

**London Stock Exchange LEI Limited**

**Report and Financial Statements**

**For the year ended 31 December 2020**

**Company Registration Number 08530763**



# **LONDON STOCK EXCHANGE LEI LIMITED**

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# **LONDON STOCK EXCHANGE LEI LIMITED**

## **DIRECTORS AND OFFICERS**

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### **DIRECTORS**

M Husler	(resigned 30 June 2021)
D Maguire	(appointed 30 June 2021)
B Kellaway	(appointed 30 June 2021)
M Couch	(appointed 30 June 2021)

### **COMPANY SECRETARY**

S Tutton	(appointed 15 July 2020)
T Hogan	(resigned 15 July 2020)

### **REGISTERED OFFICE**

10 Paternoster Square  
London  
EC4M 7LS

### **INDEPENDENT AUDITORS**

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

### **BANKERS**

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

# **LONDON STOCK EXCHANGE LEI LIMITED**

## **DIRECTORS' REPORT**

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The Directors present their report and the audited financial statements of London Stock Exchange LEI Limited (the "Company") for the year ended 31 December 2020.

### **REVIEW OF BUSINESS**

London Stock Exchange LEI Limited is accredited by the Global Legal Entity Identifier Foundation ("GLEIF") as an authorised Local Operating Unit ("LOU") for the global allocation of Legal Entity Identifiers ("LEI"). London Stock Exchange issues LEIs to legal entities using the requirements set by GLEIF and the agreed principles outlined by the LEI Regulatory Oversight Committee ("LEI ROC").

The Company was incorporated on 15 May 2013 under the name FTSE Benchmarks Limited. The Company changed its name to UnaVista LEI Limited on 10 December 2015. On 8 June 2017, the Company changed its name to London Stock Exchange LEI Limited. For the period ended 31 December 2017 the Company was dormant.

On 5 February 2018, the Company acquired customer relationships of the UK's LEI business from London Stock Exchange plc, a fellow subsidiary of the Company's ultimate parent London Stock Exchange Group plc ("LSEG", the "group", the "parent"), through the issuance of share capital in the amount of £9.65m.

Income and expenses relate to the recognition of the fees received from customers for the issuance and renewals of LEIs, regulatory fees paid to GLEIF and administrative expenses relating to the set up and maintenance of LEIs. In FY2019 the Company signed a commercial agreement with London Stock Exchange plc for use of the platform and the costs of sales incurred in relation these services in FY2020 was £1.1m (2019: £1.0m).

The Company recorded total income of £4.9m (2019: £5.6m), a profit of £0.8m (2019: loss of £3.4m) and its net assets were £7.4m (2019: £6.6m). The loss incurred in the prior year was due to an accelerated amortisation charge of £4.2m recognised in relation to the customer relationships list.

### **DIVIDENDS**

No dividend is proposed for the year ended 31 December 2020 (year ended 31 December 2019: £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:

M Husler	(resigned 30 June 2021)
D Maguire	(appointed 30 June 2021)
B Kellaway	(appointed 30 June 2021)
M Couch	(appointed 30 June 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.

# **LONDON STOCK EXCHANGE LEI LIMITED**

## **DIRECTORS' REPORT**

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### **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").

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

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

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

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**

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, including consideration to the item discussed in the Events After the Reporting Period section below and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for a period of 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.

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

The directors confirm that there were no significant events occurring after the reporting period, up to the date of this report, that would meet the criteria for disclosure or adjustment in the financial statements for the year ended 31 December 2020.

# **LONDON STOCK EXCHANGE LEI LIMITED**

## **DIRECTORS' REPORT**

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### **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.

### **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 year and in the prior year, the Company's turnover was not more than £10,200,000 and the number of employees was not more than 50.

### **AUDITORS**

Ernst & Young LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an annual general meeting.

By order of the Board:



Daniel Maguire  
Director  
13 September 2021

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

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE LEI LIMITED

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## OPINION

We have audited the financial statements of London Stock Exchange LEI Limited (the "Company") for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 18, 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 2020 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.

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE LEI LIMITED

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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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

## RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 3, 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.



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LONDON STOCK EXCHANGE LEI LIMITED

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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.

