

**LSEG Employment Services Limited**  
**Report and Financial Statements**  
**For the year ended 31 December 2016**



**Company Registration Number 09100833**

# LSEG EMPLOYMENT SERVICES LIMITED

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# **LSEG EMPLOYMENT SERVICES LIMITED**

## **DIRECTORS AND OFFICERS**

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### **DIRECTORS**

L M Condron  
T W Jones  
C A Thomas  
D P Warren

### **COMPANY SECRETARY**

L M Condron

### **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

# LSEG EMPLOYMENT SERVICES LIMITED

## STRATEGIC REPORT

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The Directors present their Strategic Report for LSEG Employment Services Limited (the "Company") the year ended 31 December 2016.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of employees and their associated services.

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

### REVIEW OF BUSINESS

During the year, further shared service staff were transferred in from other employing entities within the Group.

The costs of the employees are recharged at cost to the other LSEG companies to reflect the provision of services provided to them.

The Company made a loss after tax for the financial year ended 31 December 2016 of £307.4k (Year ended 31 December 2015: £175.9k).

### FUTURE DEVELOPMENTS

The Company is expected to continue to provide employment services to companies within the Group.

### EMPLOYEES

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

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

### PRINCIPAL RISKS AND UNCERTAINTIES

London Stock Exchange Group plc ("LSEG") operates group wide risk management procedures which bring greater judgement to decision making as this allows management to make better, more informed and more consistent decisions based on a clear understanding of the risks involved.

LSEG has adopted a group wide risk management system that provides ongoing formal assurance that all the subsidiary companies are appropriately controlling all of the risks to which they are exposed, ensuring that internal controls operate efficiently and effectively.

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

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

In addition to the operational risks below, the Company is exposed to financial risks that are detailed on pages 13 to 14.

The Company's principal operational risks are considered to arise from; change management with the Group's having a number of major, complex projects and initiatives underway concurrently, the Group's ability to attract and retain high quality employees, the Group's dependency on having secure premises and uninterrupted operation of its IT systems

# **LSEG EMPLOYMENT SERVICES LIMITED**

## **STRATEGIC REPORT**

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and infrastructure, and the Group's businesses and major revenue streams being highly dependent on secure and stable technology performing to high levels of availability and throughput.

On 23 June 2016 the UK voted to exit the EU. The Company relies on a number of rights that are available to it to conduct business with EU members. This includes, without limitation, the right for the UK trading venues to offer services to members in the EU. The Company has analysed the potential impact and considered contingency plans that it may choose to execute should these rights not be replaced by rights that persist outside EU membership.

By order of the Board



**L M Condron**

Director

20 September 2017

REGISTERED OFFICE:

10 Paternoster Square, London, EC4M 7LS

# **LSEG EMPLOYMENT SERVICES LIMITED**

## **DIRECTORS' REPORT**

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The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2016.

### **REVIEW OF BUSINESS**

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

### **DIVIDENDS**

No dividend is proposed to be paid for the year ended 31 December 2016 (Year ended 31 December 2015: £nil).

### **DIRECTORS AND DIRECTORS INTERESTS**

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

L M Condron  
T W Jones  
C A Thomas  
D P Warren

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

### **DIRECTORS' LIABILITIES**

The Company has Directors and Officers insurance which provides an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties. Such qualifying third party indemnity provision remains in force as at the date of approving the Directors' Report.

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

The Directors are responsible for preparing the Strategic Report, 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").

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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 year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements;
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 101 used in the preparation of 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.

# LSEG EMPLOYMENT SERVICES LIMITED

## DIRECTORS' REPORT

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

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

### GOING CONCERN

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. The Parent has formally confirmed it will continue to provide financial support for the ongoing operations of LSEG Employment Services Limited for the twelve months following the date of this annual report and that it does not intend to call amounts outstanding under the loan agreement within that period, so long as the Company remains a part of London Stock Exchange Group plc (the "Group"). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

### POST BALANCE SHEET EVENTS

The Directors confirm that there were no significant events occurring after the balance sheet date, up to the date of this report, that would meet the criteria to be disclosed or adjusted in the financial statements for the year ended 31 December 2016.

