

FTSE International Limited

Report and Financial Statements

For the year ended 31 December 2018

Company Registration Number 03108236



FTSE INTERNATIONAL LIMITED

CONTENTS

PAGE

1.....	<i>Directors and Officers</i>
2.....	<i>Strategic Report</i>
4.....	<i>Directors' Report</i>
6.....	<i>Independent Auditor's Report to the Member of FTSE International Limited</i>
8.....	<i>Income Statement</i>
9.....	<i>Statement of Financial Position</i>
10.....	<i>Statement of Changes in Equity</i>
11.....	<i>Notes to the Financial Statements</i>

FTSE INTERNATIONAL LIMITED

DIRECTORS AND OFFICERS

DIRECTORS

N Bertrand
D Jenkins
M R Ghassemieh
J Ehnes
W Samad
C Thomas

COMPANY SECRETARY

S Tutton (resigned 14 June 2018)
T Hogan (appointed 14 June 2018)

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

INDEPENDENT AUDITORS

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

BANKERS

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

FTSE INTERNATIONAL LIMITED

STRATEGIC REPORT

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

FTSE International Limited's (the "Company") objective is to provide investment professionals globally with the best index solutions and the Company seeks to differentiate its offering through ongoing investment in product development. The Company continues to invest in new technology and operational processes to ensure that it can continue to deliver its index products on an accurate, timely and consistent basis.

The Company recorded a total income of £268.8 million for the year ended 31 December 2018 (year ended 31 December 2017: £268.6 million), profit after tax of £70.7 million (year ended 31 December 2017: £70.4 million) and its net assets were £202.4 million as at 31 December 2018 (31 December 2017: £258.8 million). The strength of the Company's product offering generated consistent revenue performance in the year.

The Directors have concluded that there are no other relevant KPIs except for the aforementioned.

On 4 June 2018, the Company became a regulated provider of stock market indices and associated data services, under the supervision of the Financial Conduct Authority ("FCA").

In July 2018, the Company published its statement of compliance with the recommendations made by the International Organization of Securities Commissions ("IOSCO"), as laid out in the Principles for Financial Benchmarks (the "IOSCO Principles"). The IOSCO Principles aim to promote reliability of benchmarks addressing issues surrounding governance, the quality of benchmark design and methodology, and accountability. The Company is committed to leading best global practice standards and has published a statement on <http://www.ftse.com/products/indices/iosco>, with independent assurance from KPMG, explaining how its business operates within IOSCO's proposed framework.

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

FUTURE DEVELOPMENTS

We expect further growth across the indices business, driven by the macroeconomic environment and increased take-up of our product offering in the markets in which we operate. Global cash flows into passively tracked products are expected to continue, driving year-on-year growth of our asset-based index revenues. We anticipate our data products will be in demand as we continue to develop indices attractive to clients.

EMPLOYEES

Our people are at the heart of what we do and drive the success of our business. Attracting, developing and retaining the skills we need to deliver on our strategy of being the most trusted market expert is a key imperative for the Company. We are dedicated to unifying our growing company and supporting our employees' talent in an environment built on partnership, integrity, innovation and excellence. The Company also provides an induction programme for new employees, including training on health and safety, and a range of development programmes for all staff to develop their skills and knowledge. The Company encourages and assists the employment, training and retention of disabled people. Where changes to working practices or structure affect staff, they are consulted and given appropriate support.

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

FTSE INTERNATIONAL LIMITED

STRATEGIC REPORT

PRINCIPAL RISKS AND UNCERTAINTIES

London Stock Exchange Group plc (LSEG, the Group) has implemented a Risk Management Framework which ensures that the management and assessment of risk remains a fundamental component of the Group's strategic decision making process.

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

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

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

The Company's principal operational risks are considered to arise from change management with the Company having a number of major, complex projects and initiatives underway concurrently, the Company's ability to attract and retain high quality employees, the Company's dependency on having secure premises and uninterrupted operation of its IT systems and infrastructure, and the Company's businesses and major revenue streams being highly dependent on secure and stable technology performing to high levels of availability and throughput. The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company is part of LSEG and financial risk management is carried out by LSEG through its central treasury and financial control functions. LSEG's risk management approach seeks to minimise the potential adverse effects of these risks on the financial performance of the 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. The Company has analysed the potential impact and considered contingency plans that it may choose to execute should these rights not be replaced by rights that persist outside EU membership.

By order of the Board



Catherine Anne Thomas
Director
18 September 2019

REGISTERED OFFICE:
10 Paternoster Square
London
EC4M 7LS

FTSE INTERNATIONAL LIMITED

DIRECTORS' REPORT

REVIEW OF BUSINESS

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

DIVIDENDS

During the year ended 31 December 2018, an interim dividend of £134m was paid to the immediate parent Company (year ended 31 December 2017: £nil). No dividend has been proposed for the year ended 31 December 2018.

DIRECTORS AND DIRECTORS' INTERESTS

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

N Bertrand	
M Makepeace	(resigned 22 January 2019)
D Jenkins	
M R Ghassemieh	
J Ehnes	
W Samad	
C Thomas	(appointed 22 November 2018)

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

DIRECTORS' LIABILITIES

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards including FRS 101 have been followed, 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.

FTSE INTERNATIONAL LIMITED

DIRECTORS' REPORT

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.

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

The Auditors, Ernst & Young LLP, are deemed to be reappointed under section 487(2) of the Companies Act 2016.

By order of the Board



Catherine Anne Thomas
Director
18 September 2019

REGISTERED OFFICE:
10 Paternoster Square
London
EC4M 7LS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FTSE INTERNATIONAL LIMITED

OPINION

We have audited the financial statements of FTSE International Limited (the "Company") for the year ended 31 December 2018 which comprise Income Statement, the Statement of Financial Position, the Statement of changes in equity and the related notes 1 to 26, 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".

