

LSEG (M) Financing Limited

Report and Financial Statements

31 December 2021

Company Registration Number 10532155

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LSEG (M) FINANCING LIMITED

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LSEG (M) FINANCING LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

C Thomas
L Condon

COMPANY SECRETARY

T Hogan

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

BANKERS

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

INDEPENDENT AUDITORS

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

LSEG (M) FINANCING LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements of LSEG (M) Financing Limited (the 'Company') for the year ended 31 December 2021.

REVIEW OF BUSINESS

The main purpose of LSEG (M) Financing Limited is to provide financial support by granting loans and securities to assist companies within the London Stock Exchange Group.

The Company is part of London Stock Exchange Group plc ('LSEG', the 'group', the 'ultimate parent'). Its immediate parent is LSEGH (Luxembourg) Limited (the 'parent').

The Company's profit after tax for the year ended 31 December 2021 was US\$6.3m (2020: US\$16.7m profit). The profit was driven by finance income and a tax credit. The Company's net assets were US\$121.9m at year end (2020: US\$126.6m). Due to the nature of the business, the directors have concluded that there are no other relevant KPIs.

FUTURE DEVELOPMENTS

The Company is expected to continue to provide loans and securities to group companies. The directors have considered the Russia-Ukraine conflict and do not anticipate any impact on the Company operations and performance as a result. Further, the directors do not envisage any other changes to the nature of the business in the foreseeable future.

EMPLOYEES

The Company has no employees (2020: nil).

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, assessment and management of these risks are central to the Company's operating framework. The Company's risk control structure is based on the '3 lines of defence' model:

- The 1st line (management) is responsible and accountable for identifying, assessing and managing risk.
- The 2nd line (risk management and compliance) is responsible for defining the risk management process and policy framework and providing challenge to the 1st line on risk management activities assessing risks and reporting to the group board committees on risk exposure.

LSEG (M) FINANCING LIMITED

DIRECTORS' REPORT

- The 3rd 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 or the changing regulatory environment) and increasing security threats (both physical and cyber).

DIVIDENDS

No dividend was paid in the year (2020: \$40.0m) and the board has not proposed a dividend to be paid in 2022.

DIRECTORS AND DIRECTORS' INTERESTS

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

M Freedman (resigned 8 December 2021)
C Thomas
L Condron

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

DIRECTORS' LIABILITIES

The Company has directors and officers' insurance which provides an indemnity to 1 or more of its directors against liability in respect of proceedings brought by third parties. Such qualifying third-party indemnity provision remains in force as at the date of approving the directors' report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 *Reduced Disclosure Framework* ('FRS 101').

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

LSEG (M) FINANCING LIMITED

DIRECTORS' REPORT

- state whether applicable United Kingdom Accounting Standards, including FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

GOING CONCERN

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 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.

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 section 382 of the Companies Act 2006. In the current and prior years, the Company's turnover was not more than £10,200,000 and the number of employees was not more than 50.

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.

LSEG (M) FINANCING LIMITED

DIRECTORS' REPORT

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:

Lisa Condron

Lisa Condron (Sep 26, 2022 13:39 GMT+1)

Lisa Condron

Director

LSEG (M) Financing Limited

26 September 2022

REGISTERED OFFICE:

10 Paternoster Square, London, EC4M 7LS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LSEG (M) FINANCING LIMITED

Opinion

We have audited the financial statements of LSEG (M) Financing Limited (the 'Company') for the year ended 31 December 2021 which comprise the Income Statement, Statement of Other Comprehensive Income, Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 15 of the financial statements, 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 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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LSEG (M) FINANCING LIMITED

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 3-4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LSEG (M) FINANCING LIMITED

are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the Companies Act 2006, United Kingdom Generally Accepted Accounting Practice, and tax legislation (governed by HM Revenue and Customs).
- We understood how the Company is complying with those frameworks by making enquiries of management. We also reviewed minutes of the Board, made enquiries of the management for their awareness of any non-compliance with laws and regulations.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by understanding the Company's assessment of the business' susceptibility to fraud and by considering the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing of relevant balances and documenting enquiries of executive management and those responsible for legal and compliance matters. We corroborated our enquiries through review of board minutes.

