London Stock Exchange (C) Limited

Report and Financial Statements

31 December 2021

Company Registration Number 07943990

LONDON STOCK EXCHANGE (C) LIMITED

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LONDON STOCK EXCHANGE (C) LIMITED
DIRECTORS AND OFFICERS

DIRECTORS

L Condron
C Thomas

COMPANY SECRETARY

S Tutton

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

BANKERS

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

INDEPENDENT AUDITORS

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

The directors present their report and the audited financial statements of London Stock Exchange (C) Limited (the 'Company') for the year ended 31 December 2021.

REVIEW OF BUSINESS

London Stock Exchange (C) Limited operates as an investment holding company and its key objective is the monitoring and review of its investments. The Company's profit for the year ended 31 December 2021 was €363.0m profit (2020: €6.5m loss), driven mainly by dividends received from a subsidiary.

Following a detailed review of its investments, it has been considered that the carrying value of €1,129.2m (2020: €1,127.7m) is appropriate with no factors to indicate impairment. Due to the nature of the business, the directors have concluded that there are no other relevant KPIs.

During the year, LCH Limited, a subsidiary of the Company, disposed of its UK property lease and novated the right of use asset and associated lease liabilities to the Company. LCH Limited received a £1.5m non-diluting capital contribution from the Company.

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

FUTURE DEVELOPMENTS

The Company is expected to continue to operate as an investment holding company. The directors have considered the Russia-Ukraine conflict and do not anticipate any impact on the Company operations and performance as a result. Further, the directors do not envisage any other changes to the nature of the business in the foreseeable future.

WORKFORCE ENGAGEMENT

The principal activity of the Company is to act as the investment holding company for the LCH Group Holdings Limited group of companies ('LCH Group'), and the Company has no employees itself. Companies within the LCH Group do however have employees; LCH Limited has a workforce of over 250 employees and Banque Centrale de Compensation (trading as LCH SA) has an average monthly workforce of 184 employees. Details on the LCH Group workforce engagement activities can be found on page 6 of the LCH Group Holdings Limited Annual Report for the financial year ended 31 December 2021.

The main workforce engagement activities take place at a group level and these include formal and informal meetings, the annual engagement survey Have Your Say, the new quarterly wellbeing/'Ways of Working' surveys in response to the Covid-19 pandemic, and townhall meetings. In 2021, the majority of this engagement took place virtually due to the ongoing pandemic. Together, these engagement activities enable the workforce to share its views on working for the Group, providing management with insight as well as mechanisms to track engagement and sentiment.

For a detailed explanation of the Group workforce engagement activities, please see pages 57 to 59 and 79 of the London Stock Exchange Group plc Annual Report for the financial year ended 31 December 2021.

EMPLOYEES

The Company has no employees (2020: none).

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 '3 lines of defence' model:

- The 1st line (management) is responsible and accountable for identifying, assessing and managing risk.
- The 2nd line (risk management and compliance) is responsible for defining the risk management process and policy framework and providing challenge to the 1st line on risk management activities assessing risks and reporting to the group board committees on risk exposure.
- The 3rd 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 the continuing changing regulatory environment and the macro economic environment (unfavourable tax regimes, impact of Brexit on ability to conduct business with European Union ('EU') members, or the changing regulatory environment) 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 and 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.

DIVIDENDS

The board has not proposed a dividend in the current year (2020: 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
M Freedman (resigned 8 December 2021)

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 1 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 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'). The financial statements are required by law to 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.

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 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 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 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 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.

STRATEGIC REPORT

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has taken the exemption not to prepare a strategic report as the Company qualifies as a small company in accordance with sections 382 and 383 of the Companies Act 2006. In the current and prior years, the Company's turnover was not more than £10,200,000 and the number of employees was not more than 50.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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 come into office as auditors. They are deemed to be appointed under section 487(2) of the Companies Act 2006.

By order of the board:

Catherine Thomas
Catherine Thomas (Sep 28, 2022 11:02 GMT+1)
Catherine Thomas
Director
London Stock Exchange (C) Limited
28 September 2022

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE (C) LIMITED

Opinion

We have audited the financial statements of London Stock Exchange (C) Limited (the 'Company') for the year ended 31 December 2021 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20, 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2021 and of its profit 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. 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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

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.

