

LSEG Employment Services Limited
Report and Financial Statements
For the year ended 31 December 2017



Company Registration Number 09100833

LSEG EMPLOYMENT SERVICES LIMITED

CONTENTS

PAGE

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

LSEG EMPLOYMENT SERVICES LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

L Condron
T Jones
C Thomas
D Warren

COMPANY SECRETARY

L Condron

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

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 2017

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 2017 of £626.6k (Year ended 31 December 2016: £307.4k)

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

PRINCIPAL ACTIVITIES

The principal activity of the Company is the provision of employees and their associated services. This report shows results for year ended 31 December 2017, with the comparatives for the year ended 31 December 2016.

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 vital for the Company. We are dedicated to unifying our growing company and supporting our employees' talent in an environment built on partnership, integrity, innovation and excellence. The Company also provides an induction programme for new employees, including training on health and safety, and a range of development programmes for all staff to develop their skills and knowledge. The Company encourages and assists the employment, training and retention of disabled people. Where changes to working practices or structure affect staff, they are consulted and given appropriate support.

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

PRINCIPAL RISKS AND UNCERTAINTIES

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

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

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

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

The Company's principal operational risks are considered to arise from, change management with the Group 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 and infrastructure.

LSEG EMPLOYMENT SERVICES LIMITED

STRATEGIC REPORT

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



Lisa Condrón
Director

17 September 2018

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

LSEG EMPLOYMENT SERVICES LIMITED

DIRECTORS' REPORT

The Directors present their report and the financial statements of the Company for the year ended 31 December 2017

REVIEW OF BUSINESS

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

DIVIDENDS

The Directors have not recommended a dividend for the year ended 31 December 2017 (year ended 31 December 2016: nil).

DIRECTORS AND DIRECTORS INTERESTS

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

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").

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;
- 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

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

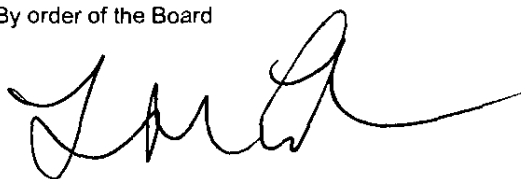
The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources and access to funding. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

AUDIT EXEMPTION

For the year ended 31 December 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

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

By order of the Board



Lisa Condron
Company Director

17 September 2018

REGISTERED OFFICE.

10 Paternoster Square, London, EC4M 7LS

LSEG EMPLOYMENT SERVICES LIMITED

INCOME STATEMENT

Year ended 31 December 2017

	Notes	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Revenue	3	76,216.6	62,793.0
Total income		76,216.6	62,793.0
Expenses			
Administrative expenses	4	(74,956.3)	(62,239.7)
Total expenses		(74,956.3)	(62,239.7)
Operating profit		1,260.3	553.3
Finance expense	7	(1,262.5)	(551.1)
(Loss)/profit before taxation		(2.2)	2.2
Taxation	8	(624.4)	(309.6)
Loss for the financial year		(626.6)	(307.4)

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

There are no other items of income or expenditure other than those included within the income statement for the year ended 31 December 2017 and the year ended 31 December 2016.

The notes on pages 9 to 18 form an integral part of these financial statements.

LSEG EMPLOYMENT SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 December 2017

		31 December 2017	31 December 2016
	Notes	£'000	£'000
Assets			
Non-current assets			
Deferred tax assets	9	6,487.6	3,297.6
		6,487.6	3,297.6
Current assets			
Trade and other receivables	12	180,526.0	97,322.1
Total assets		187,013.6	100,619.7
Liabilities			
Current liabilities			
Trade and other payables	13	176,313.1	95,295.8
Total liabilities		176,313.1	95,295.8
Net assets		10,700.5	5,323.9
Equity			
Share capital	14	-	-
Retained earnings		10,700.5	5,323.9
Total equity		10,700.5	5,323.9

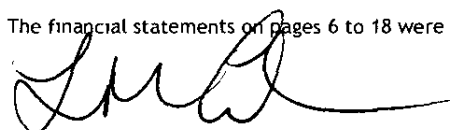
The notes on pages 9 to 18 form an integral part of these financial statements.

For the year ended 31 December 2017 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities

- the members have not required the Company to obtain an audit of its financial statements for the year in question in accordance with 476; and
- the directors acknowledge their responsibilities for complying with the Act with respect to accounting records and the preparation of financial statements.