### 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 he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

By order of the Board



**L M Condron**

Director

20 September 2017

REGISTERED OFFICE:

10 Paternoster Square, London, EC4M 7LS

# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LSEG EMPLOYMENT SERVICES LIMITED

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We have audited the financial statements of LSEG Employment Services Limited (the "Company") for the year ended 31 December 2016 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 19. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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

## **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 and 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

## **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies, we consider the implications for our report.

## **Opinion on financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 'Reduced Disclosure Framework'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion, based on work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Director's Report have been prepared in accordance with applicable legal requirements



# INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF LSEG EMPLOYMENT SERVICES LIMITED

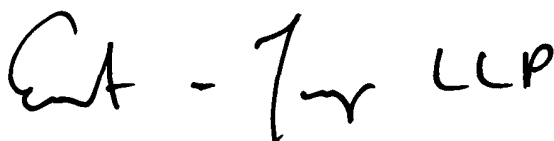
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## Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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

Handwritten signature of Gary Adams in black ink, appearing as 'GA - JY LLP'.

Gary Adams (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
London

21 September 2017

# LSEG EMPLOYMENT SERVICES LIMITED

## INCOME STATEMENT

Year ended 31 December 2016

		Year ended 31 December 2016	Year ended 31 December 2015
	Notes	£'000	£'000
Revenue	4	62,793.0	25,981.1
<b>Total income</b>		<b>62,793.0</b>	<b>25,981.1</b>
<b>Expenses</b>			
Administrative expenses	5	(62,239.7)	(25,891.5)
<b>Total expenses</b>		<b>(62,239.7)</b>	<b>(25,891.5)</b>
<b>Operating profit</b>		<b>553.3</b>	<b>89.6</b>
Finance expense	8	(551.1)	(89.6)
<b>Net finance expense</b>		<b>(551.1)</b>	<b>(89.6)</b>
<b>Profit before taxation</b>		<b>2.2</b>	<b>-</b>
Taxation	9	(309.6)	(175.9)
<b>Loss for the financial year</b>		<b>(307.4)</b>	<b>(175.9)</b>

The notes on pages 11 to 21 form an integral part of these financial statements.

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

There are no other items of income or expenditure other than those included within the income statement for the year ended 31 December 2016 and the year ended 31 December 2015.

# LSEG EMPLOYMENT SERVICES LIMITED

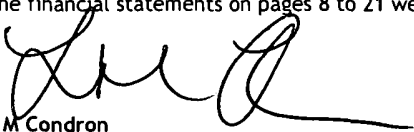
## STATEMENT OF FINANCIAL POSITION

At 31 December 2016

		31 December 2016	31 December 2015
	Notes	£'000	£'000
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred tax assets	10	3,297.6	2,477.3
		<b>3,297.6</b>	<b>2,477.3</b>
<b>Current assets</b>			
Trade and other receivables	13	97,322.1	29,681.4
Cash and cash equivalents		-	0.2
		<b>97,322.1</b>	<b>26,681.6</b>
<b>Total assets</b>		<b>100,619.7</b>	<b>32,158.9</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	14	95,295.8	28,349.2
<b>Total liabilities</b>		<b>95,295.8</b>	<b>28,349.2</b>
<b>Net assets</b>		<b>5,323.9</b>	<b>3,809.7</b>
<b>Equity</b>			
Share capital	15	-	-
Retained earnings		5,323.9	3,809.7
<b>Total equity</b>		<b>5,323.9</b>	<b>3,809.7</b>

The notes on pages 11 to 21 form an integral part of these financial statements.

The financial statements on pages 8 to 21 were approved by the Board on 20 September 2017 and signed on its behalf by:

  
L M Condrón  
Director

Registered number 09100833

# LSEG EMPLOYMENT SERVICES LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Notes	Ordinary share capital £'000	Retained earnings £'000	Total attributable to equity holders £'000
31 December 2014 (unaudited)		-	-	-
Loss for the financial year		-	(175.9)	(175.9)
Employee share scheme recharges		-	8,514.8	8,514.8
Employee share scheme expenses, net of tax		-	(4,529.2)	(4,529.2)
<b>31 December 2015</b>		-	<b>3,809.7</b>	<b>3,809.7</b>
Loss for the financial year		-	(307.4)	(307.4)
Tax in relation to employee share scheme expenses		-	1,821.6	1,821.6
<b>31 December 2016</b>		-	<b>5,323.9</b>	<b>5,323.9</b>

Issued share capital of the Company consist of 1 share with total aggregated nominal value of £1, share is fully paid as at 31 December 2016 and as of 31 December 2015.

