LSEGA Financing plc

Report and financial statements

For the period ended 31 December 2021

Company registration number 13091751

LSEGA FINANCING PLC

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LSEGA FINANCING PLC
DIRECTORS AND OFFICERS

DIRECTORS

R I Kirkpatrick	(appointed 29 July 2021, resigned 13 April 2022)
O Wolfensberger	(appointed 21 April 2022)
C Thomas	(appointed 21 December 2020)
L Condron	(appointed 21 December 2020)
S Atkinson	(appointed 21 December 2020, resigned 19 July 2021)

COMPANY SECRETARY

T Hogan (appointed 21 December 2020)

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

BANKERS

HSBC Bank plc
City of London Branch
60 Queen Victoria Street
London
EC4N 4TR

INDEPENDENT AUDITORS

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

LSEGA FINANCING PLC
STRATEGIC REPORT

The directors present their strategic report for LSEGA Financing plc (the 'Company') for the long period ended 31 December 2021.

REVIEW OF BUSINESS

LSEGA Financing plc (the 'Company') is a wholly owned subsidiary of London Stock Exchange Group plc ('LSEG', the 'parent', the 'Group'). The Company's main purpose is to provide financial support by granting loans and securities to assist companies within LSEG. It was incorporated in England and Wales on 21 December 2020, and these are its first financial statements. As such, there are no comparatives.

External debt

In April 2021, the Company issued five senior unsecured bonds using the Group's newly established Global Medium-Term Note Programme totalling US$4.5 billion with maturities between April 2024 and April 2041. The debt is listed on the Main Market of the London Stock Exchange (a related company).

Interest rate swaps

In February 2021, the Company entered into a series of US$ interest rate swaps with tenors of 3 years, 5 years and 10 years, with aggregate principal amounts of US$500 million, US$1,000 million and US$1,250 million respectively. The interest rate swaps were designated as cash flow hedges with the hedged item being bond issuances that were deemed highly probable at the time. The interest rate swaps were settled in March and April 2021 when the new bonds were issued. At the date of settlement, a gain of US$31.3 million was recognised in the hedging reserve, representing the effective portion of the gain on the hedging instrument. This will be recycled to the income statement over the term of the debt. During the period US$3.1m was recycled to the income statement.

The Company's profit after tax for the period ended 31 December 2021 was US$5m driven mainly by finance income. Net assets were US$26.5m. 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 financial support to Group companies.

EMPLOYEES

The Company has no employees.

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.
- 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, impact of Brexit on ability to conduct business with European Union ('EU') members) and increasing cyber security threats.

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

By order of the board:

Oliver Wolfensberger
Director
LSEGA Financing plc
28 April 2022

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

The directors present their report and the audited financial statements of the Company for the long period ended 31 December 2021.

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 current period.

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 shown below:

R I Kirkpatrick	(appointed 29 July 2021, resigned 13 April 2022)
O Wolfensberger	(appointed 21 April 2022)
C Thomas	(appointed 21 December 2020)
L Condron	(appointed 21 December 2020)
S Atkinson	(appointed 21 December 2020, resigned 19 July 2021)

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;

- 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

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 following consideration to the observed impact of the COVID pandemic on the business, 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 for a period of 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.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

Ernst & Young LLP were appointed as auditors during the period and 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:

Oliver Wolfensberger
Director
LSEGA Financing plc

28 April 2022

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF LSEGA FINANCING PLC

Opinion

We have audited the financial statements of LSEGA Financing Plc (the "Company") for the year ended 31st December 2021 which comprise of the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Comprehensive Income and the related notes 1 to 16 including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework United Kingdom Generally Accepted Accounting Practice.

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31st December 2021 and of its profit of 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 as applied to listed public interest entities, 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 twelve 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.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Based on our risk assessments and audit procedures performed, we have not identified any key audit matters to be communicated in our audit report.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Company to be $331k, which is 1% of Equity. We believe that Equity is a suitable measurement basis for materiality due to LSEGA Financing Plc's purpose being to provide financial support to entities under common control. The main users of the financial statements are the shareholders and the purpose for this entity is not profit making.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that performance materiality was 50% of our planning materiality, namely $165k. We have set performance materiality at this percentage due to the audit being a first year audit.

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Board of Directors that we would report to them all uncorrected audit differences in excess of $16k, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

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 with 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.