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.

Emma Clayton LLP

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

Date: 26 September 2022

LSEG (M) FINANCING LIMITED
INCOME STATEMENT
Year ended 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Administrative expenses	3	(137.5)	(26.7)
Total expenses		(137.5)	(26.7)
Operating loss		(137.5)	(26.7)
Finance income	5	2,802.8	13,137.7
Finance expense	5	(101.4)	(61.0)
Net finance income		2,701.4	13,076.7
Profit before taxation		2,563.9	13,050.0
Taxation	6	3,754.0	3,690.6
Profit for the financial year		6,317.9	16,740.6

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

The notes on pages 13 to 20 form an integral part of these financial statements.

LSEG (M) FINANCING LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
Year ended 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Profit for the year		6,317.9	16,740.6
<u>Items that will not be subsequently reclassified to profit or loss:</u>			
Movements in equity instruments at fair value through other comprehensive income	8	(11,084.8)	-
Total comprehensive income for the year		(4,766.9)	16,740.6

The notes on pages 13 to 20 form an integral part of these financial statements.

LSEG (M) FINANCING LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2021

	Note	2021 US\$'000	2020 US\$'000
Assets			
Non-current assets			
Investment in financial assets - equity	8	318,043.5	329,128.2
		318,043.5	329,128.2
Current assets			
Trade and other receivables	9	98,826.9	103,563.6
		98,826.9	103,563.6
Total assets		416,870.4	432,691.8
Liabilities			
Current liabilities			
Trade and other payables	10	(295,000.0)	(306,054.5)
Total liabilities		(295,000.0)	(306,054.5)
Net current liabilities		(196,173.1)	(202,490.9)
Net assets		121,870.4	126,637.3
Equity			
Share capital	11	100.0	100.0
Share premium	11	99,900.0	99,900.0
Retained earnings		21,320.8	15,002.9
Revaluation reserve		549.6	11,634.4
Total equity		121,870.4	126,637.3

The notes on pages 13 to 20 form an integral part of these financial statements.

The financial statements on pages 9 to 20 were approved by the board on 22 September 2022 and signed on its behalf by:

Lisa Condron

Lisa Condron (Sep 26, 2022 13:39 GMT+1)

Lisa Condron
Director
LSEG (M) Financing Limited
26 September 2022

Registered number 10532155

LSEG (M) FINANCING LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2021

	Share capital US\$'000	Share premium US\$'000	Retained earnings US\$'000	Revaluation reserve US\$'000	Total attributable to equity holders US\$'000
1 January 2020	100.0	99,900.0	38,262.3	11,634.4	149,896.7
Dividends paid	-	-	(40,000.0)	-	(40,000.0)
Profit for the year	-	-	16,740.6	-	16,740.6
31 December 2020	100.0	99,900.0	15,002.9	11,634.4	126,637.3
Profit for the year	-	-	6,317.9	-	6,317.9
Other comprehensive income	-	-	-	(11,084.8)	(11,084.8)
31 December 2021	100.0	99,900.0	21,320.8	549.6	121,870.4

The revaluation reserve reflects the change in fair value of the investment in LSEG (F) Limited. For further information see note 8.

The notes on pages 13 to 20 form an integral part of these financial statements.

LSEG (M) FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

1. Basis of Preparation and Accounting Policies

Basis of Preparation

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

The Company is a qualifying entity for the purposes of FRS 101. Note 13 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related regulations.

The 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:

- Amendments to IFRS 4 Insurance Contracts – deferral of IFRS 9;
- Amendments to IFRS 7 Financial Instruments: Disclosures, IFRS 9 Financial Instruments and IAS 39 Financial Instruments: Recognition and Measurement: Interest Rate Benchmark Reform – Phase 2.

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

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

LSEG (M) FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

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

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

Going concern

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 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.