## **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, and tax legislation (governed by HM Revenue and Customs).
- We understood how the Company is complying with those frameworks by making enquiries of management and seeking representation from those charged with governance. We corroborated our enquiries through review of board meeting minutes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of fraud in revenue recognition due to management override over deferred revenue and in the impairment of purchased intangible assets. 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. This included assessing the impact of remote working due to COVID-19. Our procedures involved journal entry testing by specific risk criteria, with a focus on manual top side financial statement adjustments and journals indicating large or unusual transactions based on our understanding of the business. In our revenue testing, we tested a sample of revenue postings and agreed them back to the supporting audit evidences such as invoices and cash receipts. We also performed recalculation of deferred revenue to address the related fraud risk. For the impairment of purchased intangibles, we reviewed the impairment assessment prepared by the management and challenged the indicators of impairment considered in the assessment in accordance with the applicable accounting standard.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved enquiries of executive management and those responsible for legal and compliance matters for their awareness of any non-compliance with laws and regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees, inquiring about the Company's methods of enforcing and monitoring compliance with such policies, reviewing board minutes and seeking representation from those charged with governance.

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 LEI LIMITED

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### 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.

Handwritten signature of Hitesh Patel in black ink, appearing to read 'Ernst & Young LLP'.

Hitesh Patel (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP, Statutory Auditor  
London  
13 September 2021

# LONDON STOCK EXCHANGE LEI LIMITED

## INCOME STATEMENT

Year ended 31 December 2020

		2020	2019
	Notes	£'000	£'000
Revenue	3	4,948	5,658
<b>Total income</b>		<b>4,948</b>	<b>5,658</b>
Cost of sales	4	(2,374)	(2,749)
<b>Gross profit</b>		<b>2,574</b>	<b>2,909</b>
<b>Expenses</b>			
Administrative expenses	5	(776)	(724)
Amortisation	5	(713)	(5,215)
<b>Total expenses</b>		<b>(1,489)</b>	<b>(5,939)</b>
<b>Operating profit/(loss)</b>		<b>1,085</b>	<b>(3,030)</b>
Finance income	7	45	-
Finance expense	7	(2)	-
<b>Net finance income</b>		<b>43</b>	<b>-</b>
<b>Profit/(loss) before taxation</b>		<b>1,128</b>	<b>(3,030)</b>
Taxation	8	(350)	(415)
<b>Profit/(loss) for the financial year</b>		<b>778</b>	<b>(3,445)</b>

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

There are no other items of income or expenditure other than those included within the income statement for the year ended 31 December 2020 and for the year ended 31 December 2019.

The notes on pages 12 to 23 form an integral part of these financial statements.

# LONDON STOCK EXCHANGE LEI LIMITED

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	10	2,852	3,565
<b>Total non-current assets</b>		<b>2,852</b>	<b>3,565</b>
<b>Current assets</b>			
Trade and other receivables	11	11,692	4,099
Cash and cash equivalents	12	32	2,621
<b>Total current assets</b>		<b>11,724</b>	<b>6,720</b>
<b>Total assets</b>		<b>14,576</b>	<b>10,285</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	13	(4,921)	(888)
Contract liabilities	14	(2,277)	(2,382)
Current tax	8	-	(415)
<b>Total current liabilities</b>		<b>(7,198)</b>	<b>(3,685)</b>
<b>Total liabilities</b>		<b>(7,198)</b>	<b>(3,685)</b>
<b>Net assets</b>		<b>7,378</b>	<b>6,600</b>
<b>Equity</b>			
Share capital	15	9,650	9,650
Retained earnings		(2,272)	(3,050)
<b>Total equity</b>		<b>7,378</b>	<b>6,600</b>

The notes on pages 12 to 23 form an integral part of these financial statements.