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 course of 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 themselves. 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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 pages 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE (C) LIMITED

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice including FRS 101 "Reduced Disclosure Framework" and tax legislation (governed by HM Revenue and Customs).
- We understood how making enquiries of senior management, including senior management of the ultimate parent company, including the Chief Financial Officer, the General Counsel, the Chief Risk Officer, the Head of Compliance and the Head of Internal Audit. We also reviewed minutes of the Board and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework and the Board's review of the Company's risk management framework and internal control processes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override to be a fraud risk. We considered the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved journal entry testing and inquiries of senior management, internal audit and those responsible for legal, risk and compliance at the Company. We then corroborated our enquiries through review of board minutes, the whistleblowing log and applicable Company policies.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE (C) LIMITED

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

Stephen Littler (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 September 2022

LONDON STOCK EXCHANGE (C) LIMITED
INCOME STATEMENT
Year ended 31 December 2021

	Note	2021 €'000	2020 €'000
Administrative expenses	3	**(20,717.4)**	(18.0)
Foreign exchange gain/(loss)	3	**1,510.2**	(911.6)
Net expenses		**(19,207.2)**	(929.6)
Operating loss		**(19,207.2)**	(929.6)
Finance income	5	**386,565.6**	344.3
Finance expense	5	**(7,110.8)**	(7,283.1)
Net finance income/(expense)		**379,454.8**	(6,938.8)
Profit/(loss) before taxation		**360,247.60**	(7,868.4)
Taxation	6	**2,723.5**	1,357.9
Profit/(loss) for the financial year		**362,971.10**	(6,510.5)

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

The notes on pages 14 to 28 form an integral part of these financial statements.

LONDON STOCK EXCHANGE (C) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 €'000	2020 *(unaudited)* €'000
Profit/(loss) for the financial year		**362,971.10**	**(6,510.5)**
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Gain on equity instruments designated at fair value through *other comprehensive income*	9	**69,000.0**	**6,511.2**
Deferred tax on revaluations of equity instruments	15	**(18,878.0)**	-
Total comprehensive income for the year, net of tax		**413,093.1**	**0.7**

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

The notes on pages 14 to 28 form an integral part of these financial statements.

LONDON STOCK EXCHANGE (C) LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 €'000	2020 €'000
Assets			
Non-current assets			
Investment in subsidiary undertakings	8	**1,129,184.0**	1,127,663.8
Investment in financial assets - equity	9	**354,000.0**	285,000.0
		1,483,184.0	1,412,663.8
Current assets			
Trade and other receivables	10	**182,089.5**	19,110.5
Current tax		**6,812.9**	2,552.8
		188,902.4	21,663.3
Total assets		**1,672,086.4**	1,434,327.1
Liabilities			
Current liabilities			
Trade and other payables	11	**(369,765.5)**	(252,654.6)
Provisions	12	**(2,566.9)**	-
		(372,332.4)	(252,654.6)
Non-current liabilities			
Borrowings	13	**(142,063.7)**	(472,402.5)
Provisions	12	**(8,371.1)**	-
Deferred tax liability	15	**(18.463.2)**	-
Other non-current liabilities	14	**(8,491.9)**	-
		(177,389.9)	(472,402.5)
Total liabilities		**(549,722.3)**	(725,057.1)
Net assets		**1,122,364.1**	709,270.0
Equity			
Share capital	16	**17,574.8**	17,574.8
Share premium	16	**685,417.2**	685,417.2
Revaluation reserve		**56,634.2**	6,511.2
Retained earnings/(losses)		**362,737.9**	(233.2)
Total equity		**1,122,364.1**	709,270.0

The notes on pages 14 to 28 form an integral part of these financial statements.

The financial statements on pages 10 to 28 were approved by the board on 27 September 2022 and signed on its behalf by:

Catherine Thomas

Catherine Thomas (Sep 28, 2022 11:02 GMT+1)

Catherine Thomas

Director

28 September 2022

Registered number 07943990

LONDON STOCK EXCHANGE (C) LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

	Note	Share capital €'000	Share premium €'000	Retained earnings/ (losses) €'000	Revaluation reserve	Total attributable to equity holders €'000
1 January 2020		17,574.8	685,417.2	191,277.3	-	894,269.3
Dividends		-	-	(185,000.0)	-	(185,000.0)
Loss for the year		-	-	(6,510.5)	-	(6,510.5)
Other comprehensive income		-	-	-	6,511.2	6,511.2
31 December 2020		17,574.8	685,417.2	(233.2)	6,511.2	709,270.0
Profit for the year		-	-	**362,971.1**	-	**362,971.1**
Other comprehensive income		-	-	-	**50,123.0**	**50,123.0**
31 December 2021		**17,574.8**	**685,417.2**	**362,737.9**	**56,634.2**	**1,122,364.1**

The notes on pages 14 to 28 form an integral part of these financial statements.

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').

