

LSEG Employment Services Limited

Report and Financial Statements

For the year ended 31 December 2019

Company Registration Number 09100833



LSEG EMPLOYMENT SERVICES LIMITED
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LSEG EMPLOYMENT SERVICES LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

L Condron
C Thomas
D Warren
T Jones

COMPANY SECRETARY

T Hogan (appointed 25 September 2019)
L Condron (resigned 25 September 2019)

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

The Directors present their strategic report for LSEG Employment Services Limited (the “Company”) for the year ended 31 December 2019.

REVIEW OF BUSINESS

The principal activity of the Company is the provision of employees and their associated services to other London Stock Exchange Group plc (“LSEG”, the “parent”, the “group”) entities. The costs of the employees are recharged at cost to the other group companies to reflect the provision of services provided to them.

The Company made a loss after tax for the financial year ended 31 December 2019 of £775.8k (profit after tax for the year ended 31 December 2018: £213.2k). Due to the nature of the business as an employment service centre company, the Directors have concluded that there are no other financial KPIs. In terms of non-financial KPIs, the Company is measured on workforce engagement and supplier payment practices, which are further elaborated on in the Section 172 (1) Statement in the strategic report.

The Company is part of the group.

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

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

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

The Company is subject to a variety of foreseeable and unforeseeable risks and uncertainties which may have an impact on the Company’s ability to execute its strategy and deliver its expected performance. The identification,

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STRATEGIC REPORT

assessment and management of these risks are central to the Company's operating framework. The Company's risk control 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 Management Framework.

The Company's principal risks are considered to arise from the continuing changing regulatory environment and the macro-economic environment (unfavourable tax regimes, impact of Brexit on ability to conduct business with European Union ("EU") members, or the changing regulatory environment, may reduce the attractiveness of London as a major financial centre) and increasing security threats (both physical and cyber).

The Company's principal operational risks arise from ensuring it maintains secure and stable technology performing to high levels of availability. The Company is reliant upon secure premises to protect its employees and physical assets as well as appropriate safeguards to ensure uninterrupted operation of its IT systems and infrastructure.

The UK's exit from the EU leaves significant uncertainty concerning the political and regulatory environment, the UK's future relationship with the EU, and the overall impact on the UK and EU economies both in the short and medium term. The Company relies on a number of rights that are available to them to conduct business with other EU or EEA members. This includes, without limitation, the right for UK trading venues to offer services to members in the EU or EEA. The Company has analysed the potential impact and considered contingency plans that they may choose to execute should these rights not be replaced by rights that persist outside EU membership.

SECTION 172 (1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the company's employees;
- need to foster the company's business relationships with suppliers, customers and others;
- impact of the company's operations on the community and environment;
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging our section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our workforce, our customers, our suppliers and our relationship with regulators. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

We delegate authority for day-to-day management of the Company to executives and then engage management in setting, approving and overseeing execution of the business strategy and related policies. We review financial and operational performance, customer-related matters and legal and regulatory compliance periodically. We also review other areas over the course of the financial year including, the Company's business strategy; key risks and

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STRATEGIC REPORT

workforce matters (including culture, diversity and wellbeing). This is done through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board.

The Company's key stakeholders are its suppliers and its workforce. The views of and the impact of the Company's activities on those stakeholders are an important consideration for the directors when making relevant decisions. The Board recognises that building strong relationships with our stakeholders will help to deliver the Company's strategy in line with our long-term values and operate the business in a sustainable way. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the LSEG means that sometimes our stakeholder engagement will take place at an operational or Group level. For details on some of the engagement that takes place with the Company's stakeholders at a Group level please see pages 51 to 52 of the London Stock Exchange Group plc Annual Report for the financial period ended 31 December 2019.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk and the outcomes of specific pieces of engagement. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the Company.

We set out below some examples of how we have had regard to the matters set out in section 172(1)(a)-(f) when discharging our section 172 duty and the effect of that on decisions taken by us.

Workforce Engagement

The Company's principal activity is the provision of employees and their associated services to other LSEG Group entities. During 2019, the Board examined the results of a number of employee-engagement activities, including the employee survey "Have Your Say" ("HYS"). HYS enables employees to share their views on what it is like to work for the Company and the LSEG Group and it provides management and the Board with insight into employees' views on a number of topics as well as a way to track engagement within the organisation.

