

**LSEG (M) Financing Limited**  
**Report and Financial Statements**  
**For the year ended 31 December 2018**

**Company Registration Number 10532155**



# LSEG (M) FINANCING LIMITED

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# **LSEG (M) FINANCING LIMITED**

## **DIRECTORS AND OFFICERS**

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### **DIRECTORS**

C Thomas  
L Condon  
M Freedman

### **COMPANY SECRETARY**

T Hogan

### **REGISTERED OFFICE**

10 Paternoster Square  
London  
EC4M 7LS

### **BANKERS**

HSBC Bank plc  
International Branch  
60 Fenchurch Street  
London  
EC3M 4BA

# **LSEG (M) FINANCING LIMITED**

## **DIRECTORS' REPORT**

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The Directors present their report and the financial statements for the year ended 31 December 2018.

### **PRINCIPAL ACTIVITIES**

The main purpose of the Company is to provide financial support by granting loans and securities to assist companies within the group. The Company is part of the London Stock Exchange Group plc (the "Group").

The company's functional and presentation currency is US Dollars. This report shows results for period ended 31 December 2018, with comparatives for the period ended 31 December 2017.

### **REVIEW OF BUSINESS**

The Company's profit after tax for the year ended 31 December 2018 was \$27.6m (period ended 31 December 2017: \$11.1m). The profit was driven by finance income on loans to parent and companies under common control. The Company's net assets were \$138.6m at 31 December 2018 (period ended 31 December 2017: \$111.1m).

The main purpose of the Company is to provide financial support by granting loans and securities to assist companies in which it holds direct or indirect participation.

### **FUTURE DEVELOPMENTS**

The Company is expected to continue to provide loans and securities to Group Companies.

### **DIVIDENDS**

No dividends have been paid or proposed for the year ended 31 December 2018 (period ended 31 December 2017: £nil). The Board has proposed an interim dividend of \$35m, in respect of the profits from the 31 December 2018 financial year and the 31 December 2017 financial period, to be paid in 2019.

### **DIRECTORS AND DIRECTORS INTERESTS**

The following Directors have held office throughout the period and up to the date of approval of the financial statements, except as noted below:

C Thomas	
L Condron	
D Warren	(resigned 20 February 2018)
M Freedman	(appointed 29 April 2018)

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.

### **EMPLOYEES**

The Company has no employees.

### **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.

# LSEG (M) FINANCING LIMITED

## DIRECTORS' REPORT

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

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

The Company's principal operational risks are considered to arise from its status as a financing company.

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 as an investment company and considered contingency plans that it may choose to execute should these rights not be replaced by rights that persist outside EU membership.

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial period. 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 of the Company for that period.

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

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transaction 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.

# LSEG (M) FINANCING LIMITED

## DIRECTORS' REPORT

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### GOING CONCERN

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

### STRATEGIC REPORT

In accordance with section 414B of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, the Company has taken the exemption not to prepare a strategic report as the Company qualifies as a small company in accordance with sections 382(2) and 383(3) of the Companies Act 2006. In the current year and in the prior year, the Company's turnover was not more than £10,200,000 and the number of employees was not more than 50.

### AUDIT EXEMPTION

For the year ended 31 December 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

By order of the Board



M Freedman  
Director

21 September 2019

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

# LSEG (M) FINANCING LIMITED

## INCOME STATEMENT

Year ended 31 December 2018

	Notes	Year ended 31 December 2018 \$'000	Period ended 31 December 2017 \$'000
Finance Income	4	28,713.6	11,846.7
<b>Profit before taxation</b>		<b>28,713.6</b>	<b>11,846.7</b>
Taxation	5	(1,083.7)	(787.8)
<b>Profit for the financial year / period</b>		<b>27,629.9</b>	<b>11,058.9</b>

The transactions in the current 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 2018 and for the period ended 31 December 2017.

The notes on pages 8 to 11 form an integral part of these financial statements.