The Company is a qualifying entity for the purposes of FRS 101. Note 18 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained..

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

- 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 UKEB during the year and have been adopted in these financial statements:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;
- Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform – Phase 2.

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 (C) 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 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 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

Foreign currencies
These financial statements are presented in Euros, which is the Company's presentation and functional currency.

Foreign currency transactions are converted into the functional currency of the reporting entity using the rate ruling at the date of the transaction. 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. The EUR:GBP average exchange rate used is 0.86011 (2020: 0.88888). The closing rate used is 0.83879 (2020: 0.90285).

Finance income and expense
Finance income and expense comprise interest earned on cash deposited with financial counterparties and interest paid on borrowings which reflect 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.

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

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.

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.

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. Loans to subsidiaries which are determined as capital contributions are recorded as investments in subsidiary undertakings.

Investment in equity instruments
Investments in equity instruments that do not give the Company control or significant influence of an entity, but are held for long-term benefit are classified as fair value through other comprehensive income. Dividend income received is recognised directly in the income statement within finance income.

Financial instruments
Financial assets and liabilities are initially recognised on their settlement date. The Company classifies its financial instruments as fair value through profit or loss ('FVPL') or 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 trade and other receivables fall within this category.

b) *Financial assets at FVPL* include all other financial assets not classified as amortised cost.

c) *Financial liabilities at FVPL* are liabilities that must be held at fair value. This includes derivatives, equity and debt instruments.

d) *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 and borrowings.

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.

e) *Financial assets at amortised cost* - the ECL for financial assets held at amortised cost is calculated using IFRS 9's simplified approach using lifetime ECL. The allowance is based on the Company's 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 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.

f) Financial assets at FVPL - no ECL is calculated for assets held at FVPL as any expected loss is already recognised in the fair value.

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.

Trade and other receivables
Trade receivables are initially recognised atthe amount of consideration which is unconditionally due and subsequently measured at amortised cost, less any allowance for ECL. The Company's approach to calculating ECLs is shown above. The carrying amount of an 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.

Other receivables include amounts due from companies within the group on loans and interest on these loans and are measured at amortised cost using the interest rate method. Interest is charged at variable rates as stated within the relevant group loan agreement as set out by management. These loans are repayable either on demand or on dates stipulated within the relevant group loan agreement.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank, short-term deposits and investments in money market funds, and other instruments and structures that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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.

Borrowings
Borrowings relate to loans from other companies within the group. Interest is charged at variable rates as stated within the relevant group loan agreement as set out by management. Borrowings are repayable either on demand or on dates stipulated within the relevant group loan agreement. Borrowings are included within non-current liabilities.

Share capital
The share capital of the Company consists of only 1 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 judgements and estimates for the current year are as follows:

- Valuation of investment in subsidiary undertakings: for the purpose of impairment assessment, this is determined based on forecast cashflows and an appropriate discount rate. The basis of such values cannot be precise and may be subject to market variations in both cases.
- Valuation of investments in equity instruments: the fair value of unlisted equity investments is determined based on one or more valuation techniques, including forecast cashflows. The basis of such values cannot be precise and may subject to market variations.

There were no significant judgements applied by management.

3. Expenses and Other Income

Expenses and other income comprise the following:

	2021 €'000	2020 €'000
Other costs	**(21.9)**	(18.0)
Property costs	**(10,267.8)**	-
Impairment of tangible assets	**(10,427.7)**	-
Foreign exchange gain/(loss)	**1,510.2**	(911.6)
	(19,207.2)	(929.6)

Other costs include audit fees and bank charges, as well as IT costs payable to a company under common control, LSEG Business Services Limited, for services provided throughout the year.

Following the acquisition of Refinitiv, the Group identified the benefits of moving LCH employees formerly based in Aldgate House (AGH) to Paternoster Square. The lease for AGH was assigned by LCH Limited to the Company and is recognised as a right-of-use asset under IFRS 16. The asset value at 31 December 2021 was fully impaired as a result of the office being vacated to recognise that it is expected to be of no future economic benefit to the Company.

Property costs represent provisions for future service charges and property taxes due on AGH.

4. Directors' Remuneration

No remuneration was received by the directors in respect of qualifying services to this Company in the year (2020: nil).

5. Finance Income and Expense

	2021 €'000	2020 €'000
Finance income		
Interest on loans and borrowings	**1,796.5**	344.3
Dividends received from investments	**25,497.2**	-
Dividends received from subsidiary	**359,271.9**	-
	386,565.6	344.3
Finance expense		
Interest on loans and borrowings	**(7,110.8)**	(7,283.1)
	(7,110.8)	(7,283.1)
Net finance income/(expense)	**379,454.8**	(6,938.8)

6. Taxation

The standard UK corporation tax rate was 19% for the year ended 31 December 2021 (2020: 19%).