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the strategic report and directors' reports 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 strategic report or directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4 and page 5, 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 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 Company 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 United Kingdom Accounting Standards, the UK Companies Act 2006, relevant Financial Conduct Authority's ("FCA") rules and regulations, and tax legislation (governed by HM Revenue and Customs).
- We understood how the Company is complying with those frameworks by making enquiries of senior management, the general counsel, the chief risk officer, the head of compliance and the head of internal audit. We also reviewed significant correspondence between the Company and regulatory bodies, reviewed minutes of the Board, Risk Committee, and gained an understanding of the Company's approach to governance, demonstrated by the Board's approval of the Company's governance framework and the Board's review of the Company's risk management framework and internal control processes.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of Intercompany being calculated incorrectly or being recorded in the incorrect period. We have considered the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. This included assessing individual intercompany loan agreements and movements in cash.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved journal entry testing and inquiries of senior management, internal audit, the money laundering reporting officer (MLRO) and those responsible for legal, risk and compliance at the Company. We corroborated our enquiries through review of board and committee minutes, whistleblowing log, Company policies and correspondence with relevant regulatory authorities. We increased our sample size to test the entire population of intercompany loans both principal and interest amounts. Using the journal entry data, we wave reviewed and tested the manual journals in relation to intercompany.
- The Company is a regulated entity under the supervision of the FCA where its principal activities is intercompany lending and contains listed debt. As such, the Senior Statutory Auditor reviewed the experience and expertise of the engagement team to ensure that the team had the appropriate competence and capabilities, which included the use of experts where appropriate

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.

Other matters we are required to address

- Following the recommendation from the Board of Directors we were appointed by the Company on 25 October 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods.

- The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the year ended 31 December 2021.

- The non-audit services prohibited by the FRC’s Ethical Standard were not provided to the Company and we remain independent of the Company in conducting the audit.

- The audit opinion is consistent with the additional report to the Board of Directors.

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.

DocuSigned by:
Ernst & Young LLP
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Hitesh Patel (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
28 April 2022

LSEGA FINANCING PLC

INCOME STATEMENT

Period ended 31 December 2021

	Notes	2021 US$'000
Administrative expenses	3	(15)
Total expenses		(15)
Operating loss		(15)
Finance income	5	77,684
Finance expense	5	(71,475)
Net finance income		6,209
Profit before taxation		6,193
Taxation	6	(1,177)
Profit for the financial period		5,016

The transactions in the current period were derived from continuing operations.

The notes on pages 16 to 24 form an integral part of these financial statements.

LSEGA FINANCING PLC

STATEMENT OF COMPREHENSIVE INCOME

Period ended 31 December 2021

	2021 US$'000
Profit for the period	**5,016**
Amounts that may be recycled to the income statement:	
Gain on cash flow hedges	31,276
Amount recycled to the income statement	(3,102)
Deferred tax on cash flow hedges	(6,729)
Other comprehensive income	**21,445**
Total comprehensive income for the financial period	**26,461**

The notes on pages 16 to 24 form an integral part of these financial statements.

LSEGA FINANCING PLC

BALANCE SHEET

As at 31 December 2021

	Notes	2021 US$'000
Assets		
Current assets		
Trade and other receivables	9	4,576,805
Cash and cash equivalents		372
Total assets		**4,577,177**
Liabilities		
Current liabilities		
Trade and other payables	10	(73,336)
Current tax	6	(1,177)
		(74,513)
Non-current liabilities		
Borrowings	11	(4,469,410)
Deferred tax	7	(6,729)
		(4,476,139)
Total liabilities		**(4,550,652)**
Net assets		**26,525**
Equity		
Share capital	12	64
Retained earnings		(1,713)
Cash flow hedge reserve		28,174
Total equity		**26,525**

The notes on pages 16 to 24 form an integral part of these financial statements.

The financial statements on pages 12 to 24 were approved by the board on 21 April 2022 and signed on its behalf by:

Oliver Wolfensberger
Director
LSEGA Financing plc
28 April 2022

Registered number 13091751

LSEGA FINANCING PLC

STATEMENT OF CHANGES IN EQUITY

Period ended 31 December 2021

	Share capital	Retained earnings	Hedging reserve	Total equity
	US$'000	**US$'000**	**US$'000**	**US$'000**
21 December 2020	-	-	-	-
Shares issued	64	-	-	64
Profit for the financial period	-	5,016	-	5,016
Other comprehensive income	-	(6,729)	28,174	21,445
31 December 2021	**64**	**(1,713)**	**28,174**	**26,525**

In February 2021, the Company entered into US$ denominated interest rate swaps designated as cash flow hedges which were settled in March and April 2021. At the date of settlement, a gain of US$31.3 million was recognised in the hedging reserve, and this amount will be recycled to the income statement over the life of the underlying debt issued with $3.1 million recycled in the period

The notes on pages 16 to 24 form an integral part of these financial statements.

