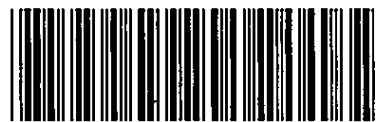


London Stock Exchange plc
Report and Financial Statements
For the year ended 31 March 2012

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
G Huey Evans

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 2012

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. The Company recorded a five per cent increase in total income for the year to £332.9 million (2011: £316.8 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 "Business review" section of the Annual Report and Accounts to 31 March 2012 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 2012 of the Parent, which does not form part of this report.

DIVIDENDS

A final dividend of £55.4 million (2011: £82.6 million) is expected to be paid in August 2012. Together with the interim dividend of £39.2 million paid in January 2012 (2011: £74.6 million), this produces a total dividend of £94.6 million (2011: £157.2 million) for the year.

DIRECTORS AND DIRECTORS' INTERESTS

The following Directors have held office throughout the year:

C Gibson-Smith
X Rolet
D Webb
Baroness J Cohen
R Webb
G Nattino
S Martle
P Heiden
G Huey Evans

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 "Business review" section of the Parent's Annual Report and Accounts to 31 March 2012, 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 appropriate support.

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

LONDON STOCK EXCHANGE PLC

DIRECTORS' REPORT

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 2012 trade creditors represented 27 days (2011: nine 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 "Governance" section of the Parent's Annual Report and Accounts to 31 March 2012, 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 page 14.

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 "Business review" section of the Parent's Annual Report and Accounts to 31 March 2012, 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 prepared 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 judgements 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 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 and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

LONDON STOCK EXCHANGE PLC

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. 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
18 May 2012

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 2012

We have audited the financial statements of London Stock Exchange plc for the year ended 31 March 2012, which comprise the Income Statement, the Statement of Comprehensive Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity 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 pages 3 and 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 2012 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
18 May 2012

LONDON STOCK EXCHANGE PLC

INCOME STATEMENT

Year ended 31 March 2012

	Notes	2012 £m	2011 (restated) £m
Continuing operations			
Revenue	4	300.5	289.7
Other income		32.4	27.1
Total income		332.9	316.8
Expenses			
Operating expenses before non-recurring items		(181.6)	(147.1)
Non-recurring items	8	(1.3)	(3.0)
Total expenses	5	(182.9)	(150.1)
Operating profit		150.0	166.7
Analysed as			
Operating profit before non-recurring items		151.3	169.7
Non-recurring items	8	(1.3)	(3.0)
Operating profit		150.0	166.7
Profit/loss on disposal of joint venture/impairment of investment in subsidiary		6.2	(2.6)
Finance income	9	25.9	27.3
Finance expense	9	(15.0)	(15.9)
Net finance income	9	10.9	11.4
Profit before taxation		167.1	175.5
Taxation	10	(43.2)	(50.3)
Profit for the financial year		123.9	125.2

The income statement for the year ended 31 March 2011 has been represented to recognise the £2.6 million impairment of investment in subsidiary below operating profit as the Directors believe this presentation more fairly reflects the operations of the Company. This has no impact on profit before taxation, total comprehensive income, balance sheet or cash flows.

LONDON STOCK EXCHANGE PLC

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 March 2012

	Note	2012 £m	2011 £m
Profit for the financial year		123.9	125.2
Other comprehensive income:			
Defined benefit pension scheme actuarial (loss)/gain	17	(47.7)	32.1
Tax related to items not recognised in income statement		12.8	(6.5)
Other comprehensive (loss)/income for the financial year		(34.9)	25.6
Total comprehensive income for the financial year		89.0	150.8