The financial statements on pages 9 to 23 were approved by the Board on 13 September 2021 and signed on its behalf by:



Daniel Maguire  
Director  
London Stock Exchange LEI Limited  
13 September 2021  
Registered number 08530763

## **LONDON STOCK EXCHANGE LEI LIMITED**

### **STATEMENT OF CHANGES IN EQUITY**

Year ended 31 December 2020

	Share capital	Retained earnings	Total attributable to equity holders
	£'000	£'000	£'000
<b>1 January 2019</b>	9,650	395	10,045
Loss for the year	-	(3,445)	(3,445)
<b>31 December 2019</b>	<b>9,650</b>	<b>(3,050)</b>	<b>6,600</b>
Profit for the year		778	778
<b>31 December 2020</b>	<b>9,650</b>	<b>(2,272)</b>	<b>7,378</b>

The notes on pages 12 to 23 form an integral part of these financial statements.

# LONDON STOCK EXCHANGE LEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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### 1. Basis of Preparation and Accounting Policies

#### Basis of Preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101") and the Companies Act 2006 (the "Act"). FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards ("IFRS").

The Company is a qualifying entity for the purposes of FRS 101. Note 17 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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 2020 or on the loss for the year ended 31 December 2020.

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

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

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

- Amendments to References to the Conceptual Framework in IFRS Standards;
- Amendments to IFRS 3 *Business Combinations*;
- Amendments to IAS 1 and IAS 8, *Definition of Material*;
- Amendments to IFRS 9, IAS 39 & IFRS 7, *Interest Rate Benchmark Reform*; and
- Amendments to IFRS 16 *Leases*, *Covid-19-Related Rent Concessions*.

# **LONDON STOCK EXCHANGE LEI LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **Year ended 31 December 2020**

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

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

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

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**

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, including consideration to the item discussed in note 18, 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 for a period of 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.

## **Accounting Policies**

### ***Income Statement***

#### ***Revenue***

Revenue from licences is recognised consistently with the pattern of the service provision and how our performance obligation is satisfied throughout the licence period.

Customer contracts across the Company that contain a single performance obligation at a fixed price do not require variable consideration to be constrained or allocated to multiple performance obligations. However certain businesses in the Company provide services to customers under a tiered and tariff pricing structure that generates a degree of variability in the revenue streams from the contract. Where the future revenue from a contract varies due to factors that are outside of the Company's control, the Company limits the total transaction price at contract inception and recognises the minimum expected revenue guaranteed by the terms of the contract over the contract period. Any variable element is subsequently recognised in the period in which the variable factor occurs.

The Company does not have any contracts where the period between the transfer of services to a customer and when the customer is expected to pay for that service to be in excess of 1 year. Consequently, no adjustments are made to transaction prices for any financing component.

#### ***Cost of sales***

Cost of sales comprises data and licence fees and any other costs linked and directly incurred to generate revenues and provide services to customers.

#### ***Foreign currencies***

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

# **LONDON STOCK EXCHANGE LEI LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2020**

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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, except for differences arising on pension fund assets or liabilities which are recognised in other comprehensive income.

### *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.

### *Statement of Financial Position*

#### *Intangible assets*

Intangible assets are held at cost less accumulated amortisation. These assets are amortised on a straight-line basis over their useful economic lives which are based on management's best estimate, taking into account items such as attrition rates on customer relationships, and product upgrade cycles for software and technology assets.

The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Separately acquired contractual customer relationships are recognised at cost at the acquisition date. Amortisation is calculated using the straight-line method over the expected life of the customer relationships with a maximum of 10 years.

An intangible asset is derecognised upon disposal (i.e. at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising upon derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss.

#### *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.



# LONDON STOCK EXCHANGE LEI LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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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.

### *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 or FVOCI.
- 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 balances 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 trade receivables, contract assets and cash and cash equivalents 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.

# **LONDON STOCK EXCHANGE LEI LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2020

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### *Trade and other receivables*

Trade receivables are initially recognised at fair value, which is the original invoiced amount to the customers and subsequently measured at amortised cost, less any allowance for expected credit losses ("ECL"). The ECLs for trade and other receivables are calculated using IFRS 9's simplified approach of lifetime ECL. The simplified approach is based on historic experience of collection rates, adjusted for forward looking factors specific to each counterparty and the economic environment at large to create an expected loss matrix. The carrying amount of the asset is reduced through the use of an allowance account for ECL and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

### *Cash and cash equivalents*

Cash and cash equivalents comprise deposits held at call with banks, short-term deposits with a maturity of 3 months or less 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.

