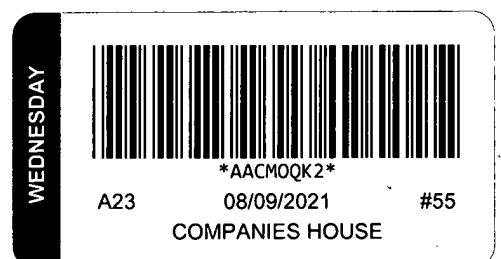


FTSE International Limited

Report and Financial Statements

For the year ended 31 December 2020

Company Registration Number 03108236



FTSE INTERNATIONAL LIMITED

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FTSE INTERNATIONAL LIMITED
DIRECTORS AND OFFICERS
YEAR ENDED 31 DECEMBER 2020

DIRECTORS

J Ehnes
D Jenkins
A McCarthy
A Staal
C Thomas

COMPANY SECRETARY

T Hogan

REGISTERED OFFICE

10 Paternoster Square
London
EC4M 7LS

INDEPENDENT AUDITORS

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

BANKERS

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

FTSE INTERNATIONAL LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2020

The Directors present their strategic report for FTSE International Limited (the "Company") for the year ended 31 December 2020.

REVIEW OF BUSINESS

The Company's objective is to provide investment professionals globally with the best index solutions and it seeks to differentiate its offering through ongoing investment in product development. The Company continues to invest in new technology and operational processes to ensure that it can continue to deliver its index products on an accurate, timely and consistent basis. The Company has an overseas branch that operates out of Singapore.

The Company's key financial indicators during the year were as follows:

	2020	2019
	£'m	£'m
Total income	332.3	284.0
Profit after tax	97.9	61.7
Net assets	302.5	265.2

The strength of the Company's product offering generated consistent financial performance in the year despite the uncertainty of the market backdrop due to the impact of COVID-19 global pandemic. The Company showed good growth in subscription revenues but recorded lower asset-based revenues during 2020 reflecting a challenging year in asset valuations as a result of market volatility.

During the year, following a review of the existing transfer pricing policy, a new arrangement was put in place with subsidiaries and associated entities. The objective of this newly implemented transfer pricing arrangement is to ensure that legal entities and geographies have divisional profits distributed aligning to the key value drivers and in particular, the teams who manage the risks and make key decisions. The impact of such arrangement is that there is an increase in intercompany revenue in the current year. Further breakdown of this impact is shown in note 3.

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

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

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

The Company is part of London Stock Exchange Group plc ("LSEG", the "group", the "ultimate parent"). The immediate parent is London Stock Exchange Group Holdings Limited (the "parent").

FUTURE DEVELOPMENTS

Global growth in passive investment strategies and increased demand for passive instruments and products are expected to continue, driving growth of our asset-based index revenues. We anticipate our data solutions and products will be in demand as we continue to develop products attractive to clients.

The Company is also well positioned to expand product offerings in sustainable finance by providing consistent, comparable and reliable climate data, indices and analytics.

EMPLOYEES

Our people are at the heart of what we do and drive the success of our business. Attracting, developing and retaining the skills we need to deliver on our strategy of being the most trusted market expert is a key imperative for the Company. We are dedicated to unifying our growing company and supporting our employees' talent in an environment built on partnership, integrity, innovation

FTSE INTERNATIONAL LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2020

and excellence. The Company also provides an induction programme for new employees, including training on health and safety, and a range of development programmes for all staff to develop their skills and knowledge. The Company encourages and assists the employment, training and retention of disabled people. Where changes to working practices or structure affect staff, they are consulted and given appropriate support.

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

PRINCIPAL RISKS AND UNCERTAINTIES

LSEG operates group wide risk management procedures which bring greater judgement to decision making as this allows management to make better, more informed and more consistent decisions based on a clear understanding of the risks involved.

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

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

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

The Company's principal risks are considered to arise from customers and competition (with client alignment paramount to the successful operation and growth of our business), the continuing changing regulatory environment and the macro economic environment (unfavourable tax regimes, impact of Brexit on ability to conduct business with European Union ("EU") members, or the changing regulatory environment, may reduce the attractiveness of London as a major financial centre) and increasing security threats (both physical and cyber).