The main workforce engagement initiatives take place at a Group level and these include formal and informal meetings, an annual engagement survey, and town hall meetings. During 2019, the Group Board sought to increase its direct engagement with a wide cross section of the workforce to better understand their perspective on the business. These initiatives included meetings in which Group Board members met with employee forums as part of a new Employee Board consultation initiative. The Group Board also engaged with the workforce by way of breakfast meetings, overseas visits, employee surveys and culture dashboard reviews throughout the year.

For a detailed explanation of the Group employee engagement activities, please see pages 43 - 46 and 80 of the London Stock Exchange Group plc Annual Report for the financial period ended 31 December 2019.

Suppliers

The Company relies on external and internal suppliers for certain services which are required to ensure that that Company continues to hire, retain and nurture its staff. These include recruitment agencies, research firms, contingent workforce services providers, consultants, training suppliers and employment law advisers.

The level of engagement with these suppliers varies depending on their size and the services they provide. During 2019, management and staff engaged with larger and critical suppliers regularly to review progress on projects and to ensure that suppliers understand our business and culture. With smaller suppliers, ad-hoc meetings were held as

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STRATEGIC REPORT

necessary and, when a partnership model was in place, regular account meetings with the supplier's management took place.

Our supplier engagement allows for open discussions and encourage a partnership approach, in order to identify and mitigate any risks to the key service provisions of the Company. At those meetings, service level agreements, KPIs are discussed and feedback is exchanged. We believe that having solid long-term relationships with our suppliers is essential.

Payment Practices

The Company is required to report its supplier payment performance and policies as part of the Small Business, Enterprise and Employment Act 2015. On a half yearly basis, the Board approves the required information which includes: the average time to pay (days), percentage of invoices paid within 30 and 60 days (respectively), invoices paid later than 60 days and invoices not paid within agreed terms. As part of our desire to foster good relationships with our suppliers, in 2019, steps were taken to accelerate the payment process and focus was given to ensuring purchase orders are raised and receipted promptly and compliance with the Group's procurement policy. This information is published on a government portal every 6 months and allows current and prospective suppliers to see the Company's payment policy, practice and performance, which could help reduce the administrative and financial burden suppliers face when not paid on time.

By order of the Board:



David Warren
Director
15 May 2020

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

LSEG EMPLOYMENT SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2019.

REVIEW OF BUSINESS

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

DIVIDENDS

The Directors have not recommended a dividend for the year (year ended 31 December 2018: 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 Condon
C Thomas
D Warren
T Jones

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 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").

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,

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DIRECTORS' REPORT

- 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.

EMPLOYEE ENGAGEMENT AND BUSINESS RELATIONSHIPS

A detailed description of how the Directors of the Company have engaged with employees and have had regard to the need to foster the company's business relationships with suppliers and customers can be found in the s172 Statement on page 3-5 of these financial statements.

GOING CONCERN

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

EVENTS AFTER THE REPORTING PERIOD

Since the emergence of Novel Coronavirus (COVID-19) in China at the end of 2019 the virus has spread rapidly across the rest of the world, triggering a set of interventions across major global economies with respect to travel restrictions, border controls and quarantine protocols. Measures increasingly involve social restrictions in public domains, education centres, recreational venues and changes to professional working arrangements. These measures are putting pressure on industrial productivity, suppressing demand for commodities, impacting global supply chains and consumption of goods and services. This has the potential to significantly impact global financial markets with severe shocks to asset prices and corporate earnings, further central bank intervention and accommodative monetary measures, and an extended period of low or negative interest rates. Management have considered the potential impact on the Company and consider this to be a non-adjusting event after the reporting period. In addition to the going concern considerations noted in the Going Concern section above, management have concluded that the going concern assessment remains appropriate.

The Board considered the impact on going concern in the most recent Board meeting to review and approve the financial statements. The following matters were discussed and concluded:

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DIRECTORS' REPORT

- The business activities of the Company have continued to be operational since the outbreak;
- As the principal activity of the Company is the provision of employees and their associated services, demand for the services provided by the Company has continued to exist since the outbreak. All employees continue to perform their roles with the use of remote working technology;
- Financial performance of the Company has not been impacted to a material extent.

