London Stock Exchange Plc

Report and Financial Statements

For the Year Ended 31 March 2011

Company Registration Number 2075721

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London Stock Exchange plc
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London Stock Exchange plc
DIRECTORS AND OFFICERS

DIRECTORS

C Gibson-Smith	
X Rolet	
D Webb	
Baroness J Cohen	
R Webb	
G Nattino	
S Martle	
P Heiden	(appointed 4 June 2010)
G Huey Evans	(appointed 4 June 2010)
O Fanjul	(resigned 14 July 2010)
N Stapleton	(resigned 14 July 2010)

COMPANY SECRETARY

L M Condron

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

AUDITORS

PricewaterhouseCoopers LLP
7 More London Riverside
London
SE1 2RT

BANKERS

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

London Stock Exchange plc
DIRECTORS' REPORT

The Directors present their report and the audited financial statements for the year ended 31 March 2011

PRINCIPAL ACTIVITIES

The principal activities of London Stock Exchange plc ("the Company") are the admission of securities to trading, the delivery of trading systems, the organisation and regulation of markets in securities and the provision of associated information services

REVIEW OF BUSINESS

The Company has three main areas of business (i) Capital Markets, (ii) Information Services, and (iii) Technology Services In a challenging year, the Company recorded a three per cent decrease in total income to £316 8 million (2010 £325 7 million) The main drivers for total income are the key performance indicators for the London business of the London Stock Exchange Group plc ("the Parent") that, along with the nature of the principal areas of business, are described in the "Review of the business" section of the Annual Report and Accounts to 31 March 2011 of the Parent, which does not form part of this report

FUTURE DEVELOPMENTS

The key aspects of the Company's market position and outlook are described in the "Market position and outlook" section of the Annual Report and Accounts to 31 March 2011 of the Parent, which does not form part of this report

DIVIDENDS

A final dividend of £82 6 million (2010 £48 7 million) is expected to be paid in August 2011 Together with the interim dividend of £74 6 million paid in March 2011 (2010 £59 0 million), this produces a total dividend of £157 2 million (2010 £107 7 million) for the year

DIRECTORS AND DIRECTORS INTEREST

The following Directors have held office during the year

C Gibson-Smith	
X Rolet	
D Webb	
Baroness J Cohen	
R Webb	
G Nattino	
S Martle	
P Heiden	(appointed 4 June 2010)
G Huey Evans	(appointed 4 June 2010)
O Fanjul	(resigned 14 July 2010)
N Stapleton	(resigned 14 July 2010)

None of the Directors had any interest in the shares of the company

EMPLOYEES

Information on the Company's employment policies is given in the "Review of the business" section of the Parent's Annual Report and Accounts to 31 March 2011, which does not form part of this report 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 the appropriate support

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

POLICY AND PRACTICE ON PAYMENT OF CREDITORS

It is the Company's policy to agree payment terms with suppliers when business transactions are negotiated and to make payments in accordance with those terms when goods have been satisfactorily supplied The Company is an approved member of The Prompt Payment Code, part of a structured initiative devised by the UK Government, with the Institute of Credit Management, to tackle the issue of late payment and help small businesses The Prompt Payment Code can be viewed at www promptpaymentcode org uk At 31 March 2011 trade creditors represented three days (2010 eight days) of annual purchases by the Company

PRINCIPAL RISKS AND UNCERTAINTIES

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 risk management framework is described in the Corporate Governance section of the Parent's Annual Report and Accounts to 31 March 2011, which does not form part of this report In addition to the principal market and operational risks below, the Company is exposed to financial risks that are detailed on pages 15 and 16

The Company's principal market risks are considered to arise from clients and competition (with client alignment paramount to the successful operation and growth of our business), the changing regulatory environment and the macro economic environment (unfavourable tax regimes or the changing regulatory environment may reduce the attractiveness of London as a major financial centre)

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

Further details of the Company's principal risks and uncertainties are described in the "Review of the business" section of the Parent's Annual Report and Accounts to 31 March 2011, which does not form part of this report

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Report and 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 elected to prepare the financial statements in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union The financial statements are required by law to 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 judgments and estimates that are reasonable and prudent,
- state that the financial statements comply with IFRSs as adopted by the European Union, 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 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 and 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 forecast 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 Accordingly, they continue to adopt the going concern basis in preparing the financial statements

DIRECTORS' STATEMENT PURSUANT TO THE DISCLOSURE AND TRANSPARENCY RULES

Each of the Directors, whose names are listed in Directors' Report confirm that, to the best of each person's knowledge and belief

- the financial statements, prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Company, and
- the Directors' report contained in the Report and Financial Statements includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces

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 he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming annual general meeting



By order of the Board
Lisa Condron
Company Secretary
13 May 2011

REGISTERED OFFICE
10 Paternoster Square, London EC4M 7LS

London Stock Exchange plc

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON STOCK EXCHANGE PLC

Year Ended 31 March 2011

We have audited the financial statements of London Stock Exchange plc for the year ended 31 March 2011 which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity, the Accounting Policies and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of directors and auditors
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 Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit and cash flows for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, 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

Alison Morris
Senior Statutory Auditor
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
13 May 2011

London Stock Exchange plc

INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2011

INCOME STATEMENT

Continuing operations	Notes	2011 £m	2010 £m
Revenue	4	**289 7**	305 3
Other income		**27 1**	20 4
Total income		**316 8**	325 7
Expenses			
Operating expenses before non-recurring items		**(147 1)**	(168 3)
Non-recurring expenses	8	**(3 0)**	(23 5)
Impairment of investment in subsidiary	8, 15	**(2.6)**	-
Total expenses	5	**(152.7)**	(191 8)
Operating profit		**164 1**	133 9
Analysed as			
Operating profit before non-recurring items and impairment of investment in subsidiary		**169 7**	157 4
Non-recurring items and impairment of investment in subsidary	8	**(5 6)**	(23 5)
Operating profit		**164 1**	133 9
Finance income	9	**27 3**	22 9
Finance expense	9	**(15 9)**	(15 5)
Net finance income	9	**11 4**	7 4
Profit before taxation		**175 5**	141 3
Taxation	10	**(50 3)**	(36 6)
Profit for the financial year		**125.2**	104 7

STATEMENT OF COMPREHENSIVE INCOME

	Notes	2011 £m	2010 £m
Profit for the financial year		**125 2**	104 7
Defined benefit pension scheme actuarial gain/(loss)	18	**32.1**	(1 8)
Cash flow hedge		**-**	0 1
Tax related to items not recognised on income statement		**(6 5)**	1 5
		25 6	(0 2)
Total comprehensive income for the financial year		**150 8**	104 5