LONDON STOCK EXCHANGE PLC

BALANCE SHEET

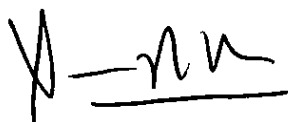
As at 31 March 2012

	Notes	2012 £m	2011 £m
Assets			
Non-current assets			
Property, plant and equipment	12	50 2	50 6
Intangible assets	13	56 4	62 8
Investment in joint ventures	14	-	8 3
Investment in subsidiary undertakings	15	83 5	81 8
Deferred tax assets	16	8 2	2 5
Available for sale investments		0 4	0 4
Retirement benefit assets	17	-	37 6
		198 7	244 0
Current assets			
Trade and other receivables	18	289 5	244 4
Cash and cash equivalents	19	87 7	110 3
		377 2	354 7
Total assets		575 9	598 7
Liabilities			
Current liabilities			
Trade and other payables	20	159 7	159 4
Current tax		34 8	30 6
Provisions	21	2 5	3 7
		197 0	193 7
Non-current liabilities			
Deferred tax liabilities	16	-	12 8
Retirement benefit obligations	17	9 8	-
Provisions	21	26 6	27 8
		36 4	40 6
Total liabilities		233 4	234 3
Net assets		342 5	364 4
Equity			
Share capital	22	14 9	14 9
Share premium		4 3	4 3
Retained earnings		323 3	345 2
Total equity		342 5	364 4

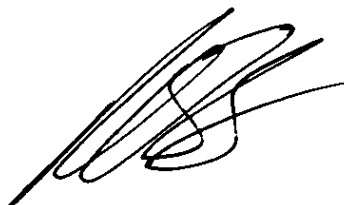
The financial statements on pages 6 to 30 were approved by the Board on 18 May 2012 and signed on its behalf by

Xavier Rolet
Chief Executive

London Stock Exchange plc



Doug Webb
Chief Financial Officer



Registered number 2075721

LONDON STOCK EXCHANGE PLC

CASH FLOW STATEMENT

Year ended 31 March 2012

	Notes	2012 £m	2011 £m
Cash flow from operating activities			
Cash generated from operations	23	187.3	224.0
Interest received		5.4	6.9
Interest paid		(0.1)	(0.2)
Corporation tax paid		(46.1)	(66.9)
Net cash flow from operating activities		146.5	163.8
Cash flow from investing activities			
Purchase of property, plant and equipment		(8.3)	(8.7)
Sale of property, plant and equipment		-	0.8
Purchase of intangible assets		(49.9)	(16.8)
Investment in subsidiaries		-	(2.0)
Proceeds from sale of joint ventures		14.5	-
Dividends received		7.4	3.8
Net (payment to)/repayment from parent		(11.0)	3.3
Net cash outflow from investing activities		(47.3)	(19.6)
Cash flow from financing activities			
Dividends paid to shareholders		(121.8)	(123.3)
Net cash outflow from financing activities		(121.8)	(123.3)
Increase in cash and cash equivalents		(22.6)	20.9
Cash and cash equivalents at beginning of year		110.3	89.4
Cash and cash equivalents at end of year	19	87.7	110.3

LONDON STOCK EXCHANGE PLC

STATEMENT OF CHANGES IN EQUITY

Year ended 31 March 2012

	Ordinary share capital	Share premium account	Retained earnings	Total attributable to equity holders
	£m	£m	£m	£m
1 April 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	-	-	(48.7)	(48.7)
Interim dividend relating to the year ended 31 March 2011	-	-	(74.6)	(74.6)
Share based payments	-	-	6.5	6.5
31 March 2011	14.9	4.3	345.2	364.4
Total comprehensive income for the year	-	-	89.0	89.0
Final dividend relating to the year ended 31 March 2011	-	-	(82.6)	(82.6)
Interim dividend relating to the year ended 31 March 2012	-	-	(39.2)	(39.2)
Share based payments	-	-	10.9	10.9
31 March 2012	14.9	4.3	323.3	342.5

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

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

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

IAS 24 (revised), 'Related party disclosures' - effective for annual periods beginning on or after 1 January 2011,
IFRIC 14, 'Pre-payments of a Minimum Funding Requirement' - effective for annual periods beginning on or after 1 January 2011,
IFRIC 19, 'Extinguishing financial liabilities with equity instruments' - effective for annual periods beginning on or after 1 July 2010, and
IFRS various Annual improvements 2011

The adoption of these standards did not have a material impact on these financial statements

Accounting policies

Income statement

Revenue and other income

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

- a) Maintenance contracts, membership and other fees - revenue is recognised on a straight-line basis over the 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 and other income is recognised in the month in which the service is provided

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

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

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.