On this basis, the Board continues to support that the Company will continue to operate as a going concern for a period of at least 12 months from the date of approving these financial statements.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

In the case of each of the persons who are Directors of the Company at the date when this report was approved:

- so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors. They are deemed to be reappointed under section 487(2) of the Companies Act 2006.

By order of the Board:



David Warren
Director
15 May 2020

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

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

Opinion

We have audited the financial statements of LSEG Employment Services Limited for the year ended 31 December 2019 which comprise the Income Statement, Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 20, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss 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 below. 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Emphasis of matter – Effects of COVID-19

We draw attention to notes 1 and 20 of the financial statements, which describe the economic and social disruption the company is facing as a result of COVID-19 which is impacting financial markets and personnel available for work and or being able to access offices. Our opinion is not modified in respect of this matter.

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.

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

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.

In connection with our audit of the financial statements, 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 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 or a material misstatement of the other information. 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.
- The corresponding amounts for the year end 31 December 2018 are unaudited.

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 6, 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.

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

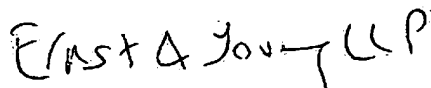
Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

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.



Maurice McCormick (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
19 May 2020

LSEG EMPLOYMENT SERVICES LIMITED

INCOME STATEMENT

Year ended 31 December 2019

		Year ended 31 December 2019	Year ended 31 December 2018 (unaudited)
	Notes	£'000	£'000
Revenue	3	98,744.4	88,204.2
Expenses			
Administrative expenses	4	(97,861.3)	(86,002.7)
Operating profit		883.1	2,201.5
Finance expense	7	(879.4)	(2,199.0)
Profit before taxation		3.7	2.5
Taxation	8	(779.5)	210.7
(Loss)/profit for the financial year		(775.8)	213.2

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 2019 and for the year ended 31 December 2018.

The notes on pages 15 to 27 form an integral part of these financial statements.

LSEG EMPLOYMENT SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

		31 December 2019	31 December 2018
			(unaudited)
	Notes	£'000	£'000
Assets			
Non-current assets			
Deferred tax assets	10	9,495.6	6,034.5
		9,495.6	6,034.5
Current assets			
Trade and other receivables	12	89,418.5	209,135.1
Cash and cash equivalents		2.7	0.5
		89,421.2	209,135.6
Total assets		98,916.8	215,170.1
Liabilities			
Current liabilities			
Trade and other payables	13	(78,654.6)	(201,783.0)
Provisions	14	(1,317.2)	-
Total liabilities		(79,971.8)	(201,783.0)
Net current assets		9,449.4	7,352.6
Net assets		18,945.0	13,387.1
Equity			
Share capital	15	-	-
Retained earnings		18,945.0	13,387.1
Total equity		18,945.0	13,387.1

The notes on pages 15 to 27 form an integral part of these financial statements.

The financial statements on pages 12 to 27 were approved by the Board on 23 April 2020 and signed on its behalf by:



David Warren
Director
LSEG Employment Services Limited
15 May 2020

Registered number 09100833

LSEG EMPLOYMENT SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2019

	Share capital	Retained earnings	Total attributable to equity holders
	£'000	£'000	£'000
1 January 2018	-	10,700.5	10,700.5
Employee share scheme expenses	-	(9,187.3)	(9,187.3)
Employee share scheme recharges	-	9,187.3	9,187.3
Tax in relation to employee share scheme expenses	-	2,473.4	2,473.4
Profit for the financial year	-	213.2	213.2
31 December 2018 (unaudited)	-	13,387.1	13,387.1
Employee share scheme expenses	-	(9,397.0)	(9,397.0)
Employee share scheme recharges	-	9,397.0	9,397.0
Tax in relation to employee share scheme expenses	-	6,333.7	6,333.7
Loss for the financial year	-	(775.8)	(775.8)
31 December 2019	-	18,945.0	18,945.0

Issued share capital of the Company consists of 1 share with a total aggregated nominal value of £1, which is fully paid as at 31 December 2019 and 31 December 2018.

Of the retained earnings, an amount of £20,617.5k relates to the employee share scheme.

The notes on pages 15 to 27 form an integral part of these financial statements.