London Stock Exchange plc
BALANCE SHEET
Year Ended 31 March 2011

	Notes	2011 £m	2010 £m
Assets			
Non-current assets			
Property, plant and equipment	12	50 6	53 9
Intangible assets	13	62.8	45 2
Investments in joint ventures	14	8 3	8 3
Investments in subsidiary undertakings	15	81 8	80 4
Deferred tax assets	16	2.5	1 5
Available for sale investments	17	0 4	0 4
Retirement benefit assets	18	37 6	4 6
		244 0	194 3
Current assets			
Trade and other receivables	19	244 4	250 3
Cash and cash equivalents	20	110 3	89 4
		354 7	339 7
Total assets		598 7	534 0
Liabilities			
Current liabilities			
Trade and other payables	21	159.4	117 4
Current tax		30 6	49 3
Provisions	22	3 7	3 7
		193 7	170 4
Non-current liabilities			
Deferred tax liabilities	16	12.8	3 0
Provisions	22	27 8	30 2
		40.6	33 2
Total liabilities		234.3	203 6
Net assets		364 4	330 4
Equity			
Share capital	23	14.9	14 9
Share premium		4.3	4 3
Retained earnings		345 2	311 2
Total equity		364.4	330 4

The financial statements on pages 7 to 35 were approved by the Board on 13 May 2011 and signed on its behalf by

Xavier Rolet
Chief Executive

Doug Webb
Chief Financial Officer

London Stock Exchange plc

Registered number 2075721

London Stock Exchange plc
CASH FLOW STATEMENT
Year ended 31 March 2011

	Notes	2011 £m	2010 £m
Cash flow from operating activities			
Cash generated from operations	24	**224 0**	178 1
Interest received		**6 9**	14 6
Interest paid		**(0 2)**	(1 4)
Corporation tax paid		**(66 9)**	(28 6)
Net cash flow from operating activities		**163 8**	162 7
Cash flow from investing activities			
Purchase of property, plant and equipment		**(8 7)**	(9 8)
Sale of property, plant and equipment		**0 8**	-
Purchase of intangible assets		**(16 8)**	(25 7)
Investment in joint ventures		**-**	(6 1)
Investment in subsidiary		**(2 0)**	-
Disposal of stakes in subsidiaries		**-**	0 1
Dividends received		**3.8**	2 5
Net repayments from parent		**3.3**	25 6
Net cash outflow from investing activities		**(19 6)**	(13 4)
Cash flow from financing activities			
Dividends paid to shareholders		**(123 3)**	(109 0)
Net cash outflow from financing activities		**(123 3)**	(109 0)
Increase in cash and cash equivalents		**20 9**	40 3
Cash and cash equivalents at beginning of year		**89 4**	49 1
Cash and cash equivalents at end of year	20	**110 3**	89 4

London Stock Exchange plc
STATEMENT OF CHANGES IN EQUITY
Year Ended 31 March 2011

	Notes	Ordinary share capital £m	Share premium £m	Retained earnings £m	Cash flow hedging reserve £m	Total attributable to equity holders £m
1 April 2009		**14 9**	**4 3**	**312.5**	**(0 1)**	**331 6**
Total comprehensive income for the year		-	-	104 4	0 1	104 5
Final dividend relating to the year ended 31 March 2009	11	-	-	(50 0)	-	(50 0)
Interim dividend relating to the year ended 31 March 2010	11	-	-	(59 0)	-	(59 0)
Employee share scheme expenses	27	-	-	3 3	-	3 3
31 March 2010		**14.9**	**4 3**	**311 2**	**-**	**330 4**
Total comprehensive income for the year		-	-	150 8	-	150 8
Final dividend relating to the year ended 31 March 2010	11	-	-	(48 7)	-	(48 7)
Interim dividend relating to the year ended 31 March 2011	11	-	-	(74 6)	-	(74 6)
Employee share scheme expenses	27	-	-	6 5	-	6 5
31 March 2011		**14.9**	**4 3**	**345 2**	**-**	**364 4**

1 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations endorsed by the European Union, and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS

The 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 in conformity with IFRS 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 the UK The address of its registered office is 10 Paternoster Square, London, EC4M 7LS

1 1 RECENT ACCOUNTING DEVELOPMENTS

The following standards and interpretations have been issued by the International Accounting Standards Board ("IASB") and IFRIC and have been adopted in these financial statements These standards and amendments were effective for the current period, but the adoption of these did not have a material impact on these financial statements

IFRS 2 'Share-based Payments' - Amendments relating to group cash-settled share-based payment transactions and vesting conditions,

IFRS 3 (revised) 'Business Combinations' - Comprehensive revision applying the acquisition methodology,

IAS 27 (revised) 'Consolidated and Separate Financial Statements' - Consequential amendments arising from amendments to IFRS 3,

IAS 28 'Investments in Associates' - Consequential amendments arising from amendments to IFRS 3,

IAS 31 'Interests in Joint Ventures' - Consequential amendments arising from amendments to IFRS 3,

IAS 39 'Financial Instruments Recognition and Measurement' - Amendments for eligible hedged items,

IFRIC 17 'Distributions of Non-cash Assets',

IFRIC 18 'Transfers of Assets from Customers', and

IFRS various annual improvements 2010

The following standards, amendments and interpretations have been issued by the IASB and IFRIC with an effective date, subject to EU endorsement, that does not impact on these financial statements

	Effective date for periods beginning on or after
IFRS 9 'Financial Instruments',	1 January 2013
IAS 24 'Related Party Disclosures',	1 January 2011
IFRIC 14 'Prepayments of a Minimum Funding Requirement',	1 January 2011
IFRIC 18 'Transfers of Assets from Customers', and	1 July 2010
IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'	1 July 2010