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2018 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 below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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.

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FTSE INTERNATIONAL LIMITED

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

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, 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.

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



Gary Adams (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
24 September 2019

FTSE INTERNATIONAL LIMITED

INCOME STATEMENT

Year ended 31 December 2018

	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Revenue	4	249,786	243,260
Other income	4	19,036	25,348
Total income		268,822	268,608
Cost of sales		(106,053)	(99,383)
Gross profit		162,769	169,225
Expenses			
Administrative expenses	5	(81,135)	(82,427)
Depreciation, amortisation and impairment	5	(12,547)	(4,865)
Total expenses		(93,682)	(87,292)
Operating profit		69,087	81,933
Finance income	8	16,228	5,689
Finance expense	8	(141)	(56)
Net finance income		16,087	5,633
Profit before taxation		85,174	87,566
Taxation	9	(14,470)	(17,213)
Profit for the financial year		70,704	70,353

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

There are no other items of income or expenditure other than those included within the income statement for the year ended 31 December 2018 and the year ended 31 December 2017.

The notes on pages 11 to 29 form an integral part of these financial statements.

FTSE INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

At 31 December 2018

	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Assets			
Non-current assets			
Property, plant and equipment	11	2,406	4,478
Intangible assets	12	48,661	35,579
Investments in subsidiary undertakings	13	156,708	108,832
Deferred tax assets ¹	14	1,697	936
Other non-current receivables		50	-
		209,522	149,825
Current assets			
Trade and other receivables	17	274,612	330,544
Contract assets	17	24,270	-
Cash and cash equivalents	18	31	82
Current tax asset		-	112
		298,913	330,738
Total assets		508,435	480,563
Liabilities			
Current liabilities			
Trade and other payables	19	241,717	214,086
Contract liabilities	19	61,797	-
Derivative financial instruments	15	78	-
Provisions	20	561	-
Current tax liability		1,123	7,668
		305,276	221,754
Non-current liabilities			
Provisions	20	755	-
Total liabilities		306,031	221,754
Net assets		202,404	258,809
Equity			
Share capital	21	1	1
Retained earnings		202,403	258,808
Total equity		202,404	258,809

¹Deferred tax assets as at 31 December 2017, have been represented from current assets to non-current assets. There has been no impact to total assets or net assets as a result.

The notes on pages 11 to 29 form an integral part of these financial statements.

The financial statements on pages 8 to 29 were approved by the Board on 18 September 2019 and signed on its behalf by:

Catherine Anne Thomas
Director
18 September 2019
FTSE International Limited
Registered number 3108236



FTSE INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

	Ordinary share capital	Retained earnings	Total attributable to equity holder
	£'000	£'000	£'000
1 January 2017	1	187,502	187,503
Profit for the financial year	-	70,353	70,353
Tax in relation to Employee share scheme expenses	-	953	953
31 December 2017 (previously reported)	1	258,808	258,809
Adoption of new accounting standards (note 2)	-	6,335	6,335
1 January 2018 – (restated)	1	265,143	265,144
Profit for the financial year	-	70,704	70,704
Dividends paid	-	(134,000)	(134,000)
Tax in relation to Employee share scheme expenses	-	556	556
31 December 2018	1	202,403	202,404

The notes on pages 11 to 29 form an integral part of these financial statements.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

1. Basis of preparation and accounting policies

Basis of preparation

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

The Company is a qualifying entity for the purposes of FRS 101. Note 22 gives details of the Company's ultimate parent and from where its 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 following disclosure exemptions under FRS 101 have been considered and applied where deemed to be applicable:

- IAS 7 cash flow statements 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 review;
- reduced IFRS 3 disclosure for business combinations during and after the period;
- reduced IFRS 7 disclosure of 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; and
- reduced IFRS 15 revenue contracts with customers;

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

- IFRS 9 'Financial Instruments' on classification and measurement and amendments regarding general hedge accounting
- IFRS 15 'Revenue from Contracts with Customers'
- Amendment to IFRS 4 'Insurance Contracts' regarding the implementation of IFRS 9, 'Financial instruments'
- Amendments to IAS 40 'Transfers of Investment Property'
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration'
- IFRIC 23 'Uncertainty over Income Tax Treatments'

The impact of adopting IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' is explained further in note 2. The remaining standards adopted did not have a material impact 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.

These financial statements are presented in Sterling, which is the Company's presentation and functional currency, and are rounded to the nearest thousand pounds (£000).

The financial statements show results for the year to 31 December 2018, with comparatives for the year ended 31 December 2017. Where appropriate, prior year figures have been represented to conform to the current year's presentation.

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

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

The Company is a private limited company incorporated and domiciled in the UK. The address of its registered office is 10 Paternoster Square, London, EC4M 7LS, United Kingdom.

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.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Accounting policies

Income statement

Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer. Amounts deducted from revenue relate to discounts, value added tax and other sales related taxes, and revenue share arrangements whereby, as part of an operating agreement, amounts are due back to the customer.

The Company recognises revenue as services are performed and as it satisfies its obligations to provide a product or service to a customer. Further details of the company's revenue accounting policy are set out below:

Information and data products and licences	Revenues from the provision of information and data products including indexes, benchmarks (subscription based and asset-based), and reference data services. Data subscription and index licence fees are recognised over the licence or usage period as the Company meets its obligation to deliver data consistently throughout the licence period. Services are billed on a monthly, quarterly and annual basis.
Royalties	Revenue is recognised at the date at which they are earned or measurable with certainty.
Other	All other income, including recharges to other Group companies; sales and distribution and management fees are recognised in the months in which the serviced is provided.