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. 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.

Foreign currencies

These 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.

Finance income and expenses

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 Euroclear.

Balance Sheet

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.

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.

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

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 of 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

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, licences 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 do not normally exceed 25 years or the term of the licence. The amortisation period and method are reviewed and adjusted, as appropriate, at each balance sheet date

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 subsidiaries and joint ventures 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

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

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

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

Cash and cash equivalents

Cash and cash equivalents of the Company comprise cash at bank, 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

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

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 fulfil the lease commitments. Such provisions are discounted where the time value of money is considered material.

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. Credit risk of cash and cash equivalents is managed by limiting the exposure to up to £50 million for 12 months with counterparties rated long term AAA (or equivalent) through to a maximum of £10 million overnight with counterparties rated short term A-2 (or equivalent).

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 access to funding through committed credit facilities to comfortably 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 have 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 19 and 22.

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 2012 and 31 March 2011 the Company held deposits which exceeded the minimum regulatory capital required.

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

3. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. The significant judgements and estimates for the year ended 31 March 2012 are as follows:

Purchased intangible assets - 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,

Valuation of subsidiary companies for the purpose of impairment testing - determined in the financial statements of the Company based on 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,

Defined benefit pension asset or liability - determined based on the present value of future pension obligations using assumptions determined by the Company with advice from an independent qualified actuary. Sensitivity analysis is provided in note 17,

Property provision - determined taking into consideration future expected receipts from sub letting and future property costs based on advice from independent property advisers, and

Corporation taxes - 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.

4. Revenue

	2012	2011
	£m	£m
Capital Markets	149.6	149.4
Information Services	131.6	119.4
Technology Services	16.9	18.8
Other	2.4	2.1
Total	300.5	289.7

The revenue analysis for the year ended 31 March 2011 has been restated to reflect the transfer of the Company's training and consultancy business from Information Services into the Other segment. This reflects the current organisation structure of the Company.

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

Expenses comprise the following:

		2012	2011
	Notes	£m	£m
Cost of sales		3.5	2.4
Employee costs	6	69.4	54.6
Depreciation and amortisation		37.5	40.3
Non-recurring expenses	8	1.3	3.0
Other costs		71.2	49.8
Total		182.9	150.1

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

6. Employee Costs

	Notes	2012 £m	2011 £m
Salaries and other short term benefits		50.2	43.1
Social security costs		6.9	5.8
Pension costs	17	3.5	2.6
Share based compensation	26	8.8	3.1
Total		69.4	54.6

The number of employees in the Company was	2012	2011
At the year end	464	445
Average for the year	459	454

7. Directors' Emoluments

The Directors' aggregate emoluments in respect of qualifying services were

	2012 £'000	2011 £'000
Emoluments received	3,967	3,823
Benefits	115	93
Value of contributions to money purchase schemes	61	92
Total	4,143	4,008

During the period three Directors (2011: three) had retirement benefits accruing under money purchase pension schemes.

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

	2012 £'000	2011 £'000
Emoluments received	2,188	2,112
Benefits	34	21
Total	2,222	2,133

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. Amortisation of Purchased Intangible Assets and Non-Recurring Items

	2012 £m	2011 £m
Transaction costs	0.9	3.0
Amortisation of purchased intangible assets	0.4	-
Non-recurring expenses	1.3	3.0

Transaction costs comprise charges incurred for ongoing services related to potential or completed acquisitions. The amortisation of purchased intangible assets arises on customer relationships associated with the Transaction Reporting Services business acquired during the year.