1 2 REVENUE

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes

Revenue is recognised in the period when the service or supply is provided The sources of revenue are

a) Maintenance contracts, membership and other fees - revenue is recognised on a straight-line basis over period to which the fee relates,

b) Admission fees - revenue is recognised at the time of admission to trading,

c) Royalties - revenue is recognised at the earlier of cash receipt or the date at which they are earned or measurable with certainty,

d) IT products - where there is no significant service obligation the revenue is recognised upon delivery and acceptance of the software by the customer,

e) IT solutions - where software is sold requiring significant modification, integration or customisation, the consideration is allocated between the different elements on a fair value basis where appropriate Revenue is recognised using a percentage of completion of the transaction at the balance sheet date The stage of completion is determined by reference to the costs incurred to date as a proportion of the total estimated costs or the services performed to date as a percentage of total services to be performed Provision is made for all foreseeable future losses in the period in which it is identified,

f) Software and License fees - revenue is recognised when the performance under the contract has occurred and the revenue has been earned, and

g) Other - all other revenue is recognised in the month in which the service is provided

1 3 NON-RECURRING ITEMS

Items of income and expense that are material by size and/or nature and are non-recurring are classified as non-recurring items on the face of the income statement within their relevant category The separate reporting of these items helps give an indication of the Company's underlying performance

1 4 FOREIGN CURRENCIES

The financial statements are presented in Sterling, which is the Company's presentational and functional currency

Foreign currency transactions are converted into the functional currency using the rate ruling at the date of the transaction or at the monthly average as a proxy Foreign exchange gains or losses resulting from the settlement of such transactions and from the translation at year-end rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement Translation differences arising on the retranslation of non-monetary items carried at fair value are included in the profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity

1 5 FINANCE INCOME AND EXPENSE

Finance income and expense comprises 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 financial year

Investment income comprises dividend income from the Company's investments in FTSE International Ltd and in Euroclear

1 6 PROPERTY, PLANT AND EQUIPMENT

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

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

a) Freehold buildings – 33 to 50 years
b) Fixed plant – five to 20 years
c) Plant and equipment – three to 15 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

1 7 INTANGIBLE ASSETS

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, averaging three 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 Company has sufficient resources to complete the development and to use or sell the asset The assets are recorded at cost including labour, directly attributable costs and any third party expenses

1 8 INVESTMENTS IN JOINT VENTURES AND SUBSIDIARY UNDERTAKINGS

A subsidiary is an entity in which the Company has power to control the financial and operating policies so as to obtain benefits from its activities

A company is accounted for as a joint venture where the Company has a contractual arrangement with one or more parties to undertake activities through entities which are subject to joint control

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

1 9 CURRENT AND DEFERRED TAXATION

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income

Full provision is made, using the liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements Deferred taxation is determined using tax rates that are substantially enacted at the balance sheet date and are expected to apply when the asset is realised or liability settled Deferred tax assets are recognised to the extent it is probable that they will be recoverable against future taxable profits

1 10 FINANCIAL ASSETS

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

a) Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss include financial assets held for liquidity purposes and are initially recognised at fair value and any subsequent changes in fair value are recognised directly in the income statement These assets are financial instruments not designated as hedges

b) Available-for-sale financial assets
Investments (other than term deposits and interests in joint ventures/associates and subsidiaries) are designated as available for sale and are recorded on trade date at fair value plus transaction costs with changes in fair value recognised in equity Where the fair value is not reliably measurable, the investment is held at cost less any provision for impairment Assets such as shares in clearing and payment transmission operations and long term equity investments that do not qualify as associates or joint ventures are usually classified as available for sale

c) Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for maturities greater than 12 months after the balance sheet date, which are classified as non-current assets Loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet

1 11 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 at 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 of so the nature of the item being hedged

The Company applies fair value hedge accounting for hedging interest risk on borrowings Any gain or loss is recognised in the income statement within finance expenses

The Company designates as cash flow hedges both foreign currency derivatives and hedges of interest rate movements on floating rate borrowings associated with highly probable forecast transactions Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in equity

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

Amounts accumulated in equity are recycled 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 existing in equity at that time remains in equity and is recognised when the forecast transaction 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 in equity is immediately transferred to the income statement

1 12 TRADE RECEIVABLES

Trade receivables are non-interest bearing and are stated at their fair value which is usually the original invoiced amount 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 debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments are considered indicators that the trade receivable is impaired The amount of the provision is the difference 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

1 13 CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company comprise cash at bank and term deposits that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value

1 14 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 Provision is made in the accounts for the lower of the cost of fulfilling lease commitments for property space surplus to business requirements after taking into account income from sub-letting, and any compensation or penalties arising from failure to fulfill the lease commitments Such provisions are discounted where the time value of money is considered material

1 15 LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases Payments made under operating leases are charged to the income statement on a straight-line basis Lease incentives are spread over the term of the lease

The Company leases certain plant and equipment where the Company has substantially all the risks and rewards of ownership These are classified as finance leases Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments

Each lease payment is apportioned between the finance charge and the liability so as to achieve a constant rate on the finance balance outstanding The plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term

Due to the immaterial value of finance leases within the Company, this is not disclosed separately within the accounts

1 16 SHARE BASED PAYMENTS TO EMPLOYEES

The Company operates share based compensation plans for employees, settled in shares of the ultimate parent company, London Stock Exchange Group plc 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 The transactions are equity-settled in accordance with the provisions of IFRS 2

In addition to the share based compensation plan cost, there is also the cost relating to the employer's social contributions which the Company must pay out once the amount has matured

The value of the awards under the plan is determined by the fair value on the grant date considering the market conditions and taking account of the terms and conditions which have been assigned to such awards

1.17 PENSION COSTS

The Company operates defined benefit and defined contribution pension schemes For the defined benefit schemes the service cost, representing benefits accruing to employees, is included as an operating expense and the expected return on scheme assets and interest cost from unwinding of the discount on scheme obligations are included as finance income and finance expenses respectively Actuarial gains and losses arising from experience adjustments, changes in actuarial assumptions or differences between actual and expected returns on assets are recognised at each period end net of tax in the statement of comprehensive income The net asset or liability recognised on the balance sheet comprises the difference between the present value of pension obligations and the fair value of scheme assets For defined contribution schemes, the expense is charged to the income statement as incurred

2 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks including credit risk and liquidity risk The Company's risk management programme seeks to minimise potential adverse effects on its financial performance whilst fulfilling its regulatory obligations

2 1 CREDIT RISK

Credit risk is the risk that the Company's counterparties will be unable to meet their obligations to the Company either in part or in full and arises from credit exposures to customers as well as on cash, deposits and derivative financial instruments with banks and financial institutions

Credit risk is controlled through policies developed both at a Company level and with regulators

The Company assesses the credit quality of its customers, taking into account their financial position and considering past experience and other factors Trade receivables, net of impairment, are concentrated in the financial community, and are managed as one class of receivables There is no concentration of credit risk with respect to trade receivables as the Company has a large number of customers and, generally, a low historic incidence of customer defaults Given this, and the recurring nature of the billing and collection arrangements, management assesses the credit quality of the Company's customers as high