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

The UK's exit from the EU leaves significant uncertainty concerning the political and regulatory environment, the UK's future relationship with the EU, and the overall impact on the UK and EU economies both in the short and medium term. The Company relies on a number of rights that are available to them to conduct business with other EU or EEA members. This includes, without limitation, the right for UK trading venues to offer services to members in the EU or EEA. The Company has analysed the potential impact and considered contingency plans that they may choose to execute should these rights not be replaced by rights that persist outside EU membership.

SECTION 172 (1) STATEMENT

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the Company for the benefit of its members as a whole. In doing this section 172 requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term;
- interests of the Company's employees;
- need to foster the Company's business relationships with suppliers, customers and others;
- impact of the Company's operations on the community and environment;
- desirability of the Company maintaining a reputation for high standards of business conduct, and
- need to act fairly between members of the Company.

FTSE INTERNATIONAL LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2020

In discharging our Section 172 duties we have regard to the factors set out above. We also have regard to other factors which we consider relevant to the decision being made. Those factors, for example, include the interests and views of our workforce and our customers, and our relationship with regulators and government. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders. By considering the Company's purpose, vision and values, together with its strategic priorities and having a process in place for decision-making, we do, however, aim to make sure that our decisions are consistent and predictable.

As is normal for large companies, the Board delegates authority for day-to-day management of the Company to executives and then engage with management in setting, approving and overseeing execution of the business strategy and related policies. We review financial and operational performance, customer-related matters, and legal and regulatory compliance at every Board meeting. We also review other areas over the course of the financial year, including the Company's business strategy; key risks (including those relating technology and cyber risks); risk appetite; operational resilience; and workforce matters (including culture and conduct, and wellbeing and diversity). This is carried out through the consideration and discussion of reports which are sent in advance of each Board meeting and through presentations to the Board and responses to questions from Directors.

The Company's key stakeholders are its customers, regulators and workforce. Our suppliers are also important stakeholders of the Company. The views of stakeholders, and the impact of the Company's activities on those stakeholders, are an important consideration for the directors when making relevant decisions. The Board recognises that building strong relationships with our stakeholders will help to deliver the Company's strategy in line with our long-term values and operate the business in a sustainable way. While there are cases where the Board itself judges that it should engage directly with certain stakeholder groups or on certain issues, the size and spread of both our stakeholders and the Group means that sometimes our stakeholder engagement will take place at an operational or Group level. For details on the some of the engagement that takes place with the Company's stakeholders at a Group level please see pages 70 to 71 of the London Stock Exchange Group plc Annual Report for the financial period ended 31 December 2020. In particular, this covers the Group's response to the Covid-19 pandemic. Throughout the year the Company's Board has been kept informed of the impact on and response of the Group, including the Group's focus on workforce engagement and wellbeing.

During the period we received information to help us understand the interests and views of the Company's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including in reports and presentations on our financial and operational performance, non-financial KPIs, risk, ESG matters, and the outcomes of specific pieces of engagement. As a result of this we have had an overview of engagement with stakeholders and other relevant factors which allows us to understand the nature of the stakeholders' concerns and have regard to them as we to comply with our Section 172 duty to promote the success of the Company. The information received by the Board included updates on: (i) integration with Refinitiv; (ii) governance related matters; (iii) quarterly index reviews; (iv) cyber security testing; and (v) cloud computing strategy.

We set out below some examples of how we have had regard to the matters set out in Section 172(1)(a)-(f) when discharging our Section 172 duty and the effect of that on certain decisions taken by us.

Annual review of the Company's budget and business plan

The Board carries out a review of the Company's budget on an annual basis. This includes approving the business plan for the following three years. As in previous years, the Board's review in 2020 included an evaluation of the progress the Company had made against the 2020 strategic priorities and the Company's long-term strategic goals. The review focused on investment decisions around the Company's control environment, internally driven resilience activity and regulatory requirements.

This review is carried out in parallel to the Group's divisional budget process. All financials are aligned to the divisional numbers presented to the Group Board annually in December.

In making its decision to approve the budget and three year business plan, the Board also considered, amongst other things, its impact on the long-term position and reputation of the Company as well as feedback from engagement exercises with the workforce and dialogues with customers and regulators.