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

9. Net Finance Income

	Note	2012 £m	2011 £m
Finance income			
Bank deposit and other interest		1 4	0 7
Interest on loan to parent		4.0	8 3
Expected return on defined benefit pension scheme assets	17	13 1	14 5
Investment income		7 4	3 8
		25 9	27 3
Finance expense			
Interest on discounted provision for leasehold properties		(1 5)	(1 6)
Defined benefit pension scheme interest cost	17	(13 5)	(14 3)
		(15 0)	(15 9)
Net Finance Income		10 9	11 4

10. Taxation

The standard UK corporation tax rate was 26% (28% for the year ended 31 March 2011)

	Note	2012 £m	2011 £m
Taxation charged to the income statement			
Current tax			
Corporation tax for the year		44 1	50 3
Adjustment in respect of previous years		6 5	(0 6)
		50 6	49 7
Deferred tax	16		
Deferred tax for the current year		(1 9)	(1 1)
Adjustment in respect of previous years		(5 5)	1 7
Taxation charge		43 2	50 3

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

	2012 £m	2011 £m
Taxation on items not (credited)/charged to the income statement		
Current tax credit		
Tax allowance on shares options/awards in excess of expense recognised	(0 4)	(1 3)
Deferred tax (credit)/charge		
Defined benefit pension scheme actuarial losses	(12 5)	9 0
Tax allowance on shares options/awards in excess of expense recognised	(0 5)	(0 5)
Adjustments relating to the change in the UK tax rate	0 6	(0 7)
	(12 8)	6 5

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

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 26% as explained below

	2012	2011
	£m	£m
Profit before taxation	167.1	175.5
Profit multiplied by standard rate of corporation tax in the UK	43.3	49.1
(Income not taxable)/expenses not deductible	(1.1)	0.1
Adjustment in respect of previous years	1.0	1.1
Taxation charge	43.2	50.3

11. Dividends

	2012	2011
	£m	£m
Final dividend for 2011 paid August 2011	82.6	48.7
Interim dividend for 2012 paid January 2012	39.2	74.6
Total	121.8	123.3

The Board has declared a final dividend in respect of the year ended 31 March 2012 of £55.4 million to be paid in August 2012

12. Property, Plant and Equipment

	<u>Land and buildings</u>		Plant and equipment	Total
	Freehold	Leasehold		
	£m	£m	£m	£m
Cost				
1 April 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
Additions	-	-	10.4	10.4
Disposals	(0.3)	(3.0)	(2.0)	(5.3)
31 March 2012	44.6	38.1	65.5	148.2
Depreciation				
1 April 2010	26.7	26.2	30.4	83.3
Depreciation 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
Depreciation charge for the year	0.4	2.8	7.6	10.8
Disposals	(0.3)	(3.0)	(2.0)	(5.3)
31 March 2012	27.3	29.0	41.7	98.0
Net book values				
31 March 2012	17.3	9.1	23.8	50.2
31 March 2011	17.7	11.9	21.0	50.6

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

13. Intangible Assets

	Software £m	Acquired customer relationships £m	Total £m
Cost			
1 April 2010	176.8	-	176.8
Additions	47.0	-	47.0
Disposals	(2.9)	-	(2.9)
31 March 2011	220.9	-	220.9
Additions	4.5	16.2	20.7
Disposals	(24.8)	-	(24.8)
31 March 2012	200.6	16.2	216.8
Amortisation and accumulated impairment			
1 April 2010	131.6	-	131.6
Amortisation charge for the year	29.3	-	29.3
Disposals	(2.8)	-	(2.8)
31 March 2011	158.1	-	158.1
Amortisation charge for the year	26.7	0.4	27.1
Disposals	(24.8)	-	(24.8)
31 March 2012	160.0	0.4	160.4
Net book values			
31 March 2012	40.6	15.8	56.4
31 March 2011	62.8	-	62.8

During the year to 31 March 2012, the Company acquired the Transaction Reporting Services business, giving rise to an intangible asset of £16.2 million, comprising customer relationships. This intangible asset is being amortised over its useful economic life of 20 years.