The notes on pages 11 to 21 form an integral part of these financial statements.

# **LSEG EMPLOYMENT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2016

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### **1. Basis of preparation and accounting policies**

#### **Basis of preparation**

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

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:

- cash flow statements and related notes;
- disclosure of key management compensation and related party disclosures for intra-group transactions;
- disclosures in respect of new standards and interpretations that have been issued but which are not yet effective;
- IFRS 1.134-1.136 disclosure on capital management;
- reduced IFRS 2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- reduced IFRS 7 disclosure of financial instruments;
- reduced IAS 36 disclosure of impairment review;
- reduced IFRS 13 disclosure relating to fair value measurement; and
- the requirement to present comparatives in roll-forward reconciliations for property, plant and equipment and intangible assets.

The following standards and interpretations have been issued by the Financial Reporting Council ("FRC") and have been adopted in these financial statements:

- Amendments to FRS 101 'Reduced Disclosure Framework' - 2015/16 Cycle (July 2016)
- Amendments to FRS 101 'Reduced Disclosure Framework' and FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' - Notification of Shareholders (December 2016)

The adoption of these standards did not have an impact on the financial statements. There were no other standards, interpretations and amendments effective as of 1 January 2016 that were issued by the FRC and adopted for the first time by the Company in these financial statements.

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

These financial statements are presented in Sterling, which is the Company's presentation and functional currency, and are rounded to the nearest thousand pounds (£000).

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 and 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, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. The Parent has formally confirmed it will continue to provide financial support for the ongoing operations of LSEG Employment Services Limited for the twelve months following the date of this annual report and that it does not intend to call amounts outstanding under the loan agreement within that period, so long as the Company remains a part of London Stock Exchange Group plc (the "Group"). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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### 1. Basis of preparation and accounting policies

#### Accounting Policies

##### *Income statement*

###### *Revenue*

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business. Revenue is recognised in the period when the service or supply is provided.

The source of revenue is the provision of employees and their associated services to other Group companies.

###### *Pension costs*

The Company operates a defined contribution Personal Pension Scheme under which the Company pays fixed contributions; the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets. The Company provides no other post retirement benefits to its employees. Contributions are charged to the income statement as incurred.

###### *Share based compensation*

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

The Company is recharged costs from London Stock Exchange Group plc to settle the share based awards made to employees of the Company.

###### *Foreign currencies*

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

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

###### *Finance expenses*

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

##### *Statement of Financial Position*

###### *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 the Statement of Other Comprehensive Income or directly in equity. In this case, the tax is also recognised in the Statement of Other Comprehensive Income or directly in equity, respectively.

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

###### *Financial Assets*

The Company classifies its financial assets as loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise trade and other receivables and cash at bank and in hand in the balance sheet.

# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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### 1. Basis of preparation and accounting policies (continued)

#### *Trade and other receivables*

Trade and other receivables include amounts due from other companies within the London Stock Exchange Group on loans, interest on these loans and other settlements for intercompany recharges. 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. Trade receivables are classified as 'Trade and other receivables' within current assets, if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as 'Other non-current receivables' within non-current assets. Subsequent to initial recognition, trade and other receivables recognised at amortised cost are measured using the effective interest rate method, with gains and losses recognised in finance income. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the receivable, probability that the trade receivable will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

#### *Cash and cash equivalents*

Cash and cash equivalents of the Company comprise cash in hand, deposits held at call with banks and term deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

#### *Trade and other payables*

Trade and other payables relate to loans from other companies within the London Stock Exchange Group, social security and other taxes and accruals. Trade payables are classified as 'Trade and other payables' within current liabilities, if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as 'Other non-current payables' within non-current liabilities. Subsequent to initial recognition, trade payables recognised at amortised cost are measured using the effective interest rate method, with gains and losses recognised in finance expenses. Trade and other payables are derecognised when the obligation under the liability is discharged, cancelled or expires.

#### *Share capital*

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

### 2. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk, credit risk, liquidity risk and capital risk. The Company is part of London Stock Exchange Group plc the ("Group") and financial risk management is carried out by the Group through its central treasury, and financial control functions. The Group's risk management approach seeks to minimise the potential adverse effects of these risks on the financial performance of the Company.

#### 2.1 Market risk

##### *Foreign exchange risk*

The Company operates in the UK and reports its results in sterling and therefore its exposure to foreign exchange risk is limited to specific foreign currency transactions that it may enter into. As of 31 December 2016 there are no significant balances held in foreign currencies, and so no sensitivity analysis has been prepared.

