

SSC Global Business Services Limited
Report and Financial Statements
For the year ended 31 December 2017

Company Registration Number 07584392



SSC GLOBAL BUSINESS SERVICES LIMITED

CONTENTS

PAGE

1	Directors and Officers
2	Strategic Report
4	Directors' Report
6	Income Statement
7	Statement of Financial Position
8	Statement of Changes in Equity
9	Notes to the Financial Statements

SSC GLOBAL BUSINESS SERVICES LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

L Condrón
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 2017.

REVIEW OF BUSINESS

The Company's loss for the financial year ended 31 December 2017 of £9,046.6k (year ended 31 December 2016: loss of £11,409.8k) was driven mainly by depreciation charges on its fixed assets and IT costs, and some costs not recharged out to other Group Companies such as Graduate employment 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 LSEG Group Companies. The Directors have concluded there are no KPIs.

The Company is part of London Stock Exchange Group plc (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 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 2017, 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

London Stock Exchange Group plc ("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

24 September 2018

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 2017.

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 ended 31 December 2017 (year ended 31 December 2016: 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
D Warren (resigned 20 February 2018)
C Corrado
M Freedman (appointed 29 April 2018)

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

SSC GLOBAL BUSINESS SERVICES LIMITED

DIRECTORS' REPORT

Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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 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 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

In the prior year, the Company was audited by Ernst & Young LLP. This report shows audited comparative results for the year ended 31 December 2016.

By order of the Board



Mark Freedman

Director

24 September 2018

REGISTERED OFFICE:

10 Paternoster Square, London, EC4M 7LS

SSC GLOBAL BUSINESS SERVICES LIMITED

INCOME STATEMENT

Year ended 31 December 2017

		Year ended 31 December 2017	Year ended 31 December 2016
	Notes	£'000	£'000
Revenue	3	16,982.7	14,594.3
Cost of sales		(1,156.2)	(260.8)
Gross profit		15,826.5	14,333.5
Expenses			
Administrative expenses	4	(24,436.0)	(27,553.5)
Operating loss		(8,609.5)	(13,220.0)
Finance expense	9	(1,226.1)	(905.6)
Loss before taxation		(9,835.6)	(14,125.6)
Taxation	7	789.0	2,715.8
Loss for the financial year		(9,046.6)	(11,409.8)

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 2017 and the year ended 31 December 2016.

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 2017

	Notes	31 December 2017 £'000	31 December 2016 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	5,236.6	8,373.6
Intangible assets	10	33,699.0	32,187.1
Investment in subsidiary undertaking	12	67.3	67.3
Deferred tax asset	16	294.6	49.4
		39,297.5	40,677.4
Current assets			
Trade and other receivables	13	33,558.1	20,449.4
Cash and cash equivalents	14	60.4	-
		33,618.5	20,449.4
Total assets		72,916.0	61,126.8
Liabilities			
Current liabilities			
Trade and other payables	15	(101,995.8)	(81,160.0)
Total liabilities		(101,995.8)	(81,160.0)
Net liabilities		(29,079.8)	(20,033.2)
Equity			
Share capital	17	-	-
Retained earnings		(29,109.6)	(20,063.0)
Other reserves		29.8	29.8
		(29,079.8)	(20,033.2)
Total equity		(29,079.8)	(20,033.2)

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

For the year ended 31 December 2017 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 24 September 2018 and signed on its behalf by:



Mark Freedman
Director
SSC Global Business Services Limited

Registered number 07584392

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

	Attributable to equity holder of the Company			
	Ordinary share capital	Retained earnings	Other Reserves	Total shareholder's deficit
	£'000	£'000	£'000	£'000
31 December 2015	-	(8,747.1)	29.8	(8,717.3)
Loss for the financial year	-	(11,409.8)	-	(11,409.8)
Tax in relation to share scheme expenses	-	93.9	-	93.9
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)

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 2016 and as of 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 2017

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.

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 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 2017 or on the profit for the year ended 31 December 2017.

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

- cash flow statements and related notes;
- disclosure of key management compensation and related party disclosures for intra-group transactions;
- IAS 8: listing of new or revised standards that have not been adopted may be omitted
- IAS 1 disclosure on capital management and comparative information;
- reduced IFRS 2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- reduced IFRS 7 disclosure of financial instruments;
- reduced IAS 36 disclosure of impairment review;
- reduced IFRS 13 disclosure relating to fair value measurement; and
- the requirement to present comparatives in roll-forward reconciliations for property, plant and equipment and intangible assets.