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

1. Basis of Preparation and Accounting Policies

Basis of Preparation

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

The Company is a qualifying entity for the purposes of FRS 101. Note 18 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS as adopted by the EU 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 as adopted by the EU was not material on the shareholders' equity as at the date of transition and as at 31 December 2019 or on the loss for the year ended 31 December 2019.

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 discontinued 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:

- IFRS 16 *Leases*;
- IFRIC 23 *Uncertainty over Income Tax Treatments*;
- Amendments to IAS 28 *Long-term interest in Associates and Joint Ventures*;

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

- Amendments to IAS 19 *Plan amendment, curtailment or settlement*;
- Amendments to IFRS 9 *Prepayment features with negative compensation*; and
- Annual improvements to IFRS standards 2015-2017.

The adoption of these standards and amendments does 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.

These financial statements contain information about LSEG Employment Services Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken the exemption from producing consolidated financial statements afforded by section 400 of the Companies Act 2006 because it is a wholly owned subsidiary of London Stock Exchange Group plc which prepares consolidated financial statements which are publicly available.

The Company is a private limited company, limited by shares incorporated and domiciled in England and Wales. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

Going concern

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

Refer to note 20 for further going concern considerations relating to Covid-19.

Accounting Policies

Income Statement

Revenue

The main source of the Company's revenue is through the provision of employees and their associated services to other group companies, the costs of which are recharged to LSEG on a cost basis. 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, net of discounts, VAT and other sales related taxes.

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

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Pension costs

The Company operates a defined contribution personal pension scheme under which the Company pays core fixed contributions; it matches employee contributions up to a maximum of 4% of pensionable pay. 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. The charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant and recognised over the relevant vesting period.

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 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.

Finance expense

Finance expense comprises interest paid on borrowings which reflects the agreed market-based or contractual rate for each transaction undertaken during the period and calculated using the effective interest rate method.

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 other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

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

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

Financial instruments

Financial assets and liabilities are initially recognised on their settlement date. The Company classifies its financial instruments as at 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 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.

- a) *Financial assets at amortised cost* - the ECL for trade receivables 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.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

Trade and other receivables

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

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.

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

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.

Trade and other payables

Other payables relate to loans from other companies within the group. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade 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.

Subsequent to initial recognition, financial liabilities at amortised cost are measured using the effective interest rate method, with gains and losses recognised in finance income and expense respectively. Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expired.

Provisions

A provision is recognised where there is a present obligation, whether legal or constructive, as a result of a past event for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Share capital

The share capital of the Company consists of only 1 class of ordinary shares and these are classified as equity.

2. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The significant estimates that were applied by management for the year ended 31 December 2019 are as follows:

- Provisions: a provision has been applied by the Company in the current year with regards to expected costs from restructuring initiatives. Refer to note 14.

There were no principal judgements applied by management in the year ended 31 December 2019.

3. Revenue and Other Income

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

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

LSEG EMPLOYMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2019

4. Expenses by Nature

Expenses comprise the following:

		Year ended 31 December 2019	Year ended 31 December 2018
	Note	£'000	£'000
Employee costs	5	(94,908.9)	(83,980.8)
Other costs		(2,952.4)	(2,021.9)
		(97,861.3)	(86,002.7)

5. Employee Costs

Employee costs comprise the following:

		Year ended 31 December 2019	Year ended 31 December 2018
	Notes	£'000	£'000
Salaries and other benefits		(66,628.5)	(60,094.3)
Social security costs		(14,401.7)	(10,452.0)
Pension costs	11	(4,481.7)	(4,247.2)
Share-based compensation	17	(9,397.0)	(9,187.3)
		(94,908.9)	(83,980.8)

The number of employees in the Company was:

	Year ended 31 December 2019	Year ended 31 December 2018
At year end	488	427
Average for the year	441	417

LSEG EMPLOYMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2019

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

	Year ended 31 December 2019	Year ended 31 December 2018
Corporate and management services	149	117
Technology services	292	300
	441	417

6. Directors' Remuneration

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

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Emoluments received	29.2	28.0
Benefits	0.8	0.9
Pension contributions	1.0	1.3
	31.0	30.2

7. Finance Expense

	Year ended 31 December 2019 £'000	Year ended 31 December 2018 £'000
Interest payable to ultimate parent	(879.4)	(2,199.0)

LSEG EMPLOYMENT SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2019

8. Taxation

The standard UK corporation tax rate was 19% for the year ended 31 December 2019 (year ended 31 December 2018: 19%).