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 UK-adopted International Accounting Standards (‘IFRS’) in conformity with the requirement of the Companies Act 2006.

The Company is a qualifying entity for the purposes of FRS 101. Note 14 gives details of the Company's ultimate parent and from where its consolidated financial statements prepared in accordance with IFRS may be obtained.

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

- 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 discounted 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 UKEB during the period and have been adopted in these financial statements:

- 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.

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

The financial statements are presented in US dollars, which is also the Company's functional currency.

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 following consideration to the observed impact of the COVID pandemic on the business, 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 for a period of 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.

Accounting policies

Income statement

Foreign currencies

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. The closing rate used is 0.74090.

Finance income and expense
Finance income and expense comprise amortisation of hedging gains or losses and arrangement fees, 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 straight line method. We have assessed that the use of the straight-line method is a reasonable proxy for the effective interest rate method.

Current and deferred taxation
Income tax on the profit for the period comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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

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

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

Balance sheet

Financial instruments
Financial assets and liabilities are initially recognised on their settlement date. The Company classifies its financial instruments at 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 cash and cash equivalents and trade and other receivables fall within this category.

b) *Financial liabilities at amortised cost* are all financial liabilities that are not included within financial liabilities at fair value through profit or loss. This comprises the Company's trade and other payables and borrowings.

Subsequent measurement:
The Company adopts a forward-looking approach to estimate impairment losses on financial assets. An expected credit loss ('ECL') is calculated based on the difference between the contractual 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.

c) *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. A significant increase in credit risk is considered to have occurred when contractual payments are more than 30 days past due.

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

Trade and other receivables
Other receivables include amounts due from companies within the group on loans and interest on these loans, and are measured at amortised cost using the effective interest rate method. Interest is charged at variable rates as

stated within the relevant group loan agreement as set out by management. These loans are repayable either on demand or on dates stipulated within the relevant group loan agreement.

Trade receivables are initially recognised at fair value, which is the original invoiced amount to the customers and subsequently measured at amortised cost, less any allowance for 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.

Cash and cash equivalents
Cash and cash equivalents comprise cash at bank, short-term deposits and investments in money market funds, and other instruments and structures that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Trade and other payables
Other payables relate to loans from other companies within the group. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as 'trade and other payables' within current liabilities, if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as 'other non-current payables' within non-current liabilities.

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

Derivative financial instruments and hedging activities
Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance sheet date. The method of recognising the resulting gain or loss depends on whether or not the derivative is designated as a hedging instrument and the nature of the item being hedged.

In order to qualify for hedge accounting, a transaction must meet strict criteria regarding documentation, effectiveness, probability of occurrence, and reliability of measurement. The Company documents the relationship between hedging instruments and hedged items at the inception of the transaction, as well as its risk management objectives and strategy for undertaking various hedging transactions. The effectiveness of the hedge is tested at each reporting date and at the commencement and conclusion of any hedge in order to verify that it continues to satisfy all the criteria for hedge accounting. Any ineffective portion is recognised in the income statement as finance income or expense.

Amounts that have accumulated through other comprehensive income in the hedging reserve are recognised in the income statement in the period when the hedged item affects profit or loss (for example, when the forecast transaction that is hedged takes place). When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss remains in the hedging reserve: it is only recognised in the income statement when the forecast transaction itself is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported through other comprehensive income is immediately recognised in the income statement.

Share capital
The share capital of the Company consists of one 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 Company has considered and exercised judgements in evaluating the ongoing impact of COVID-19 on the preparation of these financial statements. There were no significant judgements and estimates for the period ended 31 December 2021.

3. Expenses and other income

	2021 **US$'000**
Administrative expenses	(15)

Expenses comprise mainly professional fees.

4. Directors' remuneration

No remuneration was received by the directors in respect of qualifying services to this Company in the period.