Customers

Our engagement with customers takes a variety of different forms. We engage with customers at events, at conferences and also through our social media platforms. In 2020, the majority of engagement took place virtually due to the Covid-19 pandemic. The emphasis on virtual communications, such as webinars, has enabled us to engage with our customers with greater frequency and in less formal settings. The Company undertakes an annual Net Promoter Survey (NPS). In 2020 the NPS focused on five core areas: Operational Quality, Client Service, Account Management, Product Innovation and Research. There was a strong year-on-year improvement in client satisfaction, and this reflected management's focus on building deeper, value-oriented relationships with

FTSE INTERNATIONAL LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2020

clients. Notwithstanding the pandemic, the majority of customers reported that service levels had remained constant during this period. The results of the NPS are used by the Company to look at further ways it can improve its offering to customers.

We believe that aligning our strategy, services and products to the needs and interests of our customers is central to supporting long-term value creation, enabling innovation in products that can be rapidly deployed.

Regulators

In 2020, we engaged with the Financial Conduct Authority (FCA) on a number of matters including governance, technology and cyber resilience, and regulatory change including the Senior Managers and Certification Regime (SMCR). The SMCR applied to the Company from 9 December 2020. The Company also responded to the FCA's Covid-19 impact surveys on business continuity and operational resilience.

Workforce

The main workforce engagement activities take place at a Group level and these include formal and informal meetings; the annual engagement survey, "Have Your Say"; the new quarterly wellbeing/"Ways of Working" surveys in response to the Covid-19 pandemic; and townhall meetings. In 2020, the majority of this engagement took place virtually due to the ongoing pandemic. Together, these engagement activities enable the workforce to share their views on working for the Company and the Group, providing management and the Board with insight as well as mechanisms to track engagement and sentiment. Overall, the workforce fed back that it was happy with the Group's focus on wellbeing and had been impressed with the range of support available, particularly given the challenges when working from home for an extended period of time. Feedback was incorporated into the Group's Internal Communications strategy for 2021 and the Group's onboarding procedures.

For a detailed explanation of the Group workforce engagement activities, please see pages 57 to 59 and 79 of the London Stock Exchange Group plc Annual Report for the financial period ended 31 December 2020.

Index reviews

During 2020, the Board monitored closely the market conditions and market volatility caused by the global pandemic. Quarterly index reviews proceeded in March and June as planned, with management concluding on both occasions that carrying out the reviews minimised market disruption.

Payment Practices

The Company is required to report its supplier payment performance and policies as part of the Small Business, Enterprise and Employment Act 2015. On a half yearly basis, the Board approves the required information which includes: the average time to pay (days); percentage of invoices paid within 30 and 60 days (respectively); invoices paid later than 60 days; and invoices not paid within agreed terms. This information is published on a UK Government portal every six months and allows current and prospective suppliers to see the Company's payment policy, practice and performance, which could help reduce the administrative and financial burden suppliers face when not paid on time.

As part of our desire to foster good relationships with our suppliers, in 2020, steps were taken to accelerate the payment process and focus was given to ensuring purchase orders are raised and receipted promptly and compliance with the Group's procurement policy. The Directors encourage prompt payment practices for small- and medium-sized enterprises and that they remain well represented among suppliers.

By order of the Board:



CA Thomas (Jun 23, 2021 17:44 GMT+1)

Catherine Anne Thomas
Director
23 June 2021

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

FTSE INTERNATIONAL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2020

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2020.

REVIEW OF BUSINESS

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

DIVIDENDS

During the year ended 31 December 2020, an interim dividend of £61.7m was paid to the immediate parent Company (2019: £nil). No final dividend in respect of the results for the year ended 31 December 2020 is proposed to be paid in 2021.

DIRECTORS AND DIRECTORS' INTERESTS

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

N Bertrand	(resigned 14 December 2020)
D Jenkins	
J Ehnes	
A McCarthy	(appointed 31 March 2021)
W Samad	(resigned 01 June 2021)
A Staal	(appointed 01 June 2021)
C Thomas	

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

DIRECTORS' LIABILITIES

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

EMPLOYEE ENGAGEMENT AND BUSINESS RELATIONSHIPS

A detailed description of how the Directors of the Company have engaged with employees and have had regard to the need to foster the company's business relationships with suppliers and customers can be found in the section 172 (1) statement on page 3-5 of these financial statements.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

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

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

FTSE INTERNATIONAL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2020

- material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

GOING CONCERN

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

EVENTS AFTER THE REPORTING PERIOD

On 29 January 2021, the Group completed the acquisition of Refinitiv Parent Limited (Refinitiv), a company incorporated in the Cayman Islands and headquartered in London and New York. Refinitiv is a leading global provider of market and financial data, infrastructure, delivering data, insight and analytics tailored to strategic workflows.