The financial statements on pages 6 to 18 were approved by the Board on 17 September 2018 and signed on its behalf by:



Lisa Condon
Director
LSEG Employment Services Limited
17 September 2018

Registered number 09100833

LSEG EMPLOYMENT SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2017

	Notes	Ordinary share capital £'000	Retained earnings £'000	Total attributable to equity holders £'000
31 December 2015		-	3,809.7	3,809.7
Loss for the financial year		-	(307.4)	(307.4)
Tax in relation to employee share scheme expenses		-	1,821.6	1,821.6
31 December 2016		-	5,323.9	5,323.9
Loss for the financial year		-	(626.6)	(626.6)
Tax in relation to employee share scheme expenses		-	6,003.2	6,003.2
31 December 2017		-	10,700.5	10,700.5

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 2017 and as of 31 December 2016.

The notes on pages 9 to 18 form an integral part of these financial statements.

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. Basis of preparation and accounting policies

Basis of preparation

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

The Company is a qualifying entity for the purposes of FRS 101. Note 12 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS as adopted by the EU may be obtained.

The Company's date of transition to FRS 101 was 1 April 2012.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related Regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with IFRS was not material on the shareholders' equity as at the date of transition and as at 31 December 2017 or on the profit for the year ended 31 December 2017.

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

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

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

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

The adoption of these standards did not have a material effect on the financial statements.

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

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

These financial statements contain information about 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 the England and Wales. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS.

Going concern

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources and access to funding. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and at least twelve months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

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, net of discounts, VAT and other sales related taxes. 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 LSEG 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.

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 in the following categories: at fair value through profit or loss, available-for-sale and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

Trade and other receivables

Trade and other receivables are classified in current assets if payment is due within one year or less. If not, they are presented in other non-current receivables within non-current assets. Subsequent to initial recognition, trade and other receivables are recognised at amortised cost and measured using the effective interest rate method with gains and losses recognised in finance income.

Trade and other payables

Trade and other payables are obligations to pay for goods and services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified 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 within non current liabilities. They are measured initially at fair value, and then subsequently measured at amortised costs using effective interest method.

Share capital

The share capital of the Company consists of only one 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. There are no significant judgements and estimates for the year ended 31 December 2016.

3. 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.

4. Expenses by nature

Expenses comprise the following:

		Year ended 31 December 2017	Year ended 31 December 2016
	Note	£'000	£'000
Employee costs	5	73,571.2	61,910.0
Other costs		1,385.1	329.7
Total		74,956.3	62,239.7

The Company is exempt from audit and therefore no audit fees were incurred by the Company for the year ended 31 December 2017 (year ended 31 December 2016: £5k borne by other Group companies).

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

5. Employee costs

		Year ended 31 December 2017	Year ended 31 December 2016
	Note	£'000	£'000
Salaries and other short term benefits		48,497.4	37,802.8
Social security costs		11,323.7	7,459.5
Pension costs	11	3,941.7	2,060.9
Share based compensation	16	9,808.4	14,586.8
Total		73,571.2	61,910.0

The number of employees in the Company was:

	Year ended 31 December 2017	Year ended 31 December 2016
At the year end	374	229
Average for the year	352	210

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

	Year ended 31 December 2017	Year ended 31 December 2016
Corporate and Management Services	93	19
Technology services	259	191
Total	352	210

6. Directors' remuneration

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

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Emoluments received	37.3	34.9
Benefits	1.1	0.8
Share based payments	44.3	19.5
Pensions	1.7	1.7
Total	84.4	56.9

7. Finance expense

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
Finance expense		
Interest payable to ultimate parent	(1,262.5)	(551.1)
Finance expense	(1,262.5)	(511.1)

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8. Taxation

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

		Year ended 31 December 2017	Year ended 31 December 2016
Taxation charged/(credited) to the income statement	Note	£'000	£'000
Current tax:			
UK Corporation tax for the period		910.4	2,116.8
Adjustment in respect of previous years		110.2	250.1
Total current tax		1,020.6	2,366.9
Deferred tax:	9		
Deferred tax for the current year		(457.9)	(1,926.0)
Impact of rate change		61.7	108.7
Adjustments in respect of previous years		-	(240.0)
Total deferred tax		(396.2)	(2,057.3)
Taxation charge		624.4	309.6

	Year ended 31 December 2017	Year ended 31 December 2016
Taxation on items not charged/(credited) to the income statement	£'000	£'000
Current Tax allowance on share options/awards in excess of expense recognised	(3,209.4)	(3,058.6)
Deferred Tax allowance on share options/awards in excess of expense recognised	(2,793.8)	1,236.9
	(6,003.2)	(1,821.7)

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

	Year ended 31 December 2017	Year ended 31 December 2016
	£'000	£'000
(Loss)/profit before taxation	(2.2)	2.2
Profit multiplied by standard rate of corporation tax in the UK	(0.4)	-
Expenses non deductible	2.8	-
Share allowance on share options/awards in excess of expense recognised	450.1	147.0
Adjustment in respect of prior years	110.2	-
Impact of rate change	61.7	28.9
Taxation charge	624.4	309.6

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 2017

9. Deferred Tax

	Provisions and other temporary differences £'000	Total £'000
31 December 2016	3,297.6	3,297.6
Tax credited to income statement	457.8	457.8
Tax credited/(charged) to equity:		
- allowance on share options/awards	2,859.0	2,859.0
Impact of rate change credited to the income statement	(61.7)	(61.7)
Impact of rate change credited to equity	(65.1)	(65.1)
31 December 2017	6,487.6	6,487.6
Assets at 31 December 2017	6,487.6	6,487.6
Assets at 31 December 2016	3,297.6	3,297.6

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

10. Dividends

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

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.