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

- Amendment to IAS 12, 'Income taxes' on recognition of deferred tax assets for unrealised losses
- Amendments to FRS 101, 'Reduced Disclosure Framework 2016/17 Cycle' (July 2017).

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 2017

1. Basis of Preparation and Accounting Policies (continued)

Accounting policies

Income statement

Revenue

Revenue, which 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.

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

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 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 pay 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 and 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 ranges 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 three to five 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 assets

The Company classifies its financial assets as loans and receivables and cash and cash equivalents. Management determines the classification of its financial assets at initial recognition. The classification depends on the purpose for which the financial assets were acquired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, and are measured at amortised cost using the effective interest rate method. They are included in current assets and comprise "Trade and other receivables" in the Statement of Financial Position.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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.

Cash and cash equivalents

Cash and cash equivalents comprises 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 insignificant risk of changes 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 period 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.

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.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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 2017 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, 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:

	Notes	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Employee costs	5	3,409.4	2,016.4
Depreciation and amortisation	10, 11	10,345.4	5,891.0
Impairment of intangible asset	10	-	1,585.4
IT costs		10,140.0	8,393.7
Foreign exchange (gains)/losses		(781.6)	5,339.5
Irrecoverable VAT		945.2	1,398.1
Property costs		543.9	2,101.6
Other costs		(166.3)	827.8
Total expenses		24,436.0	27,553.5

The Company is exempt from audit and therefore no audit fees were incurred by the Company for the year ended 31 December 2017 (year ended 31 December 2016: £11,000 borne by another Group company).

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

5. Employee Costs

Employee costs comprise the following:

		Year ended 31 December 2017	Year ended 31 December 2016
	Note	£'000	£'000
Salaries and short term benefits		2,956.8	1,355.9
Social security costs		192.3	(2.7)
Pension costs		171.6	156.3
Share based payments	18	63.1	181.2
Other costs		25.6	325.7
Total		3,409.4	2,016.4

The number of employees in the Company was:

	Year ended 31 December 2017	Year ended 31 December 2016
At the year end	54	43
Average for the year	38	33

6. Directors' Remuneration

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

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Salaries	35.5	46.4
Profit share	49.5	23.3
Benefits	2.2	8.4
Pensions	1.9	1.2
Total	89.1	79.3

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

7. Taxation

The standard UK corporation tax rate was 19.25% (20% for the year ended 31 December 2016).

	Notes	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Taxation credited to the income statement			
Current tax			
Corporation tax for the current year		(1,484.8)	(2,664.7)
Adjustment in respect of previous years		941.0	(61.0)
		(543.8)	(2,725.7)
Deferred taxation			
Deferred tax for the current year		(277.7)	(37.9)
Rate change adjustment		32.5	11.6
Adjustment in respect of the previous years		-	36.2
Taxation credit		(789.0)	(2,715.8)

		Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Taxation on items not credited to the income statement			
Deferred tax credit:			
Tax allowance on share options / awards in excess of expense recognised		-	93.9
Tax on profit on ordinary activities		-	93.9

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 19.25% (20% for the year ended 31 December 2016) as explained below:

	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Loss before taxation	(9,835.6)	(14,125.6)
Loss multiplied by standard rate of corporation tax in the UK	(1,893.4)	(2,825.1)
Expenses not deductible	118.8	0.2
Share allowance on share options/awards in excess of expense recognized	12.1	122.3
Adjustment in respect of the previous years	941.0	(24.8)
Rate change adjustment	32.5	11.6
Taxation credit	(789.0)	(2,715.8)

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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

8. Dividend

No dividend has been proposed or paid for the year ended 31 December 2017 (year ended 31 December 2016: nil).

9. Finance Expense

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Interest payable on loans from Parent	1,226.1	905.6
Total interest expense	1,226.1	905.6

10. Intangible Assets

	Development costs £'000	Licenses £'000	Leased asset £'000	Software £'000	Total £'000
Cost:					
At 1 January 2017	2,793.8	871.6	-	42,884.3	46,549.7
Additions in the year	8,884.8	-	-	-	8,884.8
Transfers out of development costs	(5,653.4)	-	-	5,653.4	-
At 31 December 2017	6,025.2	871.6	-	48,537.7	55,434.5
Accumulated Amortisation:					
At 1 January 2017	-	685.6	-	13,677.0	14,362.6
Amortisation charge for the year	-	186.0	-	7,186.9	7,372.9
At 31 December 2017	-	871.6	-	20,863.9	21,735.5
Net book value:					
At 31 December 2017	6,025.2	-	-	27,673.8	33,699.0
At 31 December 2016	2,793.8	186.0	-	29,207.3	32,187.1