The acquisition of Refinitiv is a transformational transaction, strategically and financially, and positions the wider LSEG Group for long-term sustainable growth. Refinitiv brings highly complementary capabilities in data, analytics and capital markets. The Company will reposition its focus and supports the wider Data and Analytics division which Refinitiv forms part of; however, the principal operations of the Company are not expected to change.

DIRECTORS' STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

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

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

AUDITORS

Ernst & Young LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the next board meeting.

By order of the Board:



CA Thomas (Jun 23, 2021 17:44 GMT+1)

Catherine Anne Thomas
Director
23 June 2021

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FTSE INTERNATIONAL LIMITED YEAR ENDED 31 DECEMBER 2020

OPINION

We have audited the financial statements of FTSE International Limited (the "Company") for the year ended 31 December 2020 which comprise the Income Statement, the Statement of Financial Position, the Statement of Changes in Equity and the related notes 1 to 24, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the Company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

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

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

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

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FTSE INTERNATIONAL LIMITED YEAR ENDED 31 DECEMBER 2020

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or Directors' report.

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

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

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement set out on page 6, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are the Companies Act 2006, International Accounting Standards in conformity with the requirements of the Companies Act 2006, and tax legislation (governed by HM Revenue and Customs).
- We understood how the Company is complying with those frameworks by making enquiries of management and seeking representation from those charged with governance. We corroborated our enquiries through review of board meeting minutes and correspondence with relevant authorities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF FTSE INTERNATIONAL LIMITED YEAR ENDED 31 DECEMBER 2020

- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the risk of management override and assuming the recognition of information services revenue accruals and capitalisation and impairment of intangible assets to be a fraud risk. We considered the controls that the Company has established to address risks identified by the Company, or that otherwise seek to prevent, deter or detect fraud. This included assessing the impact of remote working due to COVID-19. We also considered performance and incentive plan targets and their potential to influence management to manage earnings or influence the perceptions of investors. Our procedures involved journal entry testing by specific risk criteria, with a focus on manual top side financial statement adjustments and journals indicating large or unusual transactions based on our understanding of the business. We tested a sample of invoices to cash receipts and agreements or other supporting documents and tested a sample of accrued income transactions to post year end invoices. We incorporated unpredictability into the nature, timing and extent of our testing.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved enquires of executive management and those responsible for legal and compliance matters for their awareness of any non-compliance with laws and regulations, inquiring about the policies that have been established to prevent non-compliance with laws and regulations by officers and employees; inquiring about the Company's methods of enforcing and monitoring compliance with such policies; reviewing board minutes and by seeking representation from those charged with governance.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



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

29 June 2021

FTSE INTERNATIONAL LIMITED
INCOME STATEMENT
Year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Revenue	3	265,409	264,687
Other income	3	66,860	19,348
Total income		332,269	284,035
Cost of sales		(104,241)	(109,410)
Gross profit		228,028	174,625
Expenses			
Administrative expenses	4	(121,411)	(116,296)
Depreciation, amortisation and impairment	4	(15,136)	(12,361)
Total expenses		(136,547)	(128,657)
Operating profit		91,481	45,968
Finance income	7	24,954	25,832
Finance expense	7	(33)	(93)
Net finance income		24,921	25,739
Profit before taxation		116,402	71,707
Taxation	8	(18,539)	(9,967)
Profit for the financial year		97,863	61,740

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

There are no other items of income or expenditure other than those included within the income statement for the year ended 31 December 2020 and the year ended 31 December 2019.

The notes on pages 14 to 30 form an integral part of these financial statements.

FTSE INTERNATIONAL LIMITED
STATEMENT OF FINANCIAL POSITION
As at 31 December 2020

	Notes	2020 £'000	2019 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	1,159	1,843
Intangible assets	11	64,630	57,008
Investment in subsidiary undertakings	12	167,154	163,647
Deferred tax assets	13	1,850	1,533
Other receivables	15	1,271	49
		236,064	224,080
Current assets			
Trade and other receivables	15	276,002	351,885
Cash and cash equivalents	16	441	381
Current tax	8	-	2,974
		276,443	355,240
Total assets		512,507	579,320
Liabilities			
Current liabilities			
Trade and other payables	17	138,996	245,469
Contract liabilities	17	70,202	64,354
Provisions	18	-	4,292
Current tax	8	778	-
		209,976	314,115
Total liabilities		209,976	314,115
Net assets		302,531	265,205
Equity			
Share capital	19	1	1
Retained earnings		302,530	265,204
Total equity		302,531	265,205

The notes on pages 14 to 30 form an integral part of these financial statements.