14. Joint Ventures

	£m
Cost	
1 April 2011	8.3
Disposals	(8.3)
31 March 2012	-

On 27 March 2012, the Company disposed of its 50 per cent interest in FTSE International Ltd, a company incorporated in the United Kingdom which provides financial indices to international clients, to a company under common control, giving rise to a non-recurring profit on disposal of £11.7 million.

The Company disposed of its 49 per cent interest in TOKYO AIM, a company incorporated in Japan to provide secondary market listings in Tokyo, for £1.3m on 27 March 2012, giving rise to a loss on disposal of £5.5 million.

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

15. Investments in Subsidiary Undertakings

	Shares	Loans	Total
	£m	£m	£m
1 April 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
Other movements during the year	-	1.7	1.7
31 March 2012	76.0	7.5	83.5

Principal subsidiaries	Principal activity	Country of incorporation	Country of principal operations	% Equity and votes held
Held directly by the Company Proquote Ltd	Market data provider	UK	UK	100

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

	Accelerated tax depreciation	Provisions and other temporary differences	Total
	£m	£m	£m
1 April 2010	(1.7)	0.2	(1.5)
Tax credited 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 gain	-	(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)
Tax credited to income statement	5.7	1.7	7.4
Tax credited to other comprehensive income			
- defined benefit actuarial loss	-	12.1	12.1
- allowance on share options/awards	-	0.2	0.2
- acquisition of other investments	-	(1.2)	(1.2)
31 March 2012	2.7	5.5	8.2
Assets at 31 March 2012	2.7	5.5	8.2
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)

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

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

17. Retirement benefit obligations

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

On 7 April 2011 the Trustees of the Group's Defined Benefit Plan signed an agreement with Pension Insurance Corporation Limited to insure for a premium of all future payments to scheme members who were pensioners at 31 March 2011, thereby eliminating any investment, inflation and mortality risk associated with these benefits. 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 benefit schemes

The defined benefit scheme was a non-contributory scheme and closed to new members in 1999. With effect from 31 March 2012, the scheme also closed to accrual of future benefits for active members and it has been agreed that the benefits for affected members will remain linked to their salary within the Company.

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 Company's balance sheet.

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	2012 £m	2011 £m
Defined contribution schemes		(2.9)	(1.9)
Defined benefit scheme - current service cost		(0.6)	(0.7)
Total pension charge included in employee costs	6	(3.5)	(2.6)
Interest expense		(13.5)	(14.3)
Expected return on assets		13.1	14.5
Net finance (expense)/income		(0.4)	0.2
Total recognised in the income statement		(3.9)	(2.4)

LONDON STOCK EXCHANGE PLC

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Year ended 31 March 2012

Defined benefit assets/(obligations)

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Fair value of assets					
Equities	39.0	39.3	37.2	25.1	33.2
Bonds	67.5	219.5	218.5	202.6	190.9
Property	24.4	23.3	13.3	7.1	8.8
Pensioner buy in policy	133.5	-	-	-	-
Total fair value of assets	264.4	282.1	269.0	234.8	232.9
Present value of funded obligations	(274.2)	(244.5)	(264.4)	(229.8)	(221.1)
(Deficit)/surplus	(9.8)	37.6	4.6	5.0	11.8