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 4% of pensionable pay. The contributions made by the Company amount to £3,941.7k (year ended 31 December 2016: £2,060.9k). There are no amounts outstanding as at 31 December 2017 (31 December 2016: £nil).

12. Trade and other receivables

	31 December 2017 £'000	31 December 2016 £'000
Amounts due from ultimate parent	90,118.1	59,767.0
Amounts due from companies under common control	90,407.9	35,531.0
Group tax relief	-	2,024.1
Total trade and other receivables	180,526.0	97,322.1

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 2017

13. Trade and other payables

	31 December 2017 £'000	31 December 2016 £'000
Amounts owed to ultimate parent	141,878.0	73,859.6
Amounts owed to companies under common control	13,660.6	5,072.9
Social security and other taxes	1,393.4	859.5
Accruals and deferred income	19,379.0	15,383.7
Other payables	2.1	120.1
Total trade and other receivables	176,313.1	95,295.8

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 £111.3m (2016: £53.4m) with interest charged at 1.2% + LIBOR. The amount is repayable on demand or on 20 January 2020.

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

14. Ordinary share capital

	31 December 2017		31 December 2016	
	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

15. Commitments and contingencies

The Company has no capital commitments or other contracted commitments that have arisen in the ordinary course of business (31 December 2016: nil).

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

16. Share Schemes

The London Stock Exchange Group Long Term Incentive Plan ("LTIP"), approved at the 2016 AGM, has two elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in LSEG shares - the latter element is not applicable to executive directors. Vesting of these awards is dependent upon LSEG total shareholder return ("TSR") performance and adjusted basic earnings per share. Further details are provided in the Remuneration Report in the Annual Report of the London Stock Exchange Group plc for the year ended 31 December 2017, which does not form part of this report.

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

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

The SAYE scheme provide for grants of options to employees who enter into a SAYE savings contract and options were granted at 20 per cent below fair market value. Share awards were granted at nil cost to employees and other share options were granted at fair market value or above.

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

	31 December 2017		31 December 2016	
	Number	Weighted average exercise price £	Number	Weighted average exercise price £
SAYE	78,223	14.60	69,340	5.89
LTIP	516,209	-	718,914	-

LSEG EMPLOYMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

16. Share Schemes (continued)

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

	31 December 2017		31 December 2016	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
SAYE				
Less than £10	-	-	-	-
Between £10 and £20	1,143	-	58,489	0.3
More than £20	71,764	0.5	52,008	0.9
More than £30	61,439	1.4	-	-
LTIP				
Nil	1,510,027	1.2	1,581,965	1.4
Total	1,644,373	1.3	1,692,462	1.3

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 2017

The LSEG LTIP has two elements, an award of Performance Shares and a conditional award of Matching Shares, which is linked to a co-investment being made by the executive. Awards are made in the form of nil-cost options. Under the Matching Shares arrangement, selected executives may invest up to the value of 50% of their net-of-tax base salary in LSEG shares (Invested Value). The Invested Value is then matched with a performance related Matching Share award, matched 2:1 on a pre-tax basis (up to a maximum Matching Share award of 100% of pre-tax base salary).

Vesting of the LSEG LTIP awards is dependent upon LSEG's total shareholder return (TSR) performance and adjusted basic earnings per share growth (EPS) (50% on each) over a three year period. The following targets applied to options granted in 2016 and 2017:

EPS element (50%):	TSR element (50%):	Proportion of element that vests
Average growth over 3 years	Absolute growth over 3 years	
More than 12% p.a.	More than 14% p.a.	100%
6% p.a.	6% p.a.	25%*
Less than 6% p.a.	Less than 6% p.a.	0%

* Straight line pro-rating applies between this trigger and 100% vesting.

The SAYE schemes provide for grants of options to employees who enter into a SAYE savings contract; options are granted at 20% below fair market value. The scheme is available to employees based in the UK and US (and approved by HMRC in the UK). The options vest in full after three years, providing the employee remains employed by the LCH Group or the wider LSEG group of companies.

17. Ultimate parent company

As at 31 December 2017, the Company's ultimate parent undertaking and the parent that headed the smallest and largest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc, 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.