The financial statements on pages 11 to 30 were approved by the Board on 23 June 2021 and signed on its behalf by:

C A Thomas

C A Thomas (Jun 23, 2021 17:44 GMT+1)

Catherine Anne Thomas
Director
FTSE International Limited
23 June 2021

Registered number 03108236

FTSE INTERNATIONAL LIMITED
STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

	Share capital	Retained earnings	Total attributable to equity holders
	£'000	£'000	£'000
31 December 2018	1	202,403	202,404
Profit for the financial year	-	61,740	61,740
Tax relating to employee share scheme expenses	-	1,061	1,061
31 December 2019	1	265,204	265,205
Profit for the financial year	-	97,863	97,863
Dividends paid in the year	-	(61,740)	(61,740)
Tax relating to employee share scheme expenses	-	1,203	1,203
31 December 2020	1	302,530	302,531

The notes on pages 14 to 30 form an integral part of these financial statements.

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

1. Basis of Preparation and Accounting Policies

Basis of Preparation

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

The Company is a qualifying entity for the purposes of FRS 101. Note 22 gives details of the Company's ultimate parent and from where its financial statements prepared in accordance with IFRS as adopted by the EU may be obtained.

FRS 101 sets out amendments to IFRS that are necessary to achieve compliance with the Act and related regulations. The impact of these amendments to the Company's previously adopted accounting policies in accordance with IFRS as adopted by the EU was not material on the shareholders' equity as at the date of transition and as at 31 December 2020 or on the profit for the year ended 31 December 2020.

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

- IAS 7 *Statement of Cash Flows* and related notes;
- reduced IFRS 2 disclosure for share-based payment arrangements in a subsidiary's financial statements;
- IAS 8 the listing of new or revised standards that have not been adopted (and information about their likely impact) may be omitted;
- reduced IAS 36 disclosure of impairment reviews;
- reduced IFRS 7 disclosure for financial instruments;
- reduced IFRS 13 disclosure relating to fair value measurement;
- IAS 24 related party disclosures for intra-group transactions and disclosure of key management compensation;
- IAS 1 the requirement to present comparatives in roll-forward reconciliations for movements on share capital, property plant and equipment, intangible assets and investment property;
- reduced IAS 1.134-1.136 disclosure on capital management;
- reduced disclosure for IFRS 15 *Revenue from Contracts with Customers*; and
- reduced disclosure for IFRS 16 *Leases*.

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

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3, 'Business Combinations'
- Amendments to IAS 1 and IAS 8: Definition of Material
- Amendments to IFRS 9, IAS 39 & IFRS 7: Interest Rate Benchmark Reform
- Amendments to IFRS 16 'Leases' Covid-19-Related Rent Concessions

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

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

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

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

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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

Going concern

The Directors have reviewed the Company's forecasts and projections, taking into account reasonably possible changes in trading performance, which show that the Company has sufficient financial resources. On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and for a period of at least 12 months from the date of approval of the financial statements. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Accounting Policies

Income Statement

Revenue and other income

Revenue is measured based on the consideration specified in a contract with a customer. Amounts deducted from revenue relate to discounts, value added tax and other sales related taxes.

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

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

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

The Company does not have any contracts where the period between the transfer of services to a customer and when the customer is expected to pay for that service to be in excess of one year. Consequently, no adjustments are made to transaction prices for any financing component.

Cost of sales

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

Pension costs

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

Share-based compensation

The Company operates share-based compensation plans for employees, settled in shares of the ultimate parent company, London Stock Exchange Group plc, or in cash. For schemes settled in shares of the ultimate parent, the charge to the income statement is

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

determined by the fair value of the options granted or shares awarded at the date of grant as an indirect measure of the value of employee services received by the Company and recognised over the relevant vesting period. For shares settled in cash, the liability is recorded at fair value with changes in the fair value recognised in the income statement. The Company is recharged costs from LSEG to settle the share-based awards made to employees of the Company.