Customer contracts that contain a single performance obligation at a fixed price do not require variable consideration to be constrained or allocated to multiple performance obligations. Any variable element is subsequently recognised in the period in which the variable factor occurs. Services provided under a tiered and tariff pricing structure generates a degree of variability in the revenue streams from the contract. Where the future revenue from a contract varies due to factors that are outside of the Company's control, the Company limits the total transaction price at contract inception and recognises the minimum expected revenue guaranteed by the terms of the contract. Any variable element is subsequently recognised in the period in which the variable factor occurs.

Cost of sales

Cost of sales comprises data and license fees, data feed costs, expenses incurred in respect of revenue share arrangements and any other costs linked and directly incurred to generate revenues and provide services to customers.

Pension costs

The Company operates a defined contribution Personal Pension Scheme under which the Company pays fixed contributions; the Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets. The Company provides no other post retirement benefits to its employees. Contributions are charged to the income statement as incurred.

Share based compensation

The Company operates share based compensation plans for employees, settled in shares of the ultimate parent company, London Stock Exchange Group plc (LSEG), or in cash. For schemes settled in shares of the ultimate parent, the charge to the income statement is determined by the fair value of the options granted or shares awarded at the date of grant as an indirect measure of the value of employee services received by the Company and recognised over the relevant vesting period. For shares settled in cash, the liability is recorded at fair value with changes in the fair value recognised in the income statement. The Company is recharged costs from LSEG to settle the share based awards made to employees of the Company.

Foreign currencies

These financial statements are presented in Pound Sterling, which is the Company's presentation and functional currency.

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

Finance income and expenses

Finance income and expense comprise dividends from subsidiary undertakings, interest earned on cash deposited with financial counterparties, interest earned on loans to financial counterparties, and interest paid and earned 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.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Statement of Financial Position

Property, plant and equipment

Property, plant and equipment are included in the financial statements at cost less accumulated depreciation and any provision for impairment.

Fixed plant and plant and equipment are stated at cost and are depreciated to residual value on a straight line basis over their estimated useful economic lives of the assets, which are as follows:-

Computer hardware	3 to 5 years
Fixtures, fittings and equipment	3 to 5 years

Leasehold properties and improvements are included at cost and depreciated to residual value over the shorter of the period of the lease or the useful economic life of the asset.

Internally generated computer equipment and assets under construction are not depreciated until the asset is in use.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the income statement.

Intangible assets

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licenses and software intellectual property, all of which are recorded as intangible assets and held at cost less accumulated amortisation. These assets are amortised on a straight line basis over their useful economic lives which are as follows:

- a) Customer and supplier relationships – 2 to 20 years (material assets are amortised over a life exceeding 15 years); and
- b) Brands – 10 to 25 years (material assets are amortised over a life of 25 years); and
- c) Software licenses and intellectual property – 2 to 25 years (the majority of assets are amortised over a life not exceeding 5 years).

Third party software costs for the development and implementation of systems which enhance the services provided by the Company are capitalised and amortised over their estimated useful economic lives of three to five years.

Internal product development expenditure is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable and the Group has sufficient resources to complete the development and to use or sell the asset. Judgement is required as to whether these tests are met. The assets are recorded at cost including labour, directly attributable costs and any third party expenses, and amortised over the useful economic life of three years

Intangible assets are assessed for any indicators of impairment at each balance sheet date. Where indicators of impairment for a particular intangible asset are identified, a full impairment assessment is performed, with any diminution in value recognised in the income statement. When performing any impairment assessment, in addition to considering matters particular to the relevant Company business area, management evaluates the overall value of the asset from the perspective of a market participant.

Contract costs

Incremental costs of obtaining a customer contract, such as sales commissions paid to employees, are recognised as an asset if the benefit of such costs is expected to be longer than one year. The associated asset is amortised over a period consistent with the transfer to the customer of the products and services under the contract and is presented as an intangible asset in the consolidated balance sheet. The contract costs are amortised over the period which a customer benefits from existing software technology supporting the underlying product or service.

A practical expedient is applied in IFRS 15 to recognise the incremental cost of obtaining a contract as an expense when incurred, if the amortisation period is one year or less.

Goodwill

Goodwill acquired in a business combination represents a payment made by the acquirer in anticipation of future economic benefits from assets that are not capable of being individually identified and separately recognised.

After initial recognition, the acquirer shall measure goodwill acquired in a business combination at cost less any accumulated impairment losses.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses.

Impairment of non-financial assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment at the balance sheet date and whenever events indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the income statement for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less costs to sell and value in use.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Non-financial assets other than goodwill that have previously been impaired are reviewed for possible reversal of the impairment at each reporting date.

Value in use is calculated with reference to the future cash flows expected to be generated by an asset (or group of assets where cash flows are not identifiable to specific assets). The discount rate used in impairment reviews is based on the Company's weighted average cost of capital including, where appropriate, an adjustment for the specific risks associated with the relevant asset.

Investments in subsidiary undertakings

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are stated in the Company's financial statements at cost less impairment losses, if any. On disposal, the difference between the net disposal proceeds and its carrying amount is included in the income statement.

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.

Financial instruments

On 1 January 2018, the Company adopted IFRS9 'Financial Instruments'.

The Company classifies its financial instruments as fair value through profit or loss (FVPL), and amortised cost. The classification is based on the Company's business model for managing its financial instruments and whether the cash flows generated are "solely payments of principal and interest" (SPPI).