The main actuarial assumptions are set out below

	2012	2011
Inflation rate - RPI	3.4%	3.5%
Inflation rate - CPI	2.4%	2.5%
Rate of increase in salaries	4.4%	5.0%
Rate of increase in pensions in payment	3.6%	3.7%
Discount rate	5.0%	5.6%
Expected return on assets as at the start of the year		
- equities	7.3%	7.6%
- bonds	3.8%	4.8%
- property	6.5%	6.8%
- pensioner buy in policy	5.0%	-
Life expectancy from age 60 (Years)		
- Non retired male member	27.9	27.8
- Non retired female member	30.7	30.6
- Retired male member	26.3	26.2
- Retired female member	29.2	29.1

Expected return 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 £4.6 million
Rate of increase in pensions payment	Increase/decrease by 0.5%	Increase/decrease by £18.0 million
Discount rate	Increase/decrease by 0.5%	Increase/decrease by £21.7 million
Mortality rate	Increase by 1 year	Increase by £8.1 million

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

Movement in defined benefit obligation during the year

	2012 £m	2011 £m
1 April	244.5	264.4
Current service cost	0.6	0.7
Interest expense	13.5	14.3
Benefits paid	(8.7)	(8.1)
Actuarial loss/(gain)	24.3	(26.8)
31 March	274.2	244.5

Movement in fair value of plan assets during the year

	2012 £m	2011 £m
1 April	282.1	269.0
Expected return on assets	13.1	14.5
Contributions received	1.3	1.4
Benefits paid	(8.7)	(8.1)
Actuarial (loss)/gain	(23.4)	5.3
31 March	264.4	282.1

The actual loss on plan assets was £10.3 million (2011 return £19.8 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

	2012 £m	2011 £m
Recognised up to 1 April	34.8	2.7
Net actuarial (loss)/gain recognised in the year	(47.7)	32.1
Cumulative amount recognised at 31 March	(12.9)	34.8

The actuarial loss recognised in the year includes £33.1m in relation to the buy in of the pension payments in April 2011. This is reflective of the excess of the premium paid over the related liabilities transferred.

The last actuarial valuation of the defined benefit scheme was carried out at 31 March 2012 by an independent qualified actuary. The current ordinary contributions are 41 per cent of pensionable salaries. This will be reviewed following the actuarial valuation. The Company expects to contribute approximately £0.6 million to the defined benefit scheme during the year to 31 March 2013. The next actuarial valuation as at 31 March 2015 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.

LONDON STOCK EXCHANGE PLC

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History of experience gains and losses for the scheme	2012	2011	2010	2009	2008
Experience adjustments arising on scheme assets					
Experience (loss)/gain (£m)	(23.4)	5.3	25.6	(11.2)	(3.7)
Percentage of scheme assets	(8.9%)	1.9%	9.5%	(4.8%)	(1.6%)
Experience adjustments arising on scheme liabilities					
Experience (loss)/gain (£m)	(3.9)	1.5	7.5	1.3	0.7
Impact of changes in assumptions (£m)	(20.4)	25.3	(34.9)	(1.1)	24.8
Total (£m)	(24.3)	26.8	(27.4)	0.2	25.5
Percentage of scheme liabilities					
Experience (loss)/gain	(1.4%)	0.6%	2.8%	0.6%	0.3%
Impact of changes in assumptions	(7.4%)	10.3%	(13.2%)	(0.5%)	11.2%
Total	(8.8%)	10.9%	(10.4%)	0.1%	11.5%

18. Trade and Other Receivables

	2012 £m	2011 £m
Trade receivables	23.7	25.1
Less: Provision for impairment of receivables	(4.8)	(4.7)
Trade receivables - net	18.9	20.4
Amounts due from parent	221.5	179.8
Amounts due from companies under common control	15.6	9.5
Amounts due from subsidiary undertakings and partnerships	1.5	4.2
Other receivables	0.5	1.0
Prepayments and accrued income	31.5	29.5
Total trade and other receivables	289.5	244.4

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:

	2012		2011	
	Impaired £m	Not impaired £m	Impaired £m	Not impaired £m
0 to 3 months past due	0.1	7.5	-	2.1
Greater than 3 months past due	4.7	0.5	4.7	-
	4.8	8.0	4.7	2.1

Amounts due from the Parent are provided under a facility arrangement with a term of 25 years and, to the extent has been drawn by the Parent, is repayable in five equal instalments commencing on the 21st anniversary of the first drawdown, in May 2027.