# LSEG (M) FINANCING LIMITED

## STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	31 December 2018 \$'000	31 December 2017 \$'000
<b>Current assets</b>			
Other receivables	7	435,560.3	406,828.0
Cash and cash equivalents	8	-	18.7
<b>Total assets</b>		<b>435,560.3</b>	<b>406,846.7</b>
<b>Current liabilities</b>			
Other payables	9	(296,871.5)	(295,787.8)
<b>Total liabilities</b>		<b>(296,871.5)</b>	<b>(295,787.8)</b>
<b>Net assets</b>		<b>138,688.8</b>	<b>111,058.9</b>
<b>Equity</b>			
Share capital	10	100.0	100.0
Share premium	10	99,900.0	99,900.0
Retained earnings		38,688.8	11,058.9
<b>Total equity</b>		<b>138,688.8</b>	<b>111,058.9</b>

The notes on pages 8 to 11 form an integral part of these financial statements.

For the period ended 31 December 2018 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 period 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 5 to 11 were approved by the Board on 9 September 2019 and signed on its behalf by:



Mark Freedman  
Director  
LSEG (M) Financing Limited  
9 September 2019

Registered number 10532155



# LSEG (M) FINANCING LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Share capital \$'000	Share premium \$'000	Retained earnings \$'000	Total attributed to equity holder \$'000
1 January 2017	100.0	99,900.0	-	100,000.0
Profit for the financial period	-	-	11,058.9	11,058.9
<b>31 December 2017</b>	<b>100.0</b>	<b>99,900.0</b>	<b>11,058.9</b>	<b>11,058.9</b>
Profit for the financial year	-	-	27,629.9	27,629.9
<b>31 December 2018</b>	<b>100.0</b>	<b>99,900.0</b>	<b>38,688.8</b>	<b>138,688.8</b>

The notes on pages 8 to 11 form an integral part of these financial statements.

# LSEG (M) FINANCING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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### 1. Basis of Preparation and Accounting Policies

#### Basis of Preparation

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

The Company is a qualifying entity for the purposes of FRS 101. Note 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.

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 31 December 2018 or on the profit for the period ended 31 December 2018.

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 do 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.

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. 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 (M) FINANCING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### Accounting policies

#### Foreign Currencies

The financial statements are presented in US Dollars, which is the Company's presentation and functional currency.

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

#### Finance income

Finance income comprises interest received on loans to the Parent and Companies under common control which reflects the agreed market-based or contractual rate for each transaction undertaken during the financial year.

#### Current Taxation

Current tax is recognised in the income statement except to the extent that it relates to items recognised in the Statement of Comprehensive Income or directly in equity. In this case the tax is also recognised in the Statement of Comprehensive Income or directly in equity, respectively.

The current 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.

#### Other Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets and comprise "Other receivables" in the Statement of Financial Position. They include amounts due from the Parent and Companies under common control on loans and interest on these loans. Interest is charged at variable rates as stated within the relevant group loan agreement as set out by management. These loans are repayable either on demand or on dates stipulated within the relevant group loan agreement.

#### Cash and cash equivalents

Cash and cash equivalents comprises deposits with banks, short term deposits with a maturity of three months or less that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

#### Other Payables

Other payables are obligations to pay for goods and services that have been acquired in their ordinary course of business. Other payables are classified within current liabilities if payment is due in one year or less. If not, they are presented in non-current liabilities. They include amounts owed to Companies under common control on loans. These loans are repayable either on demand or on dates stipulated within the relevant group loan agreement. They are initially recognised at fair value and the subsequently at amortised cost using the effective interest method.

#### Share capital

The share capital of the Company consists only of one class of 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 estimates for the year ended 31 December 2018.

## 3. Directors' Remuneration

No directors received remuneration during the year ended 31 December 2018 (period ended 31 December 2017: nil) in respect of service to this company.