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Taxation (charged)/credited to the income statement		
Current tax		
UK corporation tax for the year	(422.8)	486.1
Adjustment in respect of previous years	(422.5)	(99.8)
Total current tax	(845.3)	386.3
Deferred tax		
Deferred tax for the year	219.5	(53.3)
Impact of rate change	(153.7)	(122.3)
Total deferred tax	65.8	(175.6)
Taxation (charge)/credit	(779.5)	210.7
Taxation on items not (charged)/credited to the income statement		
Current tax allowance on share options/awards in excess of expense recognised	(2,938.5)	2,751.1
Deferred tax allowance on share options/awards in excess of expense	(3,395.2)	(277.5)
	(6,333.7)	2,473.6

Factors affecting the tax charge for the year

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (year ended 31 December 2018: 19%) as explained below:

	Year ended 31 December 2019	Year ended 31 December 2018
	£'000	£'000
Profit before taxation	3.7	2.5
Profit multiplied by standard rate of UK corporation tax	(0.7)	(0.5)
Expenses not deductible	(170.5)	(3.2)
Share allowance on share options/awards in excess of expense recognised	(32.0)	436.5
Adjustment in respect of previous years	(422.6)	(99.8)
Impact of rate change	(153.7)	(122.3)
Taxation (charge)/credit	(779.5)	210.7

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Year ended 31 December 2019

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. The deferred tax balances included within the accounts have been calculated with reference to the rate of 17%, as required under FRS 101. However, following the substantive enactment of the rate of 19%, it is anticipated that the reversal of temporary differences will occur at this rate and that the maximum impact on the quantum of the net deferred tax asset recognised will be £935k.

9. Dividends

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

10. Deferred Taxation

	Provisions and other temporary differences £'000	Total £'000
31 December 2018	6,034.5	6,034.5
Tax charged to the income statement:	219.5	219.5
Tax (charged)/credited to equity:		
- allowance on share options/awards	3,911.2	3,911.2
Impact of rate change debited to the income statement	(153.6)	(153.6)
Impact of rate change credited to equity	(516.0)	(516.0)
31 December 2019	9,495.6	9,495.6
Assets at 31 December 2018	6,034.5	6,034.5

The deferred tax assets are recoverable against future taxable profits arising from the Company or the group, and are due after more than 1 year.

11. 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.

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Year ended 31 December 2019

The Company's defined contribution schemes are the only schemes open to employees. A core contribution of 8% of pensionable pay is provided and the Company will match employee contributions up to a maximum of 4% of pensionable pay. The contributions made by the Company amounted to £4,481.7k (year ended 31 December 2018: £4,247.2k). There are no amounts outstanding as at 31 December 2019 (31 December 2018: £nil).

12. Trade and Other Receivables

	31 December 2019	31 December 2018
	£'000	£'000
Amounts due from companies under common control	39,686.2	96,596.2
Group tax relief	9,445.0	7,351.9
Amounts due from ultimate parent	40,166.9	105,185.5
Other receivables	120.4	1.5
	89,418.5	209,135.1

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

The carrying values of trade and other receivables are reasonable approximations of fair value. Trade receivables not past due are not considered to be impaired.

13. Trade and Other Payables

	31 December 2019	31 December 2018
	£'000	£'000
Trade payables	(81.4)	(30.7)
Amounts owed to companies under common control	(14,656.2)	(19,536.6)
Amounts owed to ultimate parent	(36,859.9)	(158,723.7)
Accruals	(22,546.5)	(20,703.1)
Social security and other taxes	(4,278.8)	(2,458.9)
Other payables	(231.8)	(240.0)
	(78,654.6)	(201,783.0)

Amounts owed to the ultimate parent include a loan from London Stock Exchange Group PLC of £33.6m (31 December 2018: £136.5m) with interest charged at LIBOR +1.2%. The amount was repayable on demand or on 20 January 2020. The loan has since been renewed under the same terms, repayable with 3 months' notice or on its maturity date of 20 January 2025.

LSEG EMPLOYMENT SERVICES LIMITED
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Year ended 31 December 2019

Remaining amounts owed to the ultimate parent and amounts owed to companies under common control are interest free and repayable on demand. The carrying values of trade and other payables are reasonable approximations of fair value.