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

	2012 £m	2011 £m
1 April	4.7	4.6
Provision for receivables impairment	0.3	0.2
Receivables written off during the year as uncollectible	(0.2)	(0.1)
31 March	4.8	4.7

LONDON STOCK EXCHANGE PLC

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Year ended 31 March 2012

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

19. Cash and Cash Equivalents

	2012	2011
	£m	£m
Cash at bank	1.1	2.8
Short term deposits	86.6	107.5
Total	87.7	110.3

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.

20. Trade and Other Payables

	2012	2011
	£m	£m
Trade payables	9.6	2.5
Amounts owed to parent	1.2	-
Amounts owed to companies under common control	13.4	36.5
Amounts owed to subsidiary undertakings	82.6	71.6
Social security and other taxes	8.7	4.9
Other payables	2.2	4.0
Accruals and deferred income	42.0	39.9
Total trade and other payables	159.7	159.4

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

21. Provisions

	Property £m
1 April 2010	33.9
Utilised during the period	(4.0)
Interest on discounted provision	1.6
31 March 2011	31.5
Utilised during the period	(3.9)
Interest on discounted provision	1.5
31 March 2012	29.1
Current	2.5
Non-current	26.6
	29.1

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 two and 16 years to expiry.

22. Ordinary Share Capital

	2012		2011	
	Number	£	Number	£
Issued, called up and fully paid				
Ordinary shares of 5 5/6p each	256,230,499	14,946,779	256,230,499	14,946,779

LONDON STOCK EXCHANGE PLC

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 March 2012

23. Net Cash Flow Generated from Operations

	2012 £m	2011 £m
Profit before taxation	167.1	175.5
Depreciation and amortisation	37.9	40.3
Impairment of investment in subsidiary	-	2.6
Net profit on disposal of joint venture	(6.2)	-
Net finance income	(10.9)	(11.4)
(Increase)/decrease in trade and other receivables	(33.9)	8.3
Increase in trade and other payables	28.8	10.2
Defined benefit pension obligation - contributions in excess of expenses charged	(0.6)	(0.6)
Provisions utilised during the year	(3.9)	(3.9)
Share scheme expense	8.8	3.1
Foreign exchange gains/(losses) on operating activities	0.2	(0.1)
Cash generated from operations	187.3	224.0
Comprising		
Ongoing operating activities	188.1	227.1
Non-recurring items	(0.8)	(3.1)
	187.3	224.0

24. Commitments and Contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Company were £2.8 million (2011: £2.2 million) and £nil (2011: £nil) respectively.

25. 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:

	2012 £m	2011 £m
Less than one year	19.4	18.8
More than one year and less than five years	55.2	60.9
More than five years	92.4	104.8
	167.0	184.5

Operating lease payments of £18.8 million (2011: £18.4 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:

	2012 £m	2011 £m
Less than one year	4.6	4.4
More than one year and less than five years	17.0	18.1
More than five years	11.2	14.7
	32.8	37.2

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26. 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. Share awards were granted at nil cost to employees and other share options were granted at fair market value or above.

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 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)	-
Lapsed/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	-
Granted	44,464	9.71	313,546	6.13	1,310,393	-
Exercised	(100,704)	3.77	(243,825)	5.69	(125,273)	-
Lapsed/Forfeited	-	-	(15,943)	5.69	(658,239)	-
At 31 March 2012	345,706	5.06	313,546	6.13	4,280,065	-
Exercisable at						
31 March 2012	198,718	2.04	-	-	-	-
31 March 2011	329,118	2.95	259,768	5.69	-	-

The weighted average share price of London Stock Exchange Group plc shares during the year was £8.94 (2011: £7.36).