Foreign currencies

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

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

Finance income and expense

Finance income and expense comprise dividends from subsidiary undertakings, interest earned on cash deposited with financial counterparties, interest earned on loans to financial counterparties, and interest paid and earned on borrowings which reflect the agreed market-based or contractual rate for each transaction undertaken during the period, and calculated using the effective interest rate method.

Statement of Financial Position

Property, plant and equipment

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

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

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

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

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

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

Intangible assets

On the acquisition of a business, fair values are attributed to the assets and liabilities acquired. These may include brand names, customer relationships, 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 are as follows:

- a) customer and supplier relationships – 2 to 20 years (material assets are amortised over a life exceeding 15 years); and
- b) software licences and intellectual property – 2 to 25 years (the majority of assets are amortised over a life not exceeding 5 years).

The useful economic lives are based on management's best estimate such as attrition rates on customer relationships, and product upgrade cycles for software and technology 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 3 to 5 years.

Internal product development expenditure is capitalised if the costs can be reliably measured, the product or process is technically and commercially feasible, future economic benefits are probable, and the group has sufficient resources to complete the development and to use or sell the asset. Judgement is required as to whether these tests are met. The assets are recorded at cost including labor, directly attributable costs and any third-party expenses, and amortised over the useful economic life of 5 years.

FTSE INTERNATIONAL LIMITED

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Year ended 31 December 2020

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

Contract costs

Incremental costs of obtaining a customer contract, such as sales commissions paid to employees, are recognised as an intangible asset if the benefit of such costs is expected to be longer than 1 year. The associated asset is amortised over the period from which a customer benefits from existing software technology supporting the underlying product or service, which the Company has determined to be 5 years and is presented as an intangible asset in the Company's balance sheet.

The Company also applies the practical expedient in IFRS 15 to recognise the incremental cost of obtaining a contract as an expense when incurred, if the amortisation period is 1 year or less.

Goodwill

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

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

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

Investment in subsidiary undertakings

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

Investments in subsidiaries are stated in the Company's financial statements at cost less impairment, if any. On disposal, the difference between the net disposal proceeds and the investment's carrying amount is included in the income statement. Loans to subsidiaries which are determined as capital contributions are recorded as investments in subsidiary undertakings.

Current and deferred taxation

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

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

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

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

Financial instruments

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

FTSE INTERNATIONAL LIMITED

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Year ended 31 December 2020

Initial recognition:

- a) *Financial assets at amortised cost* are financial assets that are held in order to collect the contractual cash flows and the contractual terms give rise to cash flows that are solely payments of principal and interest. This includes the Company's cash and cash equivalents, trade and other receivables and other non-current receivables.
- b) *Financial assets at FVPL* include all other financial assets not classified as held at amortised cost or fair value through other comprehensive income (FVOCI) including derivative instruments held by the Company. There is no change to the previous treatment for these instruments.
- c) *Financial liabilities at amortised cost* are all financial liabilities that are not included within financial liabilities at FVPL. This comprises the Company's trade and other payables and borrowings.
- d) *Financial liabilities at FVPL* include any derivative instruments held by the Company.

Subsequent measurement:

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

- a) *Financial assets at amortised cost* – the ECL for trade and other receivables including fees receivable and cash and cash equivalents is calculated using IFRS 9's simplified approach using lifetime ECL. The provision is based on the Company's historic experience of collection rates, adjusted for forward looking factors specific to each counterparty and the economic environment at large to create an expected loss matrix.

The ECL on other financial assets held at amortised cost is measured using the general approach. The Company calculates an allowance based on the 12-month ECL at each reporting date until there is a significant increase in the financial instrument's credit risk, at which point the Company will calculate a loss allowance based on the lifetime ECL.

- b) *Financial assets at FVPL* – no ECL is calculated for assets held at FVPL as any expected loss is already recognised in the fair value.

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

Trade and other receivables

Trade receivables are initially recognised at fair value, which is the original invoiced amount to the customers and subsequently measured at amortised cost, less any allowance for expected credit losses (ECL). The ECLs for trade and other receivables are calculated using IFRS 9's simplified approach of lifetime ECL. The simplified approach is based on historic experience of collection rates, adjusted for forward looking factors specific to each counterparty and the economic environment at large to create an expected loss matrix. The carrying amount of the asset is reduced through the use of an allowance account for ECL and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited in the income statement.