2 2 LIQUIDITY RISK

The Company is exposed to liquidity risk to the extent that it is unable to meet its daily payment obligations The Company maintains sufficient cash and marketable securities together with the availability of funding through adequate committed credit facilities to meet all its financial obligations as these fall due

The Company's business is profitable and generates significant free cash flow This free cash flow is available to the Company to invest in growth, capital expenditure or dividend payments

The Company's liquidity is managed by London Stock Exchange Group ("the Group") Management monitors forecasts of the Company's liquidity, prepared to reflect expected cash flow, and overlays sensitivities to these forecasts to reflect assumptions about more difficult market conditions Liquidity risk is managed by depositing funds with counterparties of high quality in accordance with Board approved policy

No separate analyses has been prepared to split the Company's financial liabilities into relevant maturity groupings because all liabilities are expected to be paid, based upon their contractual maturity date, within one year

2 3 CAPITAL RISK MANAGEMENT

The Company manages its capital to ensure it will be able to continue as a going concern The capital structure of the Company consists of cash and cash equivalents and equity, comprising issued share capital, share premium account, reserves and retained earnings as disclosed in the Balance Sheet and in notes 20 and 23

The Company is required to maintain certain levels of liquidity for regulatory and operational purposes These requirements are agreed with the Financial Services Authority ("FSA") As at 31 March 2011 and 31 March 2010 the Company held deposits which exceeded the minimum regulatory capital required

3 SIGNIFICANT JUDGEMENTS AND ESTIMATES

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events

The critical judgements and estimates made in the preparation of these financial statements are set out below The actual outcome may be materially different from that anticipated

a) The determination of the defined benefit pension asset or liability is based on the present value of future pension obligations using assumptions determined by the Company with advice from an independent qualified actuary Sensitivities to changes in the assumptions used are provided in note 18,
b) The property provision is determined taking into consideration future expected receipts from sub-letting and future property costs based on advice from independent property advisers,
c) Estimates are required in determining the provision for corporation taxes The Company recognises liabilities for the estimated tax charge at the period end and where the final tax liability is different from that estimate, such differences are reflected in the period in which such determination is made, and
d) The determination in the financial statements of the value of subsidiary undertakings is based on their forecast cash flows and an appropriate discount rate The basis of such values cannot be precise and is subject to market variations in both cases

4 REVENUE

	2011 £m	2010 £m
Capital Markets	149 4	163 5
Information Services	119 7	114 8
Technology Services	18 8	25 5
Other	1 8	1 5
Total	289 7	305 3

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

5 EXPENSES BY NATURE

	Notes	2011 £m	2010 £m
Cost of sales		2 4	5 4
Employee costs	6	54.6	50 2
Depreciation and amortisation		40 3	53 8
Non-recurring items	8	3 0	23 5
Impairment of investment in subsidiary undertaking	8, 15	2.6	-
Other costs		49.8	58 9
Total		152.7	191 8

6 EMPLOYEE COSTS

	Notes	2011 £m	2010 £m
Salaries and other short term benefits		43 1	38 6
Social security costs		5 8	5 5
Pension costs	18	2.6	4 0
Share based compensation	27	3 1	2 1
Total		54 6	50 2

The number of employees in the Company was	2011	2010
At the year end	445	484
Average for the year	454	506

7 DIRECTORS' EMOLUMENTS

	2011 £000	2010 £000
The Directors' aggregate emoluments in respect of qualifying services were		
Emoluments received	**3,823**	4,530
Benefits	**93**	244
Value of Company pension contributions to money purchase schemes	**92**	59
Total	**4,008**	4,833

During the year three Directors (2010 three) had retirement benefits accruing under money purchase pension schemes and nil Directors (2010 nil) had retirement benefits accruing under a defined benefit scheme

	2011 £000	2010 £000
The emoluments of Directors disclosed above include the following amounts for the highest paid Director		
Emoluments received	**2,112**	1,852
Benefits	**21**	21
Total	**2,133**	1,873

The highest paid Director has not exercised any share options of London Stock Exchange Group plc, the Parent of the Company, during the year, as shown in the Remuneration Report of the Company's ultimate parent company, London Stock Exchange Group plc

8 NON-RECURRING ITEMS AND IMPAIRMENT OF INVESTMENT IN SUBSIDIARY

	Notes	2011 £m	2010 £m
Restructuring costs		**30**	22 1
Integration costs		**-**	1 4
Impairment of investment in subsidiary undertaking	15	**26**	-
Total		**56**	23 5

Restructuring costs mainly comprise headcount restructuring costs arising from the cost saving programmes announced in July 2009 and May 2010

9 NET FINANCE INCOME

	Notes	2011 £m	2010 £m
Finance income			
Bank deposit and other interest income		**0 7**	1 9
Interest on loan to parent		**8 3**	6 7
Expected return on defined benefit pension scheme assets	18	**14.5**	11 8
Investment income		**3.8**	2 5
		27.3	22 9
Finance expense			
Interest on discounted provision for leasehold properties		**(1 6)**	(1 2)
Defined benefit pension scheme interest cost	18	**(14 3)**	(14 3)
		(15 9)	(15 5)
Net finance income		**11 4**	7 4

10 TAXATION

Taxation charged to the income statement	2011 £m	2010 £m
Current tax		
Corporation tax for the year at 28%	**50 3**	40 7
Adjustments in respect of previous years	**(0 6)**	(4 1)
	49 7	36 6
Deferred tax (see note 16)		
Deferred tax for the current year	**(1 1)**	(1 3)
Adjustments in respect of previous years	**1 7**	1 3
Taxation charge	**50 3**	36 6

The adjustments in respect of previous years' corporation tax are mainly in respect of tax returns agreed with relevant tax authorities

Taxation on items charged/(credited) to equity	2011 £m	2010 £m
Current tax credit		
Tax allowance on shares options/awards in excess of expense recognised	**(1 3)**	(0 4)
Deferred tax charge/(credit)		
Defined benefit pension scheme actuarial losses	**9 0**	(0 5)
Tax allowance on share options/awards in excess of expense recognised	**(0.5)**	(0 6)
Adjustments relating to the change in the UK tax rate	**(0 7)**	-
	6 5	(1 5)