- a) **Financial assets at amortised cost:** are financial assets that are held in order to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. This includes the Company's cash and cash equivalents, trade and other receivables and other non-current receivables.
- b) **Financial assets at fair value through profit or loss (FVPL):** all other financial assets not classified as amortised cost or fair value through other comprehensive income (FVOCI) including derivative instruments held by the Company.
- c) **Financial liabilities at amortised cost:** all financial liabilities that are not at fair value through profit or loss are held at amortised cost. This comprises the Company's trade and other payables balances and borrowings.
- d) **Financial liabilities at fair value through profit or loss (FVPL):** this category includes any derivative instruments held by the Company.

Subsequent measurement of financial assets at amortised cost

The Company adopts a forward-looking approach to estimate impairment losses on financial assets. An expected credit loss (ECL) is calculated based on the difference between the contractual cash flows due and the expected cash flows. The difference is discounted at the asset's original effective interest rate.

Financial assets at amortised cost – the ECL for trade receivables, contract assets and cash and cash equivalents are calculated using IFRS 9's simplified approach using lifetime ECL. The provision 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.

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

Trade receivables are non-interest earning and are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the trade debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade debtor is impaired. The amount of the provision is the difference

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

between the asset's carrying amount and the present value of the portion deemed recoverable. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the income statement.

Other receivables include amounts due from other companies within the London Stock Exchange Group on loans, interest on these loans and other settlements for intercompany recharges. 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. Other receivables are also recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as 'Trade and other payables' within current liabilities, if payment is due within 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.

Cash and cash equivalents

Cash and cash equivalents comprises deposits held at call with banks, short term deposits and investments in money market funds that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

Contract assets

Contract assets are recognised when there is the conditional right to consideration from a customer in exchange for goods or services transferred.

Contract assets are transferred to and presented as trade receivables when the entitlement to payment becomes unconditional and only the passage of time is required before payment is due.

Contract liabilities

Revenue relating to future periods is classified as a contract liability on the balance sheet to reflect the Company's obligation to transfer goods or services to a customer for which it has received consideration, or an amount of consideration is due, from the customer.

Contract liabilities are amortised and recognised as revenue in the income statement over period the services are rendered.

Provisions

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

Equity and related items

Share capital

The share capital of the Company consists of only one class of Ordinary Shares and these are classified as equity.

Dividends

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 shareholders.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

2. Adoption and impact of new accounting standards and interpretations

On 1 January 2018, the Company adopted two new accounting standards: IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'. The impact of adopting the new standards has been reflected through transition adjustments to the Company's opening retained earnings at the start of the current year, as presented in the statement of changes in equity. The table below provides a summary of the impact at the date of transition:

		Transition Adjustments				
	Notes	31 December 2017 £'000	IFRS 15 Contract Costs £'000	IFRS 15 Other £'000	IFRS 9 £'000	1 January 2018 £'000
Intangible assets	12	35,579	3,371	-	-	38,950
Accrued income	17	21,085	-	(21,085)	-	-
Contract Assets	17	-	-	21,085	-	21,085
Deferred tax asset	14	936	-	-	-	936
Trade and other receivables	17	309,459	-	-	6,048	315,507
Other assets		113,504	-	-	-	113,504
Total assets		480,563	3,371	-	6,048	489,982
Deferred income	19	49,446	-	(49,446)	-	-
Contract liabilities	19	-	-	49,446	1,598	51,044
Deferred tax liabilities	14	-	640	-	845	1,485
Other liabilities		172,308	-	-	-	172,308
Total liabilities		221,754	640	-	2,443	224,837
Share capital	21	1	-	-	-	1
Retained earnings		258,808	2,731	-	3,605	265,143
Total equity		258,809	2,731	-	3,605	265,144

IFRS 15 Revenue from Contracts with Customers – impact of adoption

On 1 January 2018, the Company adopted IFRS 15 'Revenue from Contracts with Customers' (IFRS 15). This new accounting standard requires the Company to recognise revenue when the Company transfers promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The new guidance requires more detailed revenue disclosures and policies to identify the Company's performance obligations to customers.

The Company has adopted IFRS 15 prospectively from 1 January 2018 under the modified retrospective approach, and consequently the comparative amounts in the Company's financial statements remain unchanged and are reported under IAS 18 'Revenue'. As permitted by IFRS 15, the Company applied the new standard to contracts that were not completed as the 1 January 2018 transition date.

IFRS 15 has impacted the Company's financial statements from 1 January 2018 in the following ways:

Contract costs

The adoption of the new standard required the Company's incremental sales commission costs that were previously expensed when incurred, to be capitalised when they are expected to be recovered. The capitalised contract costs are amortised over a period consistent with the transfer of goods and services to the customer, which the Company has determined to be between 3 to 5 years. As a result, the Company recorded a £2.73m adjustment to opening retained earnings as at 1 January 2018, as presented in the statement of changes in equity comprising a £3.37m increase in the intangible assets from capitalising sales commissions previously expensed prior to transition, and a consequential £0.64m increase in deferred tax liabilities.

Accrued income and deferred income are now referred to as 'contract assets' and 'contract liabilities' respectively. The previously reported amounts of accrued income of £21.09m and deferred income of £49.45m as at 31 December 2017, are now referred to as contract assets in Note 17 and contract liabilities in Note 19 respectively. There were no changes to the measurement or timing of recognition of these contract assets and contract liabilities on conversion to IFRS 15 and as such the Company's total equity as at 31 December 2017 are unchanged as a result.