Where no amortisation has been charged in the year, the assets have not been brought into use.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

11. Property, Plant and Equipment

	IT Equipment £'000	Hardware development £'000	Total £'000
Cost:			
At 1 January 2017	13,271.9	2,896.0	16,167.9
Additions in the year	-	(164.5)	(164.5)
Transfers out of development	2,361.0	(2,361.0)	-
At 31 December 2017	15,632.9	370.5	16,003.4
Accumulated Depreciation:			
At 1 January 2017	7,794.3	-	7,794.3
Depreciation charge for the year	2,972.5	-	2,972.5
At 31 December 2017	10,766.8	-	10,766.8
Net book value:			
At 31 December 2017	4,866.1	370.5	5,236.6
At 31 December 2016	5,477.6	2,896.0	8,373.6

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 2016	67.3
At 31 December 2017	67.3

Name of subsidiary undertaking	Country of incorporation	Registered office address	Identity of each class of share held in the subsidiary undertaking	Direct or indirect holding	Share ownership %	Ultimate Company Ownership %
LSEM LLC	Mongolia	Landmark 7th Floor, Chinggis Avenue Ulaanbaatar Mongolia	Ordinary	Indirect (group interest)	100	100

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

13. Trade and other receivables

	31 December 2017 £'000	31 December 2016 £'000
Trade receivables	1,020.1	775.6
Amounts due from the Ultimate parent	1,425.8	839.4
Amounts due from parent	-	11.4
Amounts due from companies under common control	24,531.2	11,833.8
Group relief receivable from other Group companies	6,067.0	5,522.7
Amounts due from subsidiary company	-	764.1
Prepayments and accrued income	514.0	702.4
	33,558.1	20,449.4

Amounts due from Ultimate parent, companies under common control and subsidiary company 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 Sterling. Trade receivables not past due are not considered to be impaired.

The ageing of past due trade receivables is as follows:

	31 December 2017		31 December 2016	
	Impaired £'000	Not impaired £'000	Impaired £'000	Not impaired £'000
0 to 3 months past due	-	241.8	-	287.2
Greater than 3 months past due	-	778.3	-	488.4
	-	1,020.1	-	775.6

14. Cash and cash equivalents

	31 December 2017 £'000	31 December 2016 £'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.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

15. Trade and other payables

	Note	31 December 2017 £'000	31 December 2016 £'000
Trade payables		24.1	371.5
Amounts owed to subsidiary undertaking		99.0	1,122.8
Amounts owed to companies under common control		24,485.9	14,184.5
Amounts owed to the parent		75,843.1	53,228.7
Amounts owed to ultimate parent		381.5	176.0
Accrued expenditure and deferred income		749.2	2,678.8
Other tax		413.0	-
		101,995.8	81,160.0

Amounts owed to the Parent include loans of £74.6m, USD0.2m (£0.1m) and EURO.9m (£0.8m) (31 December 2016: £28.4m, USD24.5m (£19.8m) and EUR5.5m (£4.7m)). 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 2016	(25.3)	178.5	153.2
Adjustments relating to change in UK tax rate	-	-	-
Tax (charged)/ credited to income statement	87.7	(86.1)	1.6
- Impact of rate change	(13.0)	1.6	(11.4)
Tax credited to equity:			
- Allowance on share options/ awards	-	(95.5)	(95.5)
- Impact of rate change		1.5	1.5
31 December 2016	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
Assets at 31 December 2017	294.6	-	294.6
Assets/(Liabilities) at 31 December 2016	49.4	-	49.4

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.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

17. Ordinary Share Capital

	31 December 2017		31 December 2016	
	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 2017, 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 2017		At 31 December 2016	
	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	-	-	1,374	1.5
More than £30	7,176	3.0	-	-
LTIP				
Nil	-	-	-	-
Total	7,176	3.0	1,374	1.5

The SAYE schemes provide for grants of options to employees who enter into a SAYE savings contract; options are granted at 20% 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 three years, providing the employee remains employed by the LCH Group or the wider LSEG group of companies.

SSC GLOBAL BUSINESS SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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 2016: nil).

20. Ultimate Parent Company

As at 31 December 2017, 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.