Factors affecting the tax charge for the year

The reconciling items between the profits multiplied by the UK rate of corporation tax, 28% (2010 28%), and the income statement tax charge for the year are explained below

	2011 £m	2010 £m
Profit before taxation	175 5	141 1
Profit multiplied by standard rate of corporation tax in the UK of 28%	49 1	39 5
Expenses not deductible	0 1	(0 1)
Adjustments in respect of previous years	1 1	(2 8)
Taxation charge	**50 3**	36 6

11 DIVIDENDS

	2011 £m	2010 £m
Final dividend for 2010 paid August 2010	**48 7**	50 0
Interim dividend for 2011 paid March 2011	**74 6**	59 0
	123 3	109 0

The Board has declared a final dividend in respect of the year ended 31 March 2011 of £82 6 million to be paid in August 2011

12 PROPERTY, PLANT & EQUIPMENT

	Land and buildings		Plant and	
	Freehold £m	Leasehold £m	equipment £m	Total £m
Cost				
1 April 2009	44 9	46 6	41 8	133 3
Additions	-	-	9 5	9 5
Disposals	-	(5 6)	-	(5 6)
31 March 2010	44 9	41 0	51 3	137 2
Additions	-	0 1	8 5	8 6
Disposals	-	-	(2 7)	(2 7)
31 March 2011	**44.9**	**41 1**	**57 1**	**143 1**
Depreciation				
1 April 2009	26 3	25 0	22 0	73 3
Charge for the year	0 4	6 8	8 4	15 6
Disposals	-	(5 6)	-	(5 6)
31 March 2010	26 7	26 2	30 4	83 3
Charge for the year	0 5	3 0	7 5	11 0
Disposals	-	-	(1 8)	(1 8)
31 March 2011	**27 2**	**29 2**	**36 1**	**92.5**
Net book values				
31 March 2011	**17 7**	**11 9**	**21 0**	**50 6**
31 March 2010	18 2	14 8	20 9	53 9

13 INTANGIBLE ASSETS

	Software £m
Cost	
1 April 2009	150 4
Additions	26 4
31 March 2010	176 8
Additions	47 0
Disposals	(2 9)
31 March 2011	**220 9**
Amortisation	
1 April 2009	85 4
Amortisation charge for the year	46 2
31 March 2010	131 6
Amortisation charge for the year	29 3
Disposals	(2 8)
31 March 2011	**158 1**
Net book values	
31 March 2011	**62.8**
31 March 2010	45 2

14 INVESTMENT IN JOINT VENTURES

	£m
Cost at 31 March 2011 and 31 March 2010	**8 3**

The Company owns 50 per cent of the 1,000 £1 issued equity shares in FTSE International Ltd ("FTSE"), a company incorporated in Great Britain which provides financial indices to international clients

The Company is entitled, under a shareholders' agreement, to receive royalties from FTSE The amount receivable by the Company from FTSE for the year ended 31 March 2011 was £11 3 million (2010 £9 6 million)

During the year the Company received dividends of £3 7 million (2010 £2 3 million) from FTSE The final dividend for 2010, of which the Company's share is £2 5 million (2009 £1 5 million) was approved by the shareholders and paid after the publication of FTSE's 31 December 2010 results

The Company has a 49 per cent interest in TOKYO AIM, a company incorporated in Japan to provide secondary market listings in Tokyo TOKYO AIM is a joint venture with Tokyo Stock Exchange Group, a company incorporated in Japan

15 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares £m	Loans £m	Total £m
1 April 2009 and 31 March 2010	74 7	5 7	80 4
Acquisitions	3 9	-	3 9
Impairment	(2 6)	-	(2 6)
Other movements during the year	-	0 1	0 1
31 March 2011	**76 0**	**5 8**	**81 8**

Principal subsidiaries	Principal activity	Country of incorporation	Country of principal operations	% Equity and votes held
All held directly by the Company				
EDX London Ltd	Derivatives exchange	UK	UK	100
Proquote Ltd	Market data provider	UK	UK	100
London Stock Exchange Connectivity Solutions LLP	Connectivity solutions provider	UK	UK	96 4
The Stock Exchange (Properties) Ltd	Property company	UK	UK	100

During the year, the Company acquired 19 9 per cent of the equity of EDX London Ltd, taking its holding from 80 1 per cent to 100 per cent, and 96 4 per cent of the equity of London Stock Exchange Connectivity Solutions LLP

At 31 March 2011, the Company recognised an impairment charge amounting to £2 6 million relating to its investment in its subsidiary EDX London Ltd and reflecting the net assets of EDX London Ltd on that date

The Company holds directly or indirectly 100 per cent of the Ordinary shares, being the only class of shares in issue, of certain other subsidiaries, none of which has actively traded during the year A full list of subsidiaries will be annexed to the next annual return of the Company

16 DEFERRED TAX

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

	Accelerated tax depreciation £m	Provisions and other temporary differences £m	Total £m
1 April 2009	(0 9)	(0 4)	(1 3)
Tax charged to income statement	(0 8)	0 8	-
Transfers between deferred tax and current tax	-	(1 3)	(1 3)
Tax credited to other comprehensive income			
- defined benefit actuarial loss	-	0 5	0 5
- allowance on share options/awards	-	0 6	0 6
31 March 2010	**(1 7)**	**0 2**	**(1 5)**
Tax charged to income statement	(1 3)	0 7	(0 6)
Transfers between deferred tax and current tax	-	(0 4)	(0 4)
Tax credited to other comprehensive income			
- defined benefit actuarial loss	-	(9 0)	(9 0)
- allowance on share options/awards	-	0 5	0 5
- change in UK tax rate	-	0 7	0 7
31 March 2011	**(3 0)**	**(7 3)**	**(10 3)**
Assets at 31 March 2011	**-**	**2 5**	**2.5**
Liabilities at 31 March 2011	**(3 0)**	**(9 8)**	**(12.8)**
Net liabilities at 31 March 2011	**(3 0)**	**(7 3)**	**(10.3)**
Assets at 31 March 2010	-	1 5	1 5
Liabilities at 31 March 2010	(1 7)	(1 3)	(3 0)
Net (liabilities)/assets at 31 March 2010	(1 7)	0 2	(1 5)

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

17 AVAILABLE FOR SALE INVESTMENTS

Available for sale financial investments of £0 4m (2010 £0 4m) represent the cost of the Company's 0 6 per cent interest in the unlisted ordinary shares of Euroclear plc The fair value of these shares cannot be reliably measured because they are unquoted