The table below shows the amounts by which the Company's financial statements is affected as at and for the year ended 31 December 2018 as a result of adopting IFRS 15.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

Year ended 31 December 2018

Effect on the income statement	Previous IFRSs £'000	Contract costs £'000	IFRS 15 reported £'000
Total income	268,822	-	268,822
Cost of sales	(106,053)	-	(106,053)
Gross profit	162,769	-	162,769
Operating expenses before depreciation, non-acquisition software amortisation, and impairment	(84,491)	3,356	(81,135)
Depreciation, non-acquisition software amortisation and impairment	(11,245)	(1,302)	(12,547)
Total operating expenses	(95,736)	2,054	(93,682)
Net finance expense	16,087	-	16,087
Profit before tax	83,120	2,054	85,174
Taxation	(14,080)	(390)	(14,470)
Profit for the year	69,040	1,664	70,704

At 31 December 2018

Effect on the balance sheet	Previous IFRSs £'000	Contract costs £'000	IFRS 15 reported £'000
Intangible asset	43,236	5,425	48,661
Deferred tax asset	1,057	640	1,697
Other assets	458,077	-	458,077
Total assets	502,370	6,065	508,435
Current tax liability	733	390	1,123
Deferred tax liability	640	(640)	-
Other liabilities	304,908	-	304,908
Total liabilities	306,281	(250)	306,031
Share capital	1	-	1
Retained earnings	196,088	6,315	202,403
Total equity	196,089	6,315	202,404

IFRS 9 Financial instruments – impact of adoption

On 1 January 2018 the Company adopted IFRS 9 'Financial Instruments' and applied the standard retrospectively.

The Company has not restated comparative amounts in the financial statements, instead it has recognised any differences between the carrying amounts measured in accordance with IFRS 9 at the date of transition with previously reported carrying amounts, in the opening retained earnings of the current period. This has resulted in an £3.6m adjustment to opening retained earnings as at 1 January 2018, as presented in the statement of changes in equity. This comprises a £6.0m reduction in the provision for impairment of trade receivables as the Company modified its previous impairment model to an expected credit loss approach which takes into account historic collection rates as well as forward-looking information, an increase in contract liabilities of £1.6m and a consequential £0.8m increase in deferred tax liability.

The new standard requires financial instruments to be classified as fair value through profit or loss (FVPL), fair value through other comprehensive income (FVOCI) or amortised cost, the impact of which are explained in the accounting policies in note 1.

IFRS 9 adopts a new approach to calculating impairment losses on financial instruments, a forward-looking approach to estimate expected credit losses (ECLs). ECLs are based on the difference between the contractual cash flows due and the expected cash flows, which is then discounted at the asset's original effective interest rate. The impact of the new approach on the Company's financial statements is as follows:

- *Financial assets at amortised cost* – the ECL for trade receivables, contract assets and cash and cash equivalents has been calculated using IFRS 9's simplified approach using lifetime ECL. The provision 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.
- *Financial assets at fair value through profit or loss (FVPL)* – in accordance with IFRS 9, no ECLs are required for assets held at FVPL.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

3. 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 year ended 31 December 2018 are as follows:

- Goodwill - tested for impairment annually. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return
- Intangible assets acquired as part of a business combination - valued on acquisition using appropriate methodologies and amortised over their estimated useful economic lives. These valuations and lives are based on management's best estimates of future performance and periods over which value from the intangible assets is realised;

The significant judgements for the year were as follows:

- Valuation of subsidiary companies: for purpose of impairment assessment, determined based on forecast cash flows and appropriate discount rate. The basis of such values cannot be precise and is subject to market variations in both cases.

4. Revenue and other income

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Revenue:		
Index – subscription	167,426	163,745
Index – asset based	82,360	79,515
	249,786	243,260
Other income:		
Royalty income	4,638	3,828
Sales and distribution	2,953	2,449
Recharges to other Group companies	11,078	18,582
Management fees	367	489
	19,036	25,348
Total	268,822	265,608

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

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

5. Expenses by nature

Expenses comprise the following:

	Notes	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Depreciation, amortisation and impairment:			
Depreciation of property, plant and equipment	11	494	596
Amortisation of intangible assets	12	7,314	4,269
Impairment	11,12	4,739	-
		12,547	4,865
Administrative expenses:			
Employee costs	6	33,439	27,529
Property costs		2,759	2,545
IT and data costs		24,566	17,555
Sales and marketing costs		15,426	19,383
Legal and professional fees		700	3,521
Foreign exchange (gains)/losses		(4,141)	5,392
Other costs		8,386	6,502
		81,135	82,427
Total expenses		93,682	87,292

6. Employee costs

Employee costs comprise the following:

	Note	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Salaries and other short-term benefits		25,752	21,492
Social security costs		3,575	2,028
Pension costs	16	1,778	2,194
Share based compensation		2,334	1,815
Total		33,439	27,529

	Year ended 31 December 2018	Year ended 31 December 2017
The number of employees in the Company was:		
At the year end	229	185
Monthly average for the year	223	177

	Year ended 31 December 2018	Year ended 31 December 2017
The number of employees in the Company by category was:		
Marketing	10	5
Administration	219	180

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7. Director's remuneration

The Directors' aggregate emoluments in respect of qualifying services were:

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Emoluments received	866	1,261
Benefits	74	67
Share based payments	1,015	1,792
Value of contributions to money purchase schemes	43	56
Total	1,999	3,176

During the year, 3 Directors (31 December 2017: 3) had retirement benefits accruing under money purchase pension schemes. During the year, the directors have not exercised any share options of London Stock Exchange Group plc, the Parent of the Company.

The remuneration of Directors disclosed above includes the following amounts for the highest paid Director:

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Remuneration received	384	460
Benefits	19	19
Share based payments	665	1,081
Value of contributions to money purchase schemes	23	26
Total	1,091	1,586

During the year, and the prior year, the highest paid director had retirement benefits accruing under money purchase pension schemes. The highest paid Director has not exercised any share options of London Stock Exchange Group plc, the Parent of the Company, during the year.

