return ("TSR") performance and adjusted basic earnings per share. Further details are provided in the Remuneration Report in the Annual Report of the London Stock Exchange Group plc for the year ended 31 December 2018, which does not form part of this report.

The Group's Remuneration Committee determines performance targets each year to ensure that the targets are stretching and support value creation for shareholders whilst remaining motivational for management. Vesting of awards is subject to achievement of TSR and financial performance targets. For initial grants under the LTIP, awards are subject to absolute TSR and adjusted earnings per share measures. Measures will normally be equally weighted but in any event, any total shareholder return element will represent at least 50 per cent of the award.

For each performance element, achievement of the threshold performance level will result in no more than 25 per cent of the maximum award paying out. For achievement of the maximum performance level, 100 per cent of the maximum pays out. Normally, there is straight-line vesting between these points.

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.

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

	At 31 December 2018		At 31 December 2017	
	Number outstanding	Weighted average remaining contractual life (Years)	Number outstanding	Weighted average remaining contractual life (Years)
SAYE				
Less than £10	-	-	-	-
Between £10 and £20	-	-	-	-
More than £20	-	-	-	-
More than £30	1,515	2.5	7,176	3.0
LTIP				
Nil	-	-	-	-
Total	1,515	2.5	7,176	3.0

The SAYE schemes provide for grants of options to employees who enter into a SAYE savings contract; options are granted at 20 per cent below fair market value. The scheme is available to employees based in the UK and US (and approved by HMRC in the UK). The options vest in full after 3 years, providing the employee remains employed by the LCH Group or the wider LSEG group of companies.

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

19. Commitments and Contingencies

The Company has no contracted commitments other than those disclosed in these financial statements, nor has it any contingent liabilities (31 December 2017: nil).

20. Ultimate Parent Company

As at 31 December 2018, the Company's ultimate parent undertaking and the parent that headed the smallest and largest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc. The Company's immediate parent is London Stock Exchange Group Holdings Limited. Both companies are incorporated in England and Wales. One hundred per cent of the issued share capital of the Company was beneficially owned by its ultimate parent undertaking.

A copy of the London Stock Exchange Group plc consolidated financial statements can be obtained from London Stock Exchange Group plc, 10 Paternoster Square, London EC4M 7LS.