### *Contract liabilities*

Revenue relating to future periods is classified as a contract liability on the statement of financial position to reflect the Company's obligation to transfer goods or services to a customer for which it has received consideration, or an amount of consideration is due, from the customer.

Contract liabilities are amortised and recognised as revenue in the income statement over the period in which the services are rendered.

### *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. 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.

### *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. There were no principal judgements applied by management for the year ended 31 December 2020. The Company has considered the impact of COVID-19. Following this review there was no direct impact for COVID-19.

For the year ended 31 December 2020, the following areas require the use of estimates:

- Acquired customer relationships are amortised over their useful economic lives, which are determined based on management's best estimate of future performance and periods over which value from the customer relationship is realised.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**3. Revenue**

	2020	2019
	£'000	£'000
License fees	4,948	5,658

The principal operations and customers of the Company are in the United Kingdom. Therefore, no further information on business or geographical segments is disclosed.

**4. Cost of Sales**

	2020	2019
	£'000	£'000
Regulatory fees	649	965
Platform license and other services	1,725	1,784
	2,374	2,749

The Company incurred £1.1m of costs in relation to the commercial agreement with London Stock Exchange plc for use of its platform services (2019: £1.0m).

**5. Expenses by Nature**

Expenses comprise the following:

	2020	2019
	£'000	£'000
Amortisation	713	5,215
Employee costs	271	171
Property costs	137	44
Professional fees	108	31
Other costs	260	478
	1,489	5,939

**6. Directors' Remuneration**

No remuneration was received by the Directors in respect of qualifying services to this Company in the year (year ended 31 December 2019: £nil).

**LONDON STOCK EXCHANGE LEI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2020

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**7. Finance Income and Expense**

	2020 £'000	2019 £'000
<b>Finance income</b>		
Interest on loan to parent	45	-
<b>Finance expense</b>		
Interest on loan from parent	(2)	-
<b>Net finance income</b>	<b>43</b>	<b>-</b>

Finance income relates to a loan to London Stock Exchange Reg Holdings Limited of £6.2m (31 December 2019: £nil). Details are provided in Note 11.

Finance expense relates to a loan from London Stock Exchange Reg Holdings Limited of \$0.5m (2019: \$nil). Details are provided in Note 13.

**LONDON STOCK EXCHANGE LEI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2020

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**8. Taxation**

The standard UK corporation tax rate was 19% for the year ended 31 December 2020 (year ended 31 December 2019: 19%).

	2020	2019
Taxation (charged)/credited to the income statement	£'000	£'000
<b>Current tax</b>		
UK corporation tax for the year	(350)	(415)
<b>Deferred tax</b>		
Deferred tax for the year	-	-
<b>Taxation charge</b>	<b>(350)</b>	<b>(415)</b>

**Factors affecting the tax charge for the year**

The income statement tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2019: 19%) as explained below:

	2020	2019
	£'000	£'000
Profit/(loss) before taxation	1,128	(3,030)
Profit/(loss) multiplied by standard rate of corporation tax in the UK	(215)	576
Expenses not deductible and income not taxable	(135)	(991)
<b>Taxation charge</b>	<b>(350)</b>	<b>(415)</b>

On 11 March 2020 it was announced (and substantively enacted on 17 March 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020. Following the UK budget on the 3 March it was announced that the UK rate of corporation tax will increase from 19% to 25% effective 1 April 2023 with Royal Assent received on 10 June 2021.

**9. Dividends**

The Directors have not recommended a dividend for the year (year ended 31 December 2019: £nil).