8. Net finance income

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Finance income		
Interest on loan to Group companies	3,278	5,689
Dividend received from investment in subsidiary	12,950	-
	16,228	5,689
Finance expense		
Other finance expense	(27)	-
Interest on loan from Group companies	(110)	(56)
Interest payable on bank and other borrowings	(4)	-
	(141)	(56)
Net finance expense	16,087	5,633

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

9. Taxation

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

		Year ended 31 December 2018	Year ended 31 December 2017
	Note	£'000	£'000
Taxation charged to the income statement			
Current UK tax:			
Corporation tax for the year		15,419	16,980
Adjustment in respect of previous years		(35)	215
Current overseas tax:			
Corporation tax for the year		1,081	98
Adjustment in respect of previous years		-	-
Total current tax		16,465	17,293
Deferred tax:	15		
Deferred tax for the current year		(2,027)	(127)
Adjustment in respect of previous years		(64)	37
Impact of change of rate		96	10
Total deferred tax		(1,995)	(80)
Tax on profit on ordinary activities		14,470	17,213

		Year ended 31 December 2018	Year ended 31 December 2017
		£'000	£'000
Taxation on items not (credited) / charged to the income statement			
Current tax allowance on share options / awards in excess of expense recognised		(305)	(874)
Deferred tax allowance on share options / awards in excess of expense recognised		(252)	(314)
Tax on profit on ordinary activities		(557)	(1,188)

Factors affecting the tax charge for the year:

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

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Profit before taxation	85,174	87,566
Profit multiplied by standard rate of corporation tax in the UK	16,183	16,856
(Income not taxable)/expenses not deductible	(2,355)	95
Adjustment in respect of previous years	(99)	252
Adjustments relating to change in UK tax rate	96	10
Withholding tax unrecoverable	645	-
Taxation charge	14,470	17,213

The UK Finance Bill 2015 was enacted in November 2015 reducing the standard rate of corporation tax from 20% to 19% effective from 1 April 2017 and the Finance Bill 2016 was enacted in September 2016 further reducing the standard rate of corporation tax to 17% effective from 1 April 2020.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

10. Dividends

During the year ended 31 December 2018, an interim dividend of £134m was paid to the immediate parent Company (year ended 31 December 2017: £nil), this has been presented in the Statement of Changes in Equity of the Company. No dividend has been proposed for the year ended 31 December 2018.

11. Property, plant and equipment

	Leasehold Improvements	Computer equipment	Assets under construction	Total
Cost:	£'000	£'000	£'000	£'000
At 1 January 2018	89	3,032	3,658	6,779
Additions	-	-	333	333
Transfers	-	799	(799)	-
Write off	-	(235)	(64)	(299)
Impairment	-	-	(1,975)	(1,975)
At 31 December 2018	89	3,596	1,153	4,838
Accumulated depreciation:				
At 1 January 2018	69	2,232	-	2,301
Depreciation charge	20	474	-	494
Transfer	-	(128)	-	(128)
Write off	-	(235)	-	(235)
31 December 2018	89	2,343	-	2,432
Net book values:				
At 31 December 2018	-	1,253	1,153	2,406
At 31 December 2017	20	800	3,658	4,478

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

12. Intangible assets

	Purchased intangible assets						Total
	Goodwill	Customer and supplier relationships	Brands	Software, licenses and intellectual property	Developed software and other ¹	Contract costs	
	£'000	£'000	£'000	£'000	£'000	£'000	
Cost:							
At 31 December 2017	864	16,433	615	1,440	41,754	-	61,106
Adoption of new accounting standard (note 2)	-	-	-	-	-	6,987	6,987
At 1 January 2018 (revised)	864	16,433	615	1,440	41,754	6,987	68,093
Additions	-	-	-	-	16,496	3,356	19,852
Impairment	-	-	-	-	(2,764)	-	(2,764)
Write off	-	-	-	-	(1,457)	(1,438)	(2,895)
At 31 December 2018	864	16,433	615	1,440	54,029	8,905	82,286
Accumulated amortisation:							
At 31 December 2017	-	7,994	615	1,440	15,478	-	25,527
Adoption of new accounting standard (note 2)	-	-	-	-	-	3,616	3,616
At 1 January 2018 (revised)	-	7,994	615	1,440	15,478	3,616	29,143
Amortisation charge for the year	-	822	-	-	5,190	1,302	7,314
Transfer	-	-	-	-	63	-	63
Write off	-	-	-	-	(1,457)	(1,438)	(2,895)
At 31 December 2018	-	8,816	615	1,440	19,274	3,480	33,625
Net book values:							
At 31 December 2018	864	7,617	-	-	34,755	5,425	48,661
At 31 December 2017	864	8,439	-	-	26,276	-	35,579

¹ Developed software and other intangible assets includes £16.6m (2017: £18.6m) representing assets not yet brought into use. No amortisation has been charged on these assets. The remaining balance of £18.2m (2017: £7.7m) relates to software intangible assets that have been fully developed and are being amortised annually.

Intangible asset classes presented in the annual financial statements for the year ended 31 December 2017 have been revised and re-presented in the following asset classes: goodwill; customer and supplier relationships; brands; software, licenses and intellectual property; developed software and other and contract costs, in order to align how the intangible asset class are managed by the Company.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

13. Investments in subsidiary undertakings

	£'000
31 December 2017	108,832
Investment in FTSE Global Debt Capital Markets Limited	47,876
31 December 2018	156,708

On 12 April 2018, the Company acquired the entire 27.26% non-controlling interest in FTSE Global Debt Capital Markets Limited, a direct subsidiary of the Company, for £47.9m from TSX Inc (TSX) and Mercato dei Titoli Stato SpA (MTS SpA). As a result, FTSE Global Debt Capital Markets Limited became a 100% direct subsidiary of the Company, and FTSE Global Debt Capital Markets Inc and MTSNext Ltd both became 100% indirect subsidiaries.