Foreign exchange risk is identified by the Group's central treasury function and, if deemed material, is hedged in accordance with a Group's approved policy framework.

##### *Interest rate risk*

The Company's interest rate risk arises from the variable interest rates applied to its loan liabilities. Loans are all internal to related Group companies and include fixed interest margins that reduce the impact of variations in market interest rates.

For the period ended 31 December 2016, if interest rates applicable to the outstanding loan balances had been 0.5% higher/lower with all other variables constant, pre-tax (loss)/profit for the period would have been (£161.4k) and £165.5k respectively.

#### 2.2 Credit risk

Credit risk is the risk that the Company's counterparties will be unable to meet their obligations to the Company either in part or in full and arises from credit exposures to customers as well as on cash and cash equivalent balances, deposits and derivative financial instruments with financial counterparties.

The Company has no customers other than its ultimate parent company, London Stock Exchange Group plc and companies under common control, and therefore management have assessed the associated credit risk of the Company to be low.

# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

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### 2.3 Liquidity risk

The Company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations. The Company maintains sufficient cash, together with the availability of adequate funding through its committed credit facilities with London Stock Exchange Group plc through the Group Treasury cash management policy, to meet all its financial obligations as they fall due.

The Company's liquidity is managed by London Stock Exchange Group plc. Management monitors forecasts of the Company's cash flow and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions.

No separate analyses have been prepared to split the Company's financial liabilities into relevant maturity groupings because all liabilities are expected to be paid, based upon their contractual maturity date, within one year.

### 2.4 Capital risk management

The Company manages its capital to ensure it will be able to continue as a going concern. The capital structure of the Company consists of equity, comprising issued share capital and retained earnings.

## 3. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. There are no significant judgements and estimates for the year ended 31 December 2016.

## 4. Revenue and other income

Revenue comprises amounts recharged to the ultimate parent company and companies under common control, in respect of providing employees and associated services to the ultimate parent company and companies under common control.

The principal customer of the Company is in the United Kingdom. Therefore no further information on business or geographical segments is disclosed.

## 5. Expenses by nature

Expenses comprise the following:

		Year ended 31 December 2016	Year ended 31 December 2015
	Note	£'000	£'000
Employee costs	6	61,910.0	25,891.5
Other costs		329.7	-
<b>Total</b>		<b>62,239.7</b>	<b>25,891.5</b>

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# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 6. Employee costs

		Year ended 31 December 2016	Year ended 31 December 2015
	Note	£'000	£'000
Salaries and other short term benefits		37,802.8	14,423.5
Social security costs		7,459.5	5,939.9
Pension costs	12	2,060.9	559.7
Share based compensation		14,586.8	4,968.4
<b>Total</b>		<b>61,910.0</b>	<b>25,891.5</b>

The number of employees in the Company was:

	Year ended 31 December 2016	Year ended 31 December 2015
At the year end	229	21
Average for the year	210	23

The monthly average number of employees in the Company by category was:

	Year ended 31 December 2016	Year ended 31 December 2015
Corporate and Management Services	19	21
Technology services	191	-
<b>Total</b>	<b>210</b>	<b>21</b>

### 7. Directors' remuneration

The Directors did not receive any remuneration from the Company since their duties are incidental to their main duties as directors and senior management of the ultimate parent company, London Stock Exchange Group plc (year ending 31 December 2015: nil). Their remuneration and retirement benefit information are disclosed in the ultimate parent company accounts.

### 8. Net finance expense

	Year ended 31 December 2016	Year ended 31 December 2015
Notes	£'000	£'000
Finance expense		
Interest payable to ultimate parent	(551.1)	(89.6)
<b>Net finance expense</b>	<b>(511.1)</b>	<b>(89.6)</b>

# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 9. Taxation

The standard UK corporation tax rate was 20% (20.25% for the year ended 31 December 2015).