18 RETIREMENT BENEFIT OBLIGATIONS

The Company operates separate defined benefit and defined contributions schemes The assets of the defined benefit and defined contribution schemes are held separately from those of the Company in separate trustee administered funds and the funds are primarily managed by Schroder Investment Management Limited, Investec Asset Management Limited, Legal & General Investment Management Limited, PIMCO Europe Limited and Aviva Investors

Defined benefit schemes

The defined benefit scheme is non-contributory and provides benefits based on final pensionable pay related to salary earned in the last five years of employment The scheme was closed to new members in 1999 Pension scheme obligations and costs are determined by an independent qualified actuary on a regular basis using the projected unit credit method The obligations are measured by discounting the best estimate of future cash flows to be paid out by the scheme and are reflected in the balance sheet

On 7 April 2011 the Trustees of the Group's Defined Benefit Plan signed an agreement with Pension Insurance Corporation Limited ("PIC") to insure for a premium of around £158 million all future payments to scheme members who were pensioners at 31 March 2011 The actuarial liability of these benefits at 31 March 2011 was £140 5 million, with the excess of the insurance premium over the liabilities being funded from the Plan surplus The contract includes an obligation to insure future retirements over the next five years on consistent pricing terms for a total premium currently estimated to be £45 million

Defined contribution schemes

The Company's defined contribution schemes are now the only schemes open to new employees A core contribution of eight per cent of pensionable pay is provided and the Company will match employee contributions up to a maximum of six per cent of pensionable pay

Amounts recognised in the income statement are as follows

	Note	**2011 £m**	2010 £m
Defined contribution schemes		**(1 9)**	(3 3)
Defined benefit scheme - current service cost		**(0 7)**	(0 7)
Total pension charge included in employee costs	6	**(2 6)**	(4 0)
Finance income and expense			
Interest expense		**(14.3)**	(14 3)
Expected return on assets		**14 5**	11 8
Net finance income/(expense)		**0 2**	(2 5)
Total recognised in the income statement		**(2 4)**	(6 5)

Defined benefit assets/(obligations)

	2011 £m	2010 £m	2009 £m	2008 £m	2007 £m
Fair value of assets					
Equities	**39 3**	37 2	25 1	33 2	35 7
Bonds	**219 5**	218 5	202 6	190 9	185 2
Property	**23 3**	13 3	7 1	8 8	3 7
Total fair value of assets	**282.1**	269 0	234 8	232 9	224 6
Present value of funded obligations	**(244 5)**	(264 4)	(229 8)	(221 1)	(239 6)
Surplus/(deficit)	**37 6**	4 6	5 0	11 8	(15 0)

The main actuarial assumptions are set out below

	2011	2010
Inflation rate - CPI	**2 5%**	-
Inflation rate - RPI	**3 5%**	3 7%
Rate of increase in salaries	**5 0%**	5 2%
Rate of increase in pensions in payment	**3 7%**	4 0%
Discount rate	**5 6%**	5 5%
Expected return on assets at the start of the financial year		
- equities	**7 6%**	7 6%
- bonds	**4 8%**	5 2%
- property	**6 8%**	6 7%
Life expectancy from age 60 (years)		
- Non retired male member	**27 8**	27 7
- Non retired female member	**30 6**	30 5
- Retired male member	**26 2**	26 1
- Retired female member	**29 1**	29 0

Following the Government announcement in July 2010 that in the future it will use the Consumer Prices Index ("CPI") in place of the Retail Prices Index ("RPI") in its determination of the statutory minimum pension increases it was decided that revaluation in deferred pension increases will now be linked to CPI This is consistent with the Company's scheme rules to use the statutory minimum in determining benefits The change in assumption has resulted in an additional £7 3 million actuarial gain in the current year, which is credited to reserves

Expected returns on equities and property are determined by applying an appropriate risk premium to the risk free rate measured with reference to the return on government bonds Expected returns on bonds are derived from returns on government and corporate bonds of an equivalent term to the investments held

The mortality assumptions are based on the standard tables S1NA published by the Institute and Faculty of Actuaries adjusted to take account of projected future improvements in life expectancy from the Self Administered Pension Scheme ("SAPS") mortality survey, which was published in 2008 We have used an allowance for the medium cohort effect and applied a one per cent underpin in respect of future mortality improvements

Sensitivities

The sensitivities regarding the principal assumptions used to measure the scheme obligations are

Assumption	Change in assumption	Impact on scheme obligations
Inflation rate	Increase/decrease by 0 5%	Increase/decrease by £4 3m
Rate of increase in pensions payment	Increase/decrease by 0 5%	Increase/decrease by £14 8m
Discount rate	Increase/decrease by 0 5%	Decrease/increase by £19 3m
Mortality rate	Increase by 1 year	Increase by £6 9m

Movement in defined benefit obligation during the year

	2011 £m	2010 £m
1 April	264 4	229 8
Current service cost	0 7	0 7
Interest expense	14 3	14 3
Benefits paid	(8 1)	(7 0)
Actuarial (gain)/loss	(26 8)	27 4
Curtailment gain	-	(0 8)
31 March	**244 5**	264 4

Movement in fair value of plan assets during the year

	2011 £m	2010 £m
1 April	269 0	234 8
Expected return on assets	14 5	11 8
Contributions received	1 4	3 8
Benefits paid	(8 1)	(7 0)
Actuarial gain	5 3	25 6
31 March	**282.1**	269 0

The actual return on plan assets was £19 8 million (2010 £37 4 million)

Defined benefit actuarial gains and losses recognised

The experience adjustments and the effects of changes in actuarial assumptions of the pension scheme during the year are recognised in the statement of comprehensive income

	2011 £m	2010 £m
Recognised up to 1 April	2.7	4 5
Net actuarial gain/(loss) recognised in year	32.1	(1 8)
Cumulative amount recognised at 31 March	**34 8**	2 7

The last actuarial valuation of the defined benefit scheme was carried out at 31 March 2009 by an independent qualified actuary Following the valuation, ordinary contributions were increased from 36 per cent to 41 per cent of pensionable salaries The Company expects to contribute approximately £1 3 million to the defined benefit scheme during the year to 31 March 2012 The next actuarial valuation as at 31 March 2012 may result in an adjustment to future contribution levels

The Company estimates the present value of the duration of defined benefit obligations on average fall due over 20 years