## 4. Finance Income

	Year ended 31 December 2018	Period ended 31 December 2017
	\$'000	\$'000
<b>Finance income</b>		
Interest on loan to Parent	379.0	3.6
Interest on loans to Companies under common control	28,334.6	11,843.1
<b>Finance income</b>	<b>28,713.6</b>	<b>11,846.7</b>

# LSEG (M) FINANCING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 5. Taxation

The standard UK corporation tax rate year was 19% (period ended 31 December 2017: 19.25%).

	Year ended 31 December 2018	Period ended 31 December 2017
	\$'000	\$'000
<b>Taxation charged to the income statement</b>		
Current tax:		
Corporation tax for the year/period	1,083.7	787.8
<b>Tax on profit on ordinary activities</b>	<b>1,083.7</b>	<b>787.8</b>

#### Factors affecting the tax charge for the year/period

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (period ended 31 December 2017: 19.25%) as explained below:

	Year ended 31 December 2018	Period ended 31 December 2017
	\$'000	\$'000
Profit before taxation	28,713.6	11,846.7
Profit multiplied by the standard rate of corporation tax in the UK	5,455.6	2,280.5
Income not taxable	(4,371.9)	(1,492.7)
<b>Taxation charge for the year/ period</b>	<b>1,083.7</b>	<b>787.8</b>

The UK Finance Bill 2016 was enacted in September 2016 reducing the standard rate of corporation tax to 17% effective from 1 April 2020.

### 6. Dividend

No dividends have been paid or proposed for the year ended 31 December 2018 (period ended 31 December 2017: £nil). The Board has proposed an interim dividend of \$35m, in respect of the profits from the 31 December 2018 financial year and the 31 December 2017 financial period, to be paid in 2019.

### 7. Other Receivables

	31December 2018	31December 2017
	\$'000	\$'000
Amounts due from Parent	12,120.5	4,903.6
Amounts due from Companies under common control	423,439.8	401,924.4
<b>Total</b>	<b>435,560.3</b>	<b>406,828.0</b>

Amounts due from the Parent comprise a loan to LSEGH (Luxembourg) Ltd of \$12.1m (31 December 2017: \$4.9m). The loan receives interest at USD LIBOR plus 1.0% and is repayable on demand or by 20 December 2022.

Amounts due from the Companies under common control comprise a loan to LSEG US Holdco Inc of \$295m (31 December 2017: \$295m), which receives interest at 7.8% and is repayable on demand or by 30 August 2027, and another loan to LSEG US Holdco Inc of \$100m (31 December 2017: \$100m), which receives interest at USD LIBOR plus 2.75% and is repayable on demand or by 2 January 2024.

The carrying value of debtors are reasonable approximations of fair value.

# LSEG (M) FINANCING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

### 8. Cash and cash equivalents

	31 December 2018 \$'000	31 December 2017 \$'000
Cash at bank	-	18.7
<b>Total</b>	-	18.7

### 9. Other Payables

	31 December 2018 \$'000	31 December 2017 \$'000
Amounts owed to Companies under common control	295,000.0	295,000.0
Group relief	1,871.5	787.8
<b>Total</b>	<b>296,871.5</b>	<b>295,787.8</b>

Amounts owed to companies under common control comprise a loan to LSEG Ireland Limited of \$295m (31 December 2017: \$295m). The loan is interest free and is repayable on demand or on its final maturity date of 31 August 2027.

The remaining balance is interest free and repayable on demand.

The carrying amount of other payables are reasonable approximations of fair value.

### 10. Share Capital and Share Premium

	31 December 2018			31 December 2017		
	Number of shares	Share capital £	Share premium £	Number of shares	Share capital £	Share premium £
<b>Issued, called up and fully paid</b>						
Ordinary shares of £1 each	100,001	100	99,900	100,001	100	99,900

### 11. Commitments and Contingencies

The Company has no contracted commitments, nor has it any contingent liabilities (31 December 2017: nil).

### 12. Ultimate Parent Company

As at 31 December 2018, 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 LSEGH (Luxembourg) Limited, a company incorporated in the United Kingdom. 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.