Principal subsidiaries	Principal activity	Country of incorporation	Country of principal operations	% Equity and votes held
Held directly by the Company:				
FTSE Americas Inc	Sales & marketing	USA	USA	100
FTSE International (France) Limited	Sales & marketing	UK	France	100
FTSE (Japan) Limited	Sales & marketing	UK	Japan	100
FTSE (Australia) Limited	Sales & marketing	UK	Australia	100
FTSE International (Italy) Limited	Sales & marketing	UK	Italy	100
FTSE Global Debt Capital Markets Limited	Fixed income indices	UK	UK	100
FTSE International (Hong Kong) Limited	Sales & marketing	Hong Kong	Hong Kong	100
FTSE China Index Limited	Index value quotations	Hong Kong	China	100
FTSE International (MEA) Limited	Sales & marketing	Dubai	UAE	100
FTSE Internacional Brasil Representações Ltda.	Sales & marketing	Brazil	Brazil	100
FTSE International Taiwan Ltd	Sales & marketing	Taiwan	Taiwan	100
LSEG Malaysia Sdn. Bhd.	Data collection, processing & analysis	Malaysia	Malaysia	100
FTSE Mexico Sociedad	Sales & marketing	Mexico	Mexico	99
Held indirectly by the Company:				
FTSE (Beijing) Consulting Limited	Sales & marketing	China	China	100
FTSE Global Debt Capital Markets Inc	Fixed income indices	Canada	Canada	100
MTSNext Ltd	Fixed income indices	UK	UK	100

That % of equity represents effective interest of Company in subsidiaries held indirectly

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

14. Deferred tax

	Accelerated tax depreciation	LTIP provisions	Other	Total
	£'000	£'000	£'000	£'000
1 January 2017	(25)	534	33	542
Tax (charged)/credited to income statement	(35)	134	(9)	90
Impact of change of rate	(8)	(2)		(10)
Tax (charged)/credited to other comprehensive income:				
Allowance on share options / awards	-	314	-	314
Impact of change of rate	-	-	-	-
31 December 2017	(68)	980	24	936
Impact of adopting new standards	-	-	(1,485)	(1,485)
1 January 2018	(68)	980	(1,461)	(549)
Tax (charged)/credited to income statement	373	229	1,487	2,089
Impact of change of rate	(31)	(35)	-	(66)
Tax (charged)/credited to other comprehensive income:				
Allowance on share options / awards	-	252	-	252
Impact of change of rate	-	(30)	-	(30)
31 December 2018	274	1,396	26	1,696
Assets at 31 December 2018	274	1,396	26	1,696
Assets/(Liabilities) at 31 December 2017	(68)	980	24	936

The deferred tax asset is recoverable against future taxable profits and is due over one year.

There are no unrecognised deferred tax assets at 31 December 2018 and 31 December 2017.

15. Investments in financial assets and financial liabilities

The company had a derivative liability as at year ended 31 December 2018 £77.6k (31 December 2017: nil) relating to a forward dated FX trade. This has been classified as Fair Value through Profit and Loss (FVTPL). During the year, the expense of £77.6k was recognised and presented within administrative expenses.

16. Retirement benefit obligations

The Company participates in a Personal Pension Scheme operated by Legal and General Fund Managers Limited. The Legal and General personal pension offers individuals a choice of funds in which employees may choose to invest pension contributions. The contributions of the Company depend upon the employee's personal contribution. The Scheme is a defined contribution scheme. The contributions made by the Company amounted to £1,778k (year ended 31 December 2017: £2,194k). The amounts outstanding at the reporting date were £192k (31 December 2017: £172k).

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

17. Trade and other receivables and contract assets

	31 December 2018	31 December 2017
	£'000	£'000
Current		
Trade receivables	104,535	85,038
Less: Provision for impairment of receivables ¹	(2,547)	(8,079)
Trade receivables – net	101,988	76,959
Amounts due from parent	41,388	159,129
Amounts due from Ultimate Parent	803	418
Amounts due from companies under common control	82,985	49,919
Amounts due from subsidiary undertakings	40,975	26,281
Other receivables	1,288	11
Prepayments	5,185	5,408
Accrued Income ²	-	21,085
Total trade and other receivables	274,612	330,544
Current		
Contract assets ²	24,270	-
Total contract assets	24,270	-

¹ The Company recognised a £6m reduction in the provision for impairment of receivables at the date of application of IFRS 9, as a result of adopting the expected credit loss model on the Company's trade receivables. This has been presented as an adjustment to opening retained earnings as at 1 January 2018 in the statement of changes in equity. Refer to Note 2 for further details.

² Prior to the adoption of IFRS 15 on 1 January 2018, contract assets were previously referred to as 'accrued income'. Refer to Note 2 for further details.

Amounts due from parent include a GBP denominated loan to the London Stock Exchange Group Holdings Limited of £41.3m. Interest on these loans is charged at LIBOR plus 1.5% and both loan and interest are repayable on demand.

Included within amounts due from subsidiary undertakings is £6.6m (31 December 2017: £1.1m) due from FTSE Global Debt Capital Markets Limited, £2.3m due from LSEG Malaysia Sdn. Bhd (31 December 2017: £1.3m) and £0.8m due from FTSE International Taiwan Limited (31 December 2017: nil), which consists of the following amounts:

FTSE Global Debt Capital Markets Limited:

- Loan of £6.6m which accrues interest at LIBOR + 1.5% per annum and is repayable on demand;

LSEG Malaysia Sdn. Bhd:

- Loan of £2.3m (USD 2.87m) which accrues interest at LIBOR + 4.0% per annum and is repayable on demand;

FTSE International Taiwan Limited:

- Loan of £0.8m which accrues interest at LIBOR + 1.5% per annum and is repayable on demand

All other amounts due from the ultimate parent, parent, companies under common control and subsidiary undertakings are interest free and repayable on demand.