History of experience gains and losses for scheme		2011	2010	2009	2008	2007
Experience adjustments arising on scheme assets						
Experience gain/(loss)	£m	**5 3**	25 6	(11 2)	(3 7)	(10 7)
Percentage of scheme assets		**1 9%**	9 5%	(4 8%)	(1 6%)	(4 8%)
Experience adjustments arising on scheme liabilities						
Experience gain/(loss)	£m	**1 5**	7 5	1 3	0 7	(0 4)
Impact of changes in assumptions	£m	**25 3**	(34 9)	(1 1)	24 8	11 4
Total	**£m**	**26.8**	(27 4)	0 2	25 5	11 0
Percentage of scheme liabilities						
Experience gain/(loss)		**0.6%**	2 8%	0 6%	0 3%	(0 2%)
Impact of changes in assumptions		**10 3%**	(13 2%)	(0 5%)	11 2%	4 8%
Total		**10.9%**	(10 4%)	0 1%	11 5%	4 6%

19 TRADE AND OTHER RECEIVABLES

	Notes	2011 £m	2010 £m
Trade receivables		**25 1**	20 7
Less Provision for impairment of receivables		**(4 7)**	(4 6)
Trade receivables - net		**20.4**	16 1
Amounts due from parent	28	**179 8**	184 6
Amounts due from companies under common control	28	**9 5**	13 5
Amounts due from subsidiary undertakings	28	**4.2**	3 6
Other receivables		**1.0**	1 4
Prepayments and accrued income		**29 5**	31 1
		244 4	250 3

The carrying values less impairment provision of trade and other receivables are reasonable approximations of fair values All trade and other receivables are denominated in sterling

Trade receivables not past due are not considered to be impaired

The ageing of past due debtors is as follows

	2011		2010	
	Impaired £m	**Not impaired £m**	Impaired £m	Not impaired £m
0 to 3 months past due	**-**	**2.1**	-	1 5
Greater than 3 months past due	**4 7**	**-**	4 6	0 1
	4 7	**2.1**	4 6	1 6

Movements on the Company's provision for impairment of trade receivables are as follows

	2011 £m	2010 £m
1 April	**4.6**	4 8
Provision for receivables impairment	**0.2**	0 1
Receivables written off during the year as uncollectible	**(0.1)**	(0 2)
Provisions no longer required	**-**	(0 1)
31 March	**4 7**	4 6

The creation and release of provision for impaired receivables have been included in operating expense 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

20 CASH AND CASH EQUIVALENTS

	2011 £m	2010 £m
Cash at bank	**2.8**	3 8
Short term deposits	**107 5**	85 6
	110 3	89 4

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

21 TRADE AND OTHER PAYABLES

	Notes	2011 £m	2010 £m
Trade payables		**(2 5)**	(2 8)
Amounts owed to subsidiary undertakings	28	**(71 6)**	(73 7)
Amounts owed to companies under common control	28	**(36 5)**	(3 1)
Social security and other taxes		**(4 9)**	(8 3)
Other payables		**(4 0)**	(3 8)
Accruals and deferred income		**(39 9)**	(25 7)
		(159 4)	(117 4)

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

22 PROVISIONS

	Property £m
1 April 2009	26 7
Non-recurring charges during the year	9 2
Utilised during the year	(3 2)
Interest on discounted provision	1 2
31 March 2010	**33 9**
Utilised during the year	(3 9)
Interest on discounted provision	1 5
31 March 2011	**31 5**
Current	3 7
Non-current	27 8
31 March 2011	**31 5**

The property provision represents the estimated net present value of future costs for lease rentals and dilapidation costs less the expected receipts from sub-letting space which is surplus to business requirements The leases have between three and 17 years to expiry

23 ORDINARY SHARE CAPITAL

	2011		2010	
Issued, called up and fully paid	**Number**	**£**	Number	£
Ordinary shares of 5 5/6p each	**256,230,499**	**14,946,779**	256,230,499	14,946,779

24 NET CASH FLOW GENERATED FROM OPERATIONS

	2011 £m	2010 £m
Profit before taxation	**175.5**	141 1
Depreciation and amortisation	**40 3**	61 9
Impairment of investment in subsidiary	**2.6**	-
Net finance income	**(11.4)**	(7 4)
Decrease/(increase) in trade and other receivables	**8 3**	(16 9)
Increase/(decrease) in trade and other payables	**10 2**	(5 4)
Defined benefit pension obligation - contributions in excess of expenses charged	**(0 6)**	(3 4)
Provisions created during the year	**-**	9 2
Provisions utilised during the year	**(3 9)**	(3 2)
Share scheme expense	**3 1**	2 1
Foreign exchange losses on operating activities	**(0 1)**	0 1
Cash generated from operations	**224.0**	178 1
Comprising		
Ongoing operating activities	**227 1**	187 4
Non-recurring items	**(3 1)**	(9 3)
	224 0	178 1

25 COMMITMENTS AND CONTINGENT LIABILITIES

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Company were £2 2 million (2010 £1 8 million) and £nil (2010 £3 1 million) respectively In addition, the Company's joint ventures had contracted capital commitments of £0 2 million (2010 £nil)

26 LEASES

The Company leases various office properties and equipment under non-cancellable operating leases

The total future minimum lease payments under non-cancellable operating leases are due as follows

	2011 £m	2010 £m
Less than one year	18 8	17 9
More than one year and less than five years	60 9	65 2
More than five years	104 8	117 3
	184.5	200 4

Operating lease payments of £16 5 million (2010 £15 5 million) were charged to the income statement in the year

The total future minimum lease payments expected to be received under non-cancellable operating leases are due as follows

	2011 £m	2010 £m
Less than one year	**4.4**	4 4
More than one year and less than five years	**18 1**	18 9
More than five years	**14.7**	18 2
	37.2	41 5

27 SHARE SCHEMES

The share options and awards issued to the Company's employees relate to the underlying shares of London Stock Exchange Group plc ("the Parent") Following the scheme of arrangement in May 2006, new options and awards are granted by the Parent Options and awards granted prior to this date were granted by the Company, but since the scheme of arrangement this obligation has been taken on by the Parent References to Group and/or its shares within this note refer to the listed entity before or after the scheme of arrangement

The London Stock Exchange Group Long Term Incentive Plan ("LTIP"), approved at the 2004 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 the Group's shares Vesting of these awards is dependent on the Parent's total shareholder return performance and, for awards made since 2008, adjusted basic earnings per share

Under the Group's previous share option plan approved by shareholders in 2002, the maximum value of shares placed under option to an individual was equivalent to 100 per cent of their annual salary No further awards will be made under this scheme