	2021	2020
Taxation (charged)/credited to the income statement	**€'000**	€'000
Current tax		
UK corporation tax for the year	**4,896.3**	1,360.4
Foreign taxation	**(2,549.7)**	-
Adjustment in respect of previous years	**(37.9)**	(2.5)
Total current tax	**2,308.7**	1,357.9
Deferred tax		
Deferred tax for the year	**339.7**	-
Impact of rate change	**75.1**	-
Total deferred tax	**414.8**	-
Taxation credit	**2,723.5**	1,357.9
Taxation recognised directly in OCI		
Deferred tax on gain	**(14,347.3)**	-
Impact of rate changes	**(4,530.7)**	-
	(18,878.0)	-

Factors affecting the tax charge for the year

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%) as explained below:

	2021	2020
	€'000	€'000
Profit/(loss) before taxation	**360,247.5**	(7,868.4)
Profit/(loss) multiplied by standard rate of corporation tax in the UK	**(68,447.0)**	1,495.0
Income not taxable	**73,343.3**	(134.6)
Withholding tax suffered on overseas dividend received	**(2,549.7)**	-
Recognition of deferred tax asset	**339.7**	-
Change in tax rate	**75.8**	-
Movement in deferred tax not recognised	**(0.7)**	-
Adjustment in respect of previous years	**(37.9)**	(2.5)
Taxation credit	**2,723.5**	1,357.9

On 23 September 2022 the Chancellor of the Exchequer announced that the corporation tax rate will remain at 19% from 1 April 2023, reversing a previously enacted measure to increase the rate to 25%. This reversal in the tax rate from 1 April 2023 has not been enacted or substantively enacted and accordingly has no impact on the tax balances at 31 December 2021.

The deferred tax asset at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of the reversal of the related temporary difference (2020: 19%). The potential impact of this change on the deferred tax balances at 31 December 2021 is expected to be immaterial.

7. Dividends

The board has not proposed a dividend in the current year (2020: nil).

8. Investment in Subsidiary Undertakings

	€'000
At 31 December 2020	1,127,663.8
Capital contribution in LCH Limited	1,520.2
At 31 December 2021	**1,129,184.0**

A list of the Company's subsidiaries as at 31 December 2021 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 and principal operations**	**Identity of each class of *share held in* the subsidiary undertaking**	**Direct or indirect holding**	**% held by direct parent**	**Ultimate economic interest %**	**Registered office address**
LCH Group Holdings Limited	England and Wales	Ordinary	Direct	82.61	82.61	10 Paternoster Square, London EC4M 7LS

LCH Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
Banque Central de Compensation (LCH SA)	France	Ordinary	Indirect	88.91	73.45	18, rue du Quatre Septembre 75002 Paris
SwapAgent Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
LCH.Clearnet LLC	United States	Ordinary	Indirect	100	82.61	150 East 52nd Street New York, NY 10022 United States
BondClear Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
SwapClear Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
LCH Pensions Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS

RepoClear Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
CommodityClear Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
EquityClear Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
The London Clearing House Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
LCH.Clearnet Group Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
ForexClear Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS

International Commodities Clearing House Limited	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS
London Produce Clearing House Limited (The)	England and Wales	Ordinary	Indirect	100	82.61	10 Paternoster Square, London EC4M 7LS

9. Investment in financial assets - equity

	€'000
At 31 December 2020	285,000.0
Revaluation of Euroclear investment	69,000.0
At 31 December 2021	**354,000.0**

The 4.92% equity interest in Euroclear Holding SA/NV (Euroclear) is considered a long-term strategic investment. As at 31 December 2021, the carrying value of the investment is €354m following a revaluation in the year. A dividend of €25.5m was received in the year and recognised directly in the income statement within finance income.

Investments in equity instruments are recognised at fair value through other comprehensive income, given the intended long-term nature of these investments. The equity investment in Euroclear is considered as level 3.

In the absence of any relevant third-party data on the fair value of Euroclear, the group undertakes its own internal valuations. The group regularly reviews the financial information of its investments which is available publicly or received as a shareholder.

The value of the investments is calculated primarily using a discounted cashflow forecast using a terminal growth rate of 2%. A risk adjusted discount rate of 9% was used for Euroclear. These valuations may then be benchmarked against other available models, such as the dividend discount model, regression analysis, and trading multiples.