The carrying values less impairment provisions of receivables are reasonable approximations of fair values. Trade receivables not past due are not considered to be impaired.

The ageing of past due trade receivables is as follows:

	£'000
31 December 2016	2,697
Provision for receivables impairment	5,382
31 December 2017	8,079
31 December 2017 (as previously reported)	8,079
Adoption of new accounting standards (Note 2)	(6,048)
1 January 2018 – (revised)	2,031
Provision for receivables impairment	516
31 December 2018	2,547

The creation and release of the provision for impaired receivables are included in administrative expenses in the income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash. The other classes within trade and other receivables and the other categories of financial assets do not contain impaired assets.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

18. Cash and cash equivalents

	31 December 2018	31 December 2017
	£'000	£'000
Cash at bank	31	82

Management does not expect any losses from non-performance by the counterparties holding cash at bank, and there are no differences between their book and fair values.

19. Trade and other payables and contract liabilities

	31 December 2018	31 December 2017
	£'000	£'000
Current		
Trade payables	8,895	15,894
Amounts owed to parent	42,326	9,754
Amounts owed to ultimate parent	4,377	5,453
Amounts owed to companies under common control	109,287	82,459
Amounts owed to subsidiary undertakings	55,221	38,855
Social security and other taxes	7,127	2,703
Other payables	467	750
Accruals	14,017	8,774
Deferred income ¹	-	49,446
Total trade and other payables	241,717	214,088
Current		
Contract liabilities ¹	61,797	-
Total contract liabilities	61,797	-

¹ Prior to the adoption of IFRS 15 on 1 January 2018, contract liabilities were previously referred to as 'deferred income'. Refer to Note 2 for further details.

Contract liabilities primarily relate to the consideration received from customers for which services have not yet been rendered.

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

Included within amounts owed to subsidiary undertakings is £4.3m (31 December 2017: £1.9m) due to FTSE Global Debt Capital Markets Limited and consists of the following amounts:

FTSE Global Debt Capital Markets Limited:

- Loan of £2.54m (USD 3.23m) which accrues interest at LIBOR + 1.5% per annum and is repayable on demand;
- Loan of £1.43m (EUR 1.59m) which accrues interest at LIBOR + 1.5% per annum and is repayable on demand;
- Loan of £0.32m (CAD 0.56m) which accrues interest at LIBOR + 1.5% per annum and is repayable on demand

As at 31 December 2018 all other amounts owed to the parent, ultimate parent, subsidiary undertakings and companies under common control are interest free and repayable on demand.

20. Provisions

	31 December 2018	31 December 2017
	£'000	£'000
Current provision:		
Other provision	561	-
Non-current provision:		
Other provision	755	-
Total provision	1,316	-

Other provisions primarily relate to the expected costs arising on the restructuring and integration of fellow Group undertakings into the Company's targeted operating model.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

21. Ordinary share capital

	31 December 2018		31 December 2017	
	Number	£	Number	£
Issued, called up and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

22. Commitments and contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Company were £nil (31 December 2017: £nil) and £nil (31 December 2017: £nil), respectively.

23. Share schemes

The London Stock Exchange Group Long Term Incentive Plan ("LTIP"), approved at the 2016 AGM, has two elements, a conditional award of Performance Shares and an award of Matching Shares linked to investment by the executive of annual bonus in LSEG shares – the latter element is not applicable to executive directors of the Group. Vesting of these awards is dependent upon LSEG total shareholder return (TSR) performance and adjusted basic earnings per share. Further details are provided in the Remuneration Report in the Annual Report of the London Stock Exchange Group plc for the year ended 31 December 2018, which does not form part of this report.

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

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

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

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

	31 December 2018		31 December 2017	
	Number	Weighted average exercise price	Number	Weighted average exercise price
SAYE	8,972	£20.50	22,075	£14.82
LTIP	54,683	-	75,620	-

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

	31 December 2018		31 December 2017	
	Number outstanding	Weighted average remaining contractual life (years)	Number outstanding	Weighted average remaining contractual life (years)
SAYE				
Less than £10	-	-	-	-
Between £10 and £20	-	-	508	-
Between £20 and £30	18,121	0.1	28,879	0.6
More than £30	35,826	1.4	27,637	1.5
LTIP				
Nil	333,582	1.3	315,381	1.7
Total	387,529	1.3	372,405	1.7

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24. Ultimate parent company

As at 31 December 2018, the Company's ultimate parent undertaking and the parent that headed the smallest and the largest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc, a company incorporated in England and Wales. The immediate parent is London Stock Exchange Group Holdings Limited, a company incorporated in England and Wales. One hundred per cent of the issued share capital of the Company was beneficially owned by its ultimate parent undertaking.

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

25. Events after the reporting period

On 6 August 2019 the Company made equity investment in FTSE Italy S.p.A, a newly formed subsidiary of the Group, for cash consideration of €50k. The Company owns 100% of the equity in FTSE Italy S.p.A.

26. Other statutory information

The Company has the following amounts payable to its auditors in respect of the audit of the financial statements to the Company.

	Year ended 31 December 2018	Year ended 31 December 2017
	£'000	£'000
Audit of the Company's financial statements - Ernst & Young LLP	206	200
	206	200

Statutory information on remuneration for other services provided by the Company's auditors to the LSEG 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 included. There were no non-audit services provided to the Company in the current year and in the prior year.