Prior to 2002, under the previous long term incentive scheme (comprising the Initial and Annual Share Plans), option grants and share awards were made based on approvals prior to the Group's listing in July 2001 No further option grants or share awards will be made under this scheme apart from the SAYE scheme available to all staff Under both the Initial and Annual Share Plan, share awards have a vesting period of three years and share options become exercisable at 20 per cent per annum over five years with a contractual life of 10 years

The SAYE scheme and International Sharesave Plan 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

Movements in the number of share options and awards outstanding and their weighted average exercise prices are as follows

	Share options		SAYE Scheme		LTIP	
	Number	Weighted average exercise price	Number	Weighted average exercise price	Number	Weighted average exercise price
At 1 April 2009	1,602,674	3 33	535,364	5 51	2,360,349	-
Granted	38,976	3 45	-	-	1,548,728	-
Exercised	(333,299)	3 37	(80,656)	3 50	(173,211)	-
Forfeited	(3,982)	3 46	(84,932)	6 12	(1,058,549)	-
At 31 March 2010	1,304,369	3 32	369,776	5 81	2,677,317	-
Granted	81,396	7 00	-	-	1,871,868	-
Exercised	(968,863)	3 22	(29,522)	5 69	(4,267)	-
Forfeited	(14,956)	5 49	(80,486)	6 23	(791,734)	-
At 31 March 2011	401,946	4 22	259,768	5 69	3,753,184	
Exercisable at 31 March 2011	329,118	2 95	259,768	5 69	-	-
31 March 2010	1,269,105	3 23	9,425	10 26	-	-

The weighted average share price of London Stock Exchange Group plc shares during the year was £7 36 (2010 £7 40)

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

	Awards/options outstanding 2011		Awards/options outstanding 2010	
Exercise price range	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
Share options				
Up to £3	-	-	312,250	0 2
Between £3 and £4	329,118	2 4	918,709	1 9
Above £4	72,828	1 7	63,410	0 1
SAYE				
Between £5 and £6	259,768	0 4	360,351	1 2
Above £10	-	-	9,425	0 1
LTIP				
Nil	3,753,184	1 7	4,651,632	1 0
Total	4,414,898	2 2	6,315,777	1 2

The fair value of share awards and share options granted during the year was determined using a stochastic valuation model The key assumptions used in the valuation were as follows

	Matching/ Performance Shares 15 February 2011	Matching Shares 27 September 2010	Performance Shares 14 September 2010	Performance Related Equity Plan Restricted Shares 14 September 2010	Performance Related Equity Plan Market Value Options 14 September 2010
Grant date share price	£9 000	£7 065	£6 890	£6 890	£6 890
Exercise price	n a	n a	n a	n a	£7 000
Volatility	53%	55%	54%	54%	54%
Expected life	3 years	3 years	3 years	3 years	3 years
Dividend yield	2 80%	3 50%	3 60%	3 60%	3 60%
Fair value TSR	£4 37	£3 56	£3 42	£3 42	£1 96
Fair value EPS	£8 27	£6 33	£6 16	£6 16	£2 26

The volatility assumption is based on a statistical analysis of weekly share prices since the London Stock Exchange's flotation in July 2001 The fair value for the Performance and Matching Shares granted during the year is based on a Total Shareholder Return ("TSR") pricing model which takes into account of the TSR vesting condition The fair value of all other shares granted is based on a Black-Scholes model Holders of share awards and share options are not entitled to receive dividends declared during the vesting period

28 TRANSACTIONS WITH RELATED PARTIES

Directors

During the financial year, no contracts of significance were entered into by the Company in which the Directors had a material interest

Key management compensation

Compensation for Directors of the Company and key personnel who have authority for planning, directing and controlling the Company

	2011 £000	2010 £000
Salaries and other short term benefits	7,869	5,408
Pensions	212	76
	8,081	5,484

Transactions with parent – London Stock Exchange Group plc

During the year the Company charged London Stock Exchange Group plc ("the Parent") £8 3 million (2010 £6 7 million) for interest receivable on the intercompany loan The Company was charged £3 1 million (2010 £2 1 million) by the Parent in respect of employee share schemes (see note 27)

The amount receivable from the Parent is disclosed in note 19 This loan is for a term of 25 years and is repayable in five equal installments commencing on the 21st anniversary of the first drawdown, in May 2027 The loan bears interest at LIBOR plus 2 per cent

The Company paid dividends of £123 3 million (2010 £109 0 million) to the Parent

Transactions with companies under common control

During the year the Company engaged in services with companies under common control resulting in revenues of £16 3 million (2010 £12 6 million) and purchases of £37 3 million (2010 £3 1 million) As at 31 March 2011, the amount receivable from companies under common control was £9 5 million (2010 £13 5 million), whilst the amount payable was £36 5 million (2010 £3 1 million)

Transactions with subsidiary undertakings

During the year the Company engaged in services with subsidiary undertakings resulting in revenues of £5 1 million (2010 £2 9 million), costs of £0 4 million (2010 £0 3 million) and net finance income of £0 1 million (2010 £nil)

As at 31 March 2011, trading amounts receivable from subsidiary undertakings was £4 2 million (2010 £3 6 million) In addition, the Company had a loan receivable from Proquote Ltd of £5 8 million (2010 £5 7 million), with interest charged at market rates

Amounts payable to subsidiary undertakings by the Company at 31 March 2011 was £71 6 million (2010 £73 7 million), comprising a non-interest bearing loan of £67 6 million (2010 £67 2 million) to The Stock Exchange (Properties) Ltd, a loan of £4 0 million (2010 £6 4 million) payable to EDX London Ltd bearing interest charged at market rates, and a loan of £nil (2010 £0 1 million) payable to Proquote Ltd

29 ULTIMATE PARENT COMPANY

As at 31 March 2011, the Company's parent and ultimate parent undertaking and the parent that headed the largest group of undertakings for which consolidated financial statements were prepared was London Stock Exchange Group plc, a company incorporated in Great Britain 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 accounts can be obtained from London Stock Exchange Group plc, 10 Paternoster Square, London EC4M 7LS

30 OTHER STATUTORY INFORMATION

Auditors' remuneration payable to PricewaterhouseCoopers LLP and its associates comprises the following

	2011 £m	2010 £m
Audit of the Company	**0 1**	0 1
Other fees		
- Taxation	**0 1**	0 3
- Corporate finance	**-**	0 4
	0 2	0 8