		Year ended 31 December 2016	Year ended 31 December 2015
Taxation charged/(credited) to the income statement	Note	£'000	£'000
Current tax:			
UK Corporation tax for the period		2,116.8	900.8
Adjustment in respect of previous years		250.1	-
<b>Total current tax</b>		<b>2,366.9</b>	<b>900.8</b>
Deferred tax:	10		
Deferred tax for the current year		(1,926.0)	(753.8)
Impact of rate change		108.7	28.9
Adjustments in respect of previous years		(240.0)	-
<b>Total deferred tax</b>		<b>(2,057.3)</b>	<b>(724.9)</b>
<b>Taxation charge</b>		<b>309.6</b>	<b>175.9</b>

		Year ended 31 December 2016	Year ended 31 December 2015
Taxation on items not charged/(credited) to the income statement		£'000	£'000
Current Tax allowance on share options/awards in excess of expense recognised		(3,058.6)	(2,233.3)
Deferred Tax allowance on share options/awards in excess of expense recognised		1,236.9	(1,752.5)
		<b>(1,821.7)</b>	<b>(3,985.8)</b>

#### 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 20% (20.25% for the year ended 31 December 2015) as explained below:

	Year ended 31 December 2016	Year ended 31 December 2015
	£'000	£'000
Profit before taxation	2.2	-
Profit multiplied by standard rate of corporation tax in the UK	0.4	-
Expenses non deductible	0.9	-
Share allowance on share options/awards in excess of expense recognised	189.5	147.0
Adjustment in respect of prior years	10.1	-
Impact of rate change	108.7	28.9
<b>Taxation charge</b>	<b>309.6</b>	<b>175.9</b>

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

# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 10. Deferred Tax

	Provisions and other temporary differences £'000	Total £'000
31 December 2015	2,477.3	2,477.3
Tax credited to income statement	2,166.0	2,166.0
Tax credited/(charged) to equity:		
- allowance on share options/awards	(1,239.6)	(1,239.6)
Impact of rate change credited to the income statement	(108.7)	(108.7)
Impact of rate change credited to equity	2.6	2.6
<b>31 December 2016</b>	<b>3,297.6</b>	<b>3,297.6</b>
<b>Assets at 31 December 2016</b>	<b>3,297.6</b>	<b>3,297.6</b>
Assets at 31 December 2015	2,477.3	2,477.3

The deferred tax asset is recoverable against future taxable profits and is due after more than one year.

### 11. Dividends

No dividend has been proposed or paid for the year (year ended 31 December 2015: nil).

### 12. Pension commitments

The Company operates a defined contribution scheme. The assets of the defined contribution scheme are held separately from those of the Company in a separate trustee administered fund managed by Legal & General Investment Management Limited during the year.

The Company's defined contribution schemes are the only schemes open to employees. A core contribution of eight per cent of pensionable pay is provided and the Company will match employee contributions up to a maximum of six per cent of pensionable pay. The contributions made by the Company amount to £2,060.9k (year ended 31 December 2015: £560.0k). There are no amounts outstanding as at 31 December 2016 (31 December 2015: £nil).

### 13. Trade and other receivables

	31 December 2016 £'000	31 December 2015 <sup>1</sup> £'000
Amounts due from ultimate parent	59,767.0	18,108.7
Amounts due from companies under common control	35,531.0	10,163.6
Group tax relief	2,024.1	1,332.5
Other receivables	-	76.6
<b>Total trade and other receivables</b>	<b>97,322.1</b>	<b>29,681.4</b>

<sup>1</sup> - Comparative amounts have been re-presented to reflect a balance as due from company under common control rather than the ultimate parent as previously shown.

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

The carrying values of receivables are reasonable approximations of fair values. All receivable balances are denominated in sterling. None of the receivable balances contain impaired assets.

# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 14. Trade and other payables

	31 December 2016 £'000	31 December 2015 <sup>1</sup> £'000
Amounts owed to ultimate parent	73,859.6	12,273.4
Amounts owed to companies under common control	5,072.9	856.0
Social security and other taxes	859.5	297.4
Accruals and deferred income	15,383.7	14,922.4
Other payables	120.1	-
<b>Total trade and other receivables</b>	<b>95,295.8</b>	<b>28,349.2</b>

<sup>1</sup> - Comparative amounts have been re-presented to reflect a balance previously shown under accruals and deferred income as owed to ultimate parent.

The carrying amount current liabilities are reasonable approximations of fair value.

Amounts owed to ultimate parent include a loan from London Stock Exchange Group of £53.4m (2015: £11.0m) with interest charged at 1.2% + LIBOR. The amount is repayable on demand.