10. Trade and Other Receivables

	2021	2020
	€'000	€'000
Amounts due from companies under common control	**2,582.9**	4,935.5
Group tax relief	**20,831.7**	13,874.0
Amounts due from parent	**158,036.5**	288.0
Other receivables	**638.4**	13.0
	182,089.5	19,110.5

Amounts due from parent include a loan with London Stock Exchange Group plc of €157.0m (2020: €287.2k) which is repayable on demand or by May 2022. Interest is charged at EURIBOR +1.5% p.a.

Loans with interest rates based on LIBOR have transitioned to new interest rates from 1 January 2022. Remaining amounts are interest free and repayable on demand. The carrying values of trade and other receivables are reasonable approximations of fair value.

11. Trade and Other Payables

	2021	2020
	€'000	€'000
Trade payables	**(13.0)**	(13.0)
Amounts owed to subsidiaries	**(364,050.1)**	(249,673.0)
Amounts owed to companies under common control	**(2,062.0)**	(2,166.8)
Amounts owed to parent	**(778.6)**	(724.7)
Finance lease obligations	**(2,785.7)**	-
Other payables	**(76.1)**	(77.1)
	(369,765.5)	(252,654.6)

Amounts owed to subsidiaries include a loan from LCH Group Holdings Limited of €362.5m (2020: €249.0m). Interest on this loan is charged at EURIBOR +1.0%. It is repayable with 5 days' notice or by 3 December 2023.

Amounts owed to parent include a loan from the parent of €0.8m (2020: €0.7m). Interest on this loan is charged at EURIBOR +1.5%. It is repayable with 3 months' notice to the parent or by 30 April 2022.

Loans with interest rates based on LIBOR have transitioned to new interest rates from 1 January 2022. Remaining amounts are interest free and repayable on demand. The carrying values of trade and other payables are reasonable approximations of fair value.

12. Provisions

	2021	2020
	€'000	€'000
Current		
Provisions	**(2,566.9)**	-
Non-current		
Provisions	**(8,371.1)**	-

Provisions are for the remaining contractual payments and dilapidations related to the lease for Aldgate House.

13. Borrowings

	2021	2020
	€'000	€'000
Loans from companies under common control	**(142,063.7)**	(472,402.5)

The Company has a Euro denominated loan from London Stock Exchange Group Holdings (Italy) Limited of €142.1m (2020: €472.4m). Interest on this loan is charged at EURIBOR +1.5%. It is repayable by 9 May 2023.

Loans with interest rates based on LIBOR have transitioned to new interest rates from 1 January 2022. The carrying values of borrowings are reasonable approximations of fair value.

14. Other non-current liabilities

	2021	2020
	€'000	€'000
Other non-current liabilities	**(8,491.9)**	-

Non-current liabilities represent finance lease obligations due after more than one year. These include contractual service charges and business rates.

15. Deferred taxation

	Accelerated Tax Depreciation	Revaluation of equity instruments	Total
	€'000	€'000	€'000
As at December 2020	**0.0**	**0.0**	**0.0**
Tax credited to income statement			0.0
- Current year movement - P&L	339.7	-	339.7
- impact of rate change to income statement	75.1	-	75.1
CY movement recognised in P&L	414.8	-	414.8
- Current year movement - OCI	-	(14,347.3)	(14,347.3)
- impact of rate change to OCI	-	(4,530.7)	(4,530.7)
At 31 December 2021	**414.8**	**(18,878.0)**	**(18,463.2)**

16. Share Capital

	2021			2020		
	Number of shares	Share capital €'000	Share premium €'000	Number of shares	Share capital €'000	Share premium €'000
Issued, called up and fully paid						
Ordinary shares of €1 each	**17,574,801**	**17,574.8**	**685,417.2**	17,574,801	17,574.8	685,417.2

17. Commitments and Contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Company were nil and nil (2020: nil and nil) respectively.

18. Ultimate Parent Company

As at 31 December 2021, the Company's immediate and ultimate parent company and the company 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.

19. Other Statutory Information

The Company paid the following amounts to its auditors in respect of the audit of the financial statements of the Company:

	2021	2020
	€'000	€'000
Audit of the Company's financial statements - Ernst & Young	11.4	9.1

Statutory information in 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 and prior years.

20. Post Balance Sheet Events

The long-term loan agreements with the Company's parent, LSEG plc, which expired in May 2022 were extended for a further five year period until May 2027.

Following a clarification of the interpretation of IFRS 16 'Leases' in July 2022, the Company has reversed certain provisions that existed at 31 December 2021 relating to business rates payable on the Company's right of use asset. Business rates are now recognised directly in the income statement as they are incurred.