Accounting Policies

Income Statement

Foreign currencies

These financial statements are presented in US dollars, 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. The USD:GBP average exchange rate used is 0.72681 (2020: 0.77895). The closing rate used is 0.74090 (2020: 0.73380).

Finance income and expense

Finance income and expense comprise interest earned on cash deposited with financial counterparties and interest paid on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the period and calculated using the effective interest rate method. In conditions where negative interest rates apply, the Company recognises interest paid on cash deposits as an expense and interest received on liabilities as income.

Current taxation

Income tax on the profit for the period comprises current 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.

LSEG (M) FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

Statement of Financial Position

Financial instruments

Financial assets and liabilities are initially recognised on their settlement date. The Company classifies its financial instruments as fair value through other comprehensive income ('FVOCI') or amortised cost. The classification depends on the Company's business model for managing its financial instruments and whether the cashflows 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 cashflows and the contractual terms give rise to cashflows that are solely payments of principal and interest. The Company's trade and other receivables fall within this category.
- b) *Financial assets at FVOCI* are assets where the objective is achieved by both collecting the contractual cashflows or selling the asset. This category includes the investment in equity instruments as any profit or loss on an equity instrument remains in retained earnings and is not recycled through the income statement.
- c) *Financial liabilities at amortised cost* includes all the Company's financial liabilities.

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 cashflows due and the expected cashflows. The difference is discounted at the asset's original effective interest rate and recognised as an allowance against the original value of the asset.

- d) *Financial assets at amortised cost* - the ECL for financial assets held at amortised cost 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, as described below for FVOCI assets.

- e) *Financial assets at FVOCI* - The Company's policy is to calculate a 12-month ECL on these assets. If there is a significant increase in credit risk, then a lifetime ECL will be calculated. Equity instruments are revalued on a regular basis and impaired if necessary.

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.

Investments in equity instruments

Investments in equity instruments that do not give the Company control or significant influence of an entity but are held for long-term benefit are classified as fair value through other comprehensive income. Dividend income received is recognised directly in the income statement within operating profit.

LSEG (M) FINANCING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2021

Trade and other receivables

Other receivables include amounts due from 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 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 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.

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 and other payables are classified as 'trade and other payables' within current liabilities, if payment is due within 1 year or less (or in the normal operating cycle of the business if longer). If not, they are presented as 'other non-current payables' within non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share capital

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

Dividend distributions

Dividend distributions to the Company's equity holders are recognised as a liability in the financial statements in the period in which the dividends are approved by the Company's shareholder.

2. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The significant estimates for the current year are as follows:

- Fair valuation of loan receivables novated for investment in financial assets - equity: The Company had novated loan receivables from LSEG US Holdco Inc to LSEG (F) Limited, as consideration for share capital at its fair value. The fair value of the loan was determined based on forecast cashflows and an appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

There were no significant judgements applied by management.

LSEG (M) FINANCING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 December 2021

3. Expenses by Nature

	2021	2020
	US\$'000	US\$'000
IT costs	(14.1)	(13.5)
Other costs	(23.4)	(11.0)
Foreign exchange loss	(100.0)	(2.2)
	(137.5)	(26.7)

4. Directors' Remuneration

No remuneration was received by the directors in respect of qualifying services to this Company in the year (2020: nil).

5. Finance Income and Expense

	2021	2020
	US\$'000	US\$'000
Finance income		
Interest due from parent	90.1	242.3
Interest due from companies under common control	2,712.7	3,775.4
Dividend income	-	9,120.0
	2,802.8	13,137.7
Finance expense		
Interest due to parent	(101.4)	(61.0)
	(101.4)	(61.0)
Net finance income	2,701.4	13,076.7

Dividend income in the prior year consisted of dividends received from LSEG (F) Limited.

LSEG (M) FINANCING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
31 December 2021

6. Taxation

The standard UK corporation tax rate was 19% for the year ended 31 December 2021 (2020: 19%).