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

### 15. Ordinary share capital

	31 December 2016		31 December 2015	
	Number of shares	Share capital £	Number of shares	Share capital £
<b>Issued, called up and fully paid</b>				
Ordinary shares of £1 each	1	1	1	1

### 16. Commitments and contingencies

The Company has no capital commitments or other contracted commitments that have arisen in the ordinary course of business (31 December 2015: nil).

# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 17. Share Schemes

The London Stock Exchange Group Long Term Incentive Plan (LTIP), approved at the 2016 AGM, has 2 elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in the Company's shares - the latter element is not applicable to executive directors of the Group. Vesting of these awards is dependent upon the Group's total shareholder return performance and adjusted basic earnings per share. Further details are provided in the Remuneration Report of the Annual Report of London Stock Exchange Group plc for the year ended 31 December 2016, which does not form part of this report. Awards are granted at nil cost to employees.

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

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

The SAYE scheme provide for grants of options to employees who enter into a SAYE savings contract and options were granted at 20% below fair market value during the year.

Share options were exercised on a regular basis throughout the year and the weighted-average exercise price was as follows:

	31 December 2016		31 December 2015	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
SAYE	69,340	5.89	1,593	5.65
LTIP	718,914	-	478,692	0.08

# LSEG EMPLOYMENT SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

### 17. Share Schemes (continued)

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

	31 December 2016		31 December 2015	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
<b>SAYE</b>				
Less than £10	-	-	7,854	0.1
Between £10 and £20	58,489	0.3	2,677	0.3
More than £20	52,008	0.9	3,082	0.6
<b>LTIP</b>				
Nil	1,581,965	1.4	1,694,416	1.4
<b>Total</b>	<b>1,692,462</b>	<b>1.3</b>	<b>1,708,029</b>	<b>1.4</b>

The fair value of share awards and share options granted during the year was determined using a stochastic valuation model. The key assumptions used in the valuation were as follows:

	LSEG LTIP Performance Shares 17-Mar-16	LSEG LTIP Performance Shares 23-Jun-16	LSEG LTIP Performance Shares 14-Oct-16	LSEG LTIP Matching Shares 18-Mar-16	Restricted Share Award Plan 14-Oct-16	ShareSave Plan 5-May-16
Grant date share price	£28.90	£27.35	£28.43	£28.92	£28.43	£26.14
Expected life	3 years	3 years	3 years	3 years	0.38 years to 3.54 years	3.16 years
Exercise price	n.a.	n.a.	n.a.	n.a.	n.a.	£22.38
Dividend yield	1.00%	0.80%	1.31%	1.00%	1.00%	0.90%
Risk-free interest rate	0.60%	0.60%	0.22%	0.50%	0.12% to 0.29%	0.6%
Volatility	25%	26%	25.7%	25%	25.2% to 29.4%	25%
Fair value	-	-	-	-	£27.4 to £28.29	£6.11
Fair value TSR	£10.22	£9.55	£10.43	£10.15	n.a.	n.a.
Fair value EPS	£28.04	£26.70	£27.33	£28.06	n.a.	n.a.

The approach adopted by the Group in determining the fair value for the Performance and Matching Shares granted during the year was based on a TSR pricing model which incorporates TSR performance conditions and references the vesting schedules of the awards.

For all other share awards, including the Share Save Plan, the Black-Scholes model was used.

The significant inputs into both models are the share price at grant date, expected volatility, dividend yields and annual risk-free interest rate. The volatility assumption is based on the historical 3-year volatility as at the date of grant. The risk-free interest rate represents the yield available on a UK zero-coupon government bond on the date of grant for a term commensurate with the vesting period of the award. The expected life refers to the time from the date of grant to the date the awards vest. Holders of share awards and share options are not entitled to receive dividends declared during the vesting period.

# **LSEG EMPLOYMENT SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2016

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### **18. Ultimate parent company**

As at 31 December 2016, the Company's ultimate parent undertaking and the parent that headed the smallest and largest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc, a company incorporated in the United Kingdom. The Company's immediate parent is London Stock Exchange Group (Services) Limited, a company incorporated in England and Wales. One hundred per cent of the issued share capital of the Company was beneficially owned by its ultimate parent undertaking.

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

### **19. Other statutory information**

Auditors' remuneration of £5k to Ernst & Young LLP is paid for by the ultimate parent company (year ended 31 December 2015: £5k). Statutory information on remuneration for other services provided by the Company's auditors to the LSEG 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 included. There were no non-audit services provided to the Company in the current period and in the prior period.