14. Provisions

	31 December 2019 £'000	31 December 2018 £'000
Provisions	(1,317.2)	-

This provision primarily relates to the expected costs arising on restructuring initiatives.

15. Share Capital

	31 December 2019		31 December 2018	
	Number of shares	Share capital £	Number of shares	Share capital £
Issued, called up and fully paid				
Ordinary shares of £1 each	1	1	1	1

16. Commitments and Contingencies

Contracted commitments and other contracted contingencies not provided for in the financial statements of the Company were nil (2018: nil) and nil (2018: nil), respectively.

17. Share Schemes

The London Stock Exchange Group Long Term Incentive Plan ("LTIP") approved at the 2014 AGM, is equity-settled and includes a conditional award of performance shares and an award of matching shares linked to investment by the executive of annual bonus in LSEG shares – the latter element is not applicable to executive directors. Vesting of these awards is dependent upon both market and non-market performance conditions. These performance conditions include achievement of LSEG's absolute total shareholder return ("TSR") and adjusted basic earnings per share of the LSEG group. Performance measures are normally equally weighted.

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Year ended 31 December 2019

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

The group's remuneration committee determines performance targets each year to ensure that the targets are stretching and support value creation for shareholders whilst remaining motivational for management. Further details are provided in the remuneration report in the annual report of the London Stock Exchange Group plc for the year ended 31 December 2019, which does not form part of this report.

The Save As You Earn ("SAYE") scheme provides for grants of options to employees who enter into a SAYE savings contract. These options are granted at an exercise price which represents a discount of up to 20% to market value at the date of invitation. No performance conditions are attached to SAYE options.

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

	31 December 2019		31 December 2018	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
SAYE	35,479	23.68	38,972	20.52
LTIP	461,503	-	615,704	-

The weighted average share price of London Stock Exchange Group plc shares during the year was £58.75 (2018: £42.62).

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

	31 December 2019		31 December 2018	
	Number outstanding	Weighted average remaining contractual life (years)	Number outstanding	Weighted average remaining contractual life (years)
SAYE				
Between £20 and £30	-	-	32,425	0.1
More than £30	105,468	1.4	90,780	1.5
LTIP				
Nil	1,180,675	1.2	1,383,900	1.2
	1,286,143	1.2	1,507,105	1.2

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2019

18. Ultimate Parent Company

As at 31 December 2019, 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 Group (Services) Limited, which does not prepare consolidated financial statements. 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.

19. Other Statutory Information

The Company paid £38,540 (year ended 31 December 2018: £nil) to its auditors in respect of the audit of the financial statements of the Company. Statutory information in remuneration for other services provided by the Company's auditors for the group is given in the consolidated financial statements of London Stock Exchange Group plc, which is the largest group into which the results of the Company are consolidated. There were no non-audit services provided to the Company in the current year and in the prior year.

20. Events After the Reporting Period

Since the emergence of Novel Coronavirus (COVID-19) in China at the end of 2019 the virus has spread rapidly across the rest of the world, triggering a set of interventions across major global economies with respect to travel restrictions, border controls and quarantine protocols. Measures increasingly involve social restrictions in public domains, education centres, recreational venues and changes to professional working arrangements. These measures are putting pressure on industrial productivity, suppressing demand for commodities, impacting global supply chains and consumption of goods and services. This has the potential to significantly impact global financial markets with severe shocks to asset prices and corporate earnings, further central bank intervention and accommodative monetary measures, and an extended period of low or negative interest rates. Management have considered the potential impact on the Company and consider this to be a non-adjusting event after the reporting period. In addition to the going concern considerations noted in the Going Concern section of note 1 to these financial statements, management have concluded that the going concern assessment remains appropriate.

The Board considered the impact on going concern in the most recent Board meeting to review and approve the financial statements. The following matters were discussed and concluded:

- The business activities of the Company have continued to be operational since the outbreak;
- As the principal activity of the Company is the provision of employees and their associated services, demand for the services provided by the Company has continued to exist since the outbreak. All employees continue to perform their roles with the use of remote working technology;
- Financial performance of the Company has not been impacted to a material extent.

On this basis, the Board continues to support that the Company will continue to operate as a going concern for a period of at least 12 months from the date of approving these financial statements.