**LONDON STOCK EXCHANGE LEI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year ended 31 December 2020

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**10. Intangible Assets**

	<b>Customer relationships £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
At 31 December 2019	9,650	9,650
At 1 January 2020	9,650	9,650
Additions	-	-
<b>At 31 December 2020</b>	<b>9,650</b>	<b>9,650</b>
<b>Accumulated amortisation</b>		
At 31 December 2019	(6,085)	(6,085)
At 1 January 2020	(6,085)	(6,085)
Amortisation charge for the year	(713)	(713)
<b>At 31 December 2020</b>	<b>(6,798)</b>	<b>(6,798)</b>
<b>Net book value</b>		
<b>At 31 December 2020</b>	<b>2,852</b>	<b>2,852</b>
At 31 December 2019	3,565	3,565

On 5 February 2018 the Company acquired the UK's LEI business from London Stock Exchange plc, a fellow subsidiary of the Company's ultimate parent LSEG, for £9.7m and a £9.7m intangible asset was recognised representing the customer relationships acquired as part of the transaction. The Company received a capital contribution of £9.7m from its immediate parent London Stock Exchange Reg Holdings Limited to fund the transaction. Following a reassessment of the customer relationship recoverable amount, the Company recognised a £4.2m acceleration of amortisation charge in 2019.

In the current year, the estimated useful life has decreased from 8 to 5 years, and amortisation is charged on a straight line basis. An amortisation charge of £0.7m has therefore been recognised in the current year.

**LONDON STOCK EXCHANGE LEI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**11. Trade and Other Receivables**

	2020	2019
	£'000	£'000
Trade receivables	298	342
Amounts due from parent	6,174	3
Amounts due from companies under common control	5,220	3,748
Less: provision for impairment	-	(1)
Prepayments	-	7
	<b>11,692</b>	<b>4,099</b>

Amounts due from parent include a loan to London Stock Exchange Reg Holdings Limited of £6.2m (2019: £nil). The loan is denominated in Pounds Sterling and interest is charged at LIBOR +1.5% per annum. It is repayable with 3 months' notice or on its final maturity date of 6 April 2025.

Amounts due from companies under common control are interest free and repayable on demand.

The carrying values less impairment provision of receivables, are reasonable approximations of fair value. All trade and other receivables are denominated in pounds sterling.

Remaining receivables are interest free and repayable on demand.

**12. Cash and Cash Equivalents**

	2020	2019
	£'000	£'000
Cash at bank	32	2,621

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

**LONDON STOCK EXCHANGE LEI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**13. Trade and Other Payables**

	2020	2019
	£'000	£'000
Trade payables	-	24
Accruals	169	186
Amounts owed to parent	332	31
Amounts owed to companies under common control	3,327	-
Social security and other taxes	31	350
Group relief	1,062	297
	<b>4,921</b>	<b>888</b>

Amounts owed to parent include a loan from London Stock Exchange Reg Holdings Limited of \$0.5m (2019: \$nil). The loan is denominated in U.S. Dollars and interest is charged at LIBOR +1.5% per annum. It is repayable with 3 months' notice or on its final maturity date of 30 July 2025.

Amounts due to companies under common control include payables due to London Stock Exchange plc for the use of the platform.

Accruals include audit fees accrued as at 31 December 2020 in respect of remuneration of the Company's auditors.

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

**14. Contract Liabilities**

	2020	2019
	£'000	£'000
Contract liabilities	2,277	2,382

Contract liabilities primarily relate to the advance consideration received from customers for initial registration and renewal of LEIs for which revenue is recognised over time. These will be recognised as revenue over the next 12 months.



**LONDON STOCK EXCHANGE LEI LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**15. Share Capital**

	2020		2019	
	Number of shares	Share capital £	Number of shares	Share capital £
<b>Issued, called up and fully paid</b>				
Ordinary shares of £1 each	9,650,001	9,650,001	9,650,001	9,650,001

**16. Commitments and Contingencies**

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Company were nil (2019: nil) and nil (2019: nil), respectively.

**17. Ultimate Parent Company**

As at 31 December 2020, the Company's ultimate parent company and the parent that headed the smallest and largest group of entities for which consolidated financial statements were prepared was London Stock Exchange Group plc. The Company's immediate parent is London Stock Exchange Reg Holdings Limited. Both companies are 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.

**18. Events after the Reporting Period**

The directors confirm that there were no significant events occurring after the reporting period, up to the date of this report, that would meet the criteria for disclosure or adjustment in the financial statements for the year ended 31 December 2020.