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

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	Awards/options outstanding 2012		Awards/options outstanding 2011	
	Number outstanding	Weighted average remaining contractual life Years	Number outstanding	Weighted average remaining contractual life Years
Share options				
Between £3 and £4	228,414	1.60	329,118	2.4
Above £4	117,292	3.00	72,828	1.7
SAYE				
Between £5 and £6	-	-	259,768	0.4
Above £10	313,546	2.80	-	-
LTIP				
Nil	4,280,065	1.40	3,753,184	1.7
Total	4,939,317	1.70	4,414,898	2.2

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:

	Share Save Plan	Matching Shares	Performance Shares	Performance Related Equity Plan	
	13 Jan 2012	13 Jul 2011	3 Jun 2011	Restricted Shares	Market Value Options
				3 Jun 2011	3 Jun 2011
Grant date share price	£8.54	£10.50	£9.72	£9.72	£9.72
Exercise price	£6.13	n/a	n/a	n/a	£9.71
Volatility	39%	50%	51%	51%	51%
Expected life	3.13 years	3 years	3 years	3 years	4 years
Dividend yield	3.20%	2.60%	2.80%	2.80%	2.80%
Fair value	£2.81	-	-	-	-
Fair value TSR	-	£4.98	£4.63	£4.76	£2.84
Fair value EPS	-	£9.71	£8.93	£8.93	£3.33

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.

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27. 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

	2012	2011
	£'000	£'000
Salaries and other short term benefits	7,215	7,869
Pensions	185	212
	7,400	8,081

Transactions with parent - London Stock Exchange Group plc

During the year the Company charged London Stock Exchange Group plc ("the Parent") £4.0 million (2011 £8.3 million) for interest receivable on the intercompany loan. The Company was charged £8.8 million (2011 £3.1 million) by the Parent in respect of employee share schemes (see note 6).

The amount receivable from the Parent is disclosed in note 18. This loan is provided under a facility arrangement with a term of 25 years and, to the extent has been drawn by the Parent, is repayable in five equal instalments 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 £121.8 million (2011 £123.3 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 £30.3 million (2011 £16.3 million) and purchases of £24.4 million (2011 £37.3 million). In addition, the Company disposed of its 50 per cent interest in FTSE International Ltd during the year to a company under common control, giving rise to a profit on disposal of £11.7 million, as disclosed in note 14. The amounts receivable from companies under common control are disclosed in note 18. The amounts payable to companies under common control are disclosed in note 20.

Transactions with subsidiary undertakings and partnerships

During the year the Company engaged in services with subsidiary undertakings resulting in revenues of £2.2 million (2011 £5.1 million), costs of £0.9 million (2011 £0.4 million) and net finance income of £nil (2011 £0.1 million).

Trading amounts receivable from subsidiary undertakings are disclosed in note 18. In addition, the Company had a loan receivable from Proquote Ltd of £7.5 million (2011 £5.8 million), as disclosed in note 15, with interest charged at market rates.

Amounts payable to subsidiary undertakings and partnerships by the Company at 31 March 2012 were £82.6 million (2011 £71.6 million), as disclosed in note 20, comprising a non-interest bearing loan of £67.6 million (2011 £67.6 million) to The Stock Exchange (Properties) Ltd, a loan of £8.4 million (2011 £4.0 million) payable to EDX London Ltd bearing interest charged at market rates, current account drawings of £6.5 million (2011 £nil) owed to London Stock Exchange Connectivity Solutions LP and a loan of £0.1 million (2011 £nil) payable to Proquote Ltd.

28. Ultimate Parent Company

As at 31 March 2012, 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.

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29. Other Statutory Information

Auditors remuneration payable to PricewaterhouseCoopers LLP and its associates comprise the following

	2012	2011
	£m	£m
Audit of the Company	0.1	0.1
Other fees		
- Taxation	-	0.1
Total expenses	0.1	0.2