	2021 US\$'000	2020 US\$'000
Taxation credited to the income statement		
Current tax		
UK corporation tax for the year	3,754.0	3,513.1
Adjustment in respect of previous years	-	177.5
Taxation credit	3,754.0	3,690.6

Factors affecting the tax credit for the year

The income statement tax credit for the year differs from the standard rate of corporation tax in the UK of 19% (2020: 19%) as explained below:

	2021 US\$'000	2020 US\$'000
Profit before taxation	2,563.9	13,050.0
Profit multiplied by standard rate of corporation tax in the UK	(487.1)	(2,479.5)
Income not taxable	4,259.8	5,992.6
Expenses not deductible	(18.7)	-
Adjustment in respect of previous years	-	177.5
Taxation credit	3,754.0	3,690.6

An increase in the UK Corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will increase the company's future current tax charge accordingly.

7. Dividends

No dividend was paid in the year (2020: \$40.0m) and the board has not proposed a dividend to be paid in 2022.

8. Equity Investments

The investment in LSEG (F) Limited is held for the long-term and is treated as fair value through other comprehensive income. There was a change in the fair value of the investment of US\$11.1m reflected in other comprehensive income. The Company bases the year end fair valuation of US\$318.0m (2020: US\$329.1m) on its share of the net assets of LSEG (F) Limited.

The remaining equity of LSEG (F) Limited is held by other companies under common control and parent.

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9. Trade and Other Receivables

	2021	2020
	US\$'000	US\$'000
Amounts due from parent	92,302.1	-
Interest due from parent	77.2	-
Amounts due from companies under common control	-	100,000.0
Interest due from companies under common control	0.3	762.6
Current tax	6,447.3	2,791.4
Other receivables	-	9.6
	98,826.9	103,563.6

The Company had a loan receivable from LSEG US Holdco Inc of US\$100.0m in the prior year which received interest at USD LIBOR +2.75% and was repayable on demand or by 2 January 2024. The loan has since been repaid.

The Company has a loan agreement with the parent, LSEGH (Luxembourg) Limited of US\$92.3m. Interest is charged at LIBOR +1% p.a. and is repayable with 1 month's notice or by December 2022.

Loans with interest rates based on LIBOR have transitioned to new rates from 1 January 2022.

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

10. Trade and Other Payables

	2021	2020
	US\$'000	US\$'000
Amounts owed to companies under common control	295,000.0	295,032.7
Amounts owed to ultimate parent	-	27.5
Amounts owed to immediate parent	-	10,994.3
	295,000.0	306,054.5

Amounts owed to companies under common control comprise a loan from LSEG F3 Limited of US\$295.0m (2020: US\$295.0m). The loan is interest free and is repayable with 5 days' notice or by 30 November 2026.

Amounts owed to the immediate parent included a loan from LSEGH (Luxembourg) Limited of US\$11.0m. Interest was charged at US LIBOR +1.0% and was repayable on demand or by 14 December 2022. The loan was repaid during the year.

Loans with interest rates based on LIBOR have transitioned to new rates from 1 January 2022.

The remaining amounts of trade and other payables are interest free and repayable on demand. The carrying values of trade and other payables are reasonable approximations of fair value.

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11. Share Capital

	2021			2020		
	Number of shares	Share capital US\$	Share premium US\$	Number of shares	Share capital US\$	Share premium US\$
Issued, called up and fully paid						
Ordinary shares of US\$1 each	100,001	100,001	99,900,000	100,001	100,001	99,900,000

12. Commitments and Contingencies

Contracted commitments and other contracted contingencies not provided for in the financial statements of the Company were nil and nil (2020: nil and nil) respectively.

13. Ultimate Parent Company

As at 31 December 2021, 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 LSEGH (Luxembourg) Limited. Both companies are incorporated in England and Wales. 100% of the issued share capital of the Company was beneficially owned by LSEG.

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

14. Other Statutory Information

Audit fees were US\$8,795 (2020: US\$11,637) payable to Ernst and Young LLP.

Information on 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 and prior years.

15. Post Balance Sheet Events

There are no post balance sheet events from the year end to the date of approval of these financial statements.