5. Finance income and expense

	2021 US$'000
Finance income	
Interest from hedging derivatives	1,952
Interest from parent	1
Interest from companies under common control	72,629
Amortisation of hedging gain recycled from hedging reserve	3,102
	77,684
Finance expense	
Interest payable on bonds	(67,906)
Interest payable on hedging derivatives	(76)
Interest payable to parent	(60)
Interest payable to companies under common control	(126)
Amortisation of arrangement fees	(2,967)
Fair value loss on derivatives	(340)
	(71,475)
Net finance income	6,209

6. Taxation

The standard UK corporation tax rate was 19% for the current period.

Taxation charged to the income statement	**2021 US$'000**
Current tax	
UK corporation tax for the year	(1,177)
Taxation charge	(1,177)
Taxation on items not credited/(charged) to the income statement	
Deferred tax on cash flow hedging reserve	(6,729)

The income statement tax charge for the period does not differ from the standard rate of corporation tax in the UK of 19%.

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. The deferred tax asset at 31 December 2021 has been calculated based on these rates, reflecting the expected timing of the reversal of the related temporary difference .

7. Deferred taxation

The movements in deferred tax assets and liabilities during the year are shown below.

Asset/(liability)	Other timing differences US$'000
Tax charged to equity	(6,729)
31 December 2021	(6,729)
Assets at 31 December 2021	-
Liabilities at 31 December 2021	(6,729)
Net liabilities at 31 December 2021	(6,729)

8. Dividends

The directors have not recommended a dividend for the current period.

9. Trade and other receivables

	2021 US$'000
Amounts due from companies under common control	4,576,736
Amounts due from parent	64
Prepayments	5
	4,576,805

The Company has bond proceeds due from London Stock Exchange Group Holdings (Luxembourg) Ltd, a company under common control, with a value of US$4,504.1m, with interest charged at 2.15% p.a., and which is repayable with three months' notice or by 6 April 2024. The remainder of the amounts due represent the interest accrued.

Remaining trade and other receivables are interest free and repayable on demand.

10. Trade and other payables

	2021
	US$'000
Amounts owed to companies under common control	46,276
Interest payable on external borrowings	21,781
Amounts owed to parent	5,279
	73,336

The Company has a loan from a company under common control, London Stock Exchange Group Holdings (Luxembourg) Ltd of US$46.1m, with interest charged at LIBOR +1% p.a., and which is repayable with 3 months' notice or by October 2026.

The Company also has a loan from its parent, of US$5.3m which has interest charged at LIBOR +1% p.a. and which is repayable with 3 months' notice or by March 2026.

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

11. Borrowings

	2021
	US$'000
Borrowings	4,469,410

In April 2021, the Company issued five senior unsecured bonds using the Group's newly established Global Medium-Term Note Programme. The bonds are listed on the Main Market of the London Stock Exchange (a related company).

Bonds issued in the period	Expiry date	Debt $m	Carrying value $m	Fair value $m	Interest rate
$500 million	Apr 2024	500	**498**	493	0.650
$1,000 million	Apr 2026	1,000	**996**	982	1.375
$1,000 million	Apr 2028	1,000	**995**	988	2.000
$1,250 million	Apr 2031	1,250	**1,241**	1,259	2.500
$750 million	Apr 2041	750	**739**	780	3.200
Total bonds		4,500	**4,469**	4,502	

All the Company's borrowings are recognised at amortised cost on the balance sheet. Bonds are classified as Level 1 in the fair value hierarchy and the values disclosed are as quoted on the Main Market of the London Stock Exchange.

12. Share capital

	2021	
	Number of shares	**Share capital US$'000**
Issued, called up and fully paid		
Ordinary shares of £1 each	50,000	64

50,000 ordinary shares of £1 each were issued to the parent company on incorporation, and these were translated to the functional currency of the Company.

13. Commitments and contingencies

There are no contracted commitments and other contracted contingencies not provided for in the financial statements.

14. Ultimate parent company

As at 31 December 2021, the Company's immediate parent and ultimate parent company 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 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.

15. Other statutory information

Audit fees of US$15,565 payable to Ernst & Young LLP are borne and paid by another group company.

Statutory information in remuneration for other services provided by the Company’s auditors for the group is given in the consolidated financial statements of London Stock Exchange Group plc, which is the largest group into which the results of the Company are consolidated. There were no non-audit services provided to the Company in the current period.

16. Post balance sheet events

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