Other receivables include amounts due from other companies within the group on loans, interest on these loans and other settlements for intercompany recharges. Interest is charged at variable rates as stated within the relevant group loan agreement as set out by management. These loans are repayable either on demand or on dates stipulated within the relevant group loan agreement. Other receivables are also recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

Impairment of non-financial assets

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

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

FTSE INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2020

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

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

2. Significant Judgements and Estimates

Judgements and estimates are regularly evaluated based on historical experience, current circumstances and expectations of future events. A number of areas have been impacted by COVID-19 when exercising judgements and estimates and these are identified below.

Estimates:

For the year ended 31 December 2020, the following areas require the use of estimates:

- **Impairment of intangible assets, goodwill and investment in subsidiaries** – these assets form a significant part of the balance sheet and are key assets for the Company's businesses. The recoverable amounts of relevant cash generating units are based on value in use calculations using management's best estimate of future performance and estimates of the return required by investors to determine an appropriate discount rate. The Company has reviewed the impact of COVID-19 on future cash flows along with the impact on the weighted average cost of capital applied and long-term growth rates. Following this review, goodwill arising from the purchase of Russell Systems Limited in 2013 has been fully impaired. Details are provided in note 11.
- **Expected credit losses** - the Company has factored into impairment reviews of financial assets the expectations of future events, including COVID-19. The measured lifetime expected credit losses associated with these assets have not been materially impacted. The Company continues to monitor events and review whether additional provisions will be required in future periods.

There were no significant judgements made for the year ended 31 December 2020.

3. Revenue and Other Income

Revenue and other income comprise the following:

	2020	2019
	£'000	£'000
Revenue:		
Index – subscription	175,904	169,675
Index – asset based	77,511	82,758
Data solutions	11,994	12,254
	265,409	264,687
Other income:		
Royalty income	4,823	5,059
Sales and distribution	3,274	3,376
Recharges to other group companies	58,763	10,913
	66,860	19,348
Total	332,269	284,035

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

During the year, following a review of the existing transfer pricing policy a new arrangement was put in place with subsidiaries and associated entities. The objective of this newly implemented transfer pricing arrangement is to ensure that legal entities and geographies have divisional profits distributed aligning to the key value drivers and in particular, the teams who manage the risks and make key decisions. This has resulted in additional Other income of £47,200k. The new transfer pricing arrangement will continue in future financial statements of the Company.

FTSE INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

4. Expenses by Nature

Expenses comprise the following:

	Notes	2020 £'000	2019 £'000
Depreciation, amortisation and impairment			
Depreciation of property, plant and equipment	10	687	640
Amortisation of intangible assets	11	13,430	11,721
Impairment of goodwill	11	864	-
Impairment of software and other assets	11	155	-
		15,136	12,361
Administrative expenses			
Employee costs	5	29,860	35,911
Property costs		2,482	2,706
IT and data costs		43,608	33,017
Sales and marketing costs		20,570	19,382
Legal and professional fees		3,301	2,478
Foreign exchange (gains)/losses		(1,405)	2,684
Other costs		6,307	5,151
Other recharges from fellow group companies		16,688	14,967
		121,411	116,296
Total		136,547	128,657

Sales and marketing, IT and data costs include charges from fellow group companies.

Other recharges from fellow group companies represent charges from shared service entities. The re-charge model is continually reviewed to reflect the functions and services provided in the year.

5. Employee Costs

Employee costs comprise the following:

	Note	2020 £'000	2019 £'000
Salaries and other short-term benefits		24,371	23,494
Social security costs		3,942	3,959
Pension costs	14	1,705	1,763
Share-based compensation		3,104	2,860
Redundancy (provision release)/costs		(3,262)	3,835
Total		29,860	35,911

Salaries and other short-term benefits for the year ended 31 December 2019 of £3,835k have been re-presented to Redundancy (provision release)/costs, consistent with current year presentation of employee costs.

The number of employees in the Company was:	2020	2019
At year end	203	195
Average for the year	196	186

The monthly average number of employees in the Company by category was:	2020	2019
Marketing	6	7
Administration	197	188
Total	203	195

FTSE INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

6. Directors' Remuneration

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

	2020	2019
	£'000	£'000
Emoluments received	333	486
Benefits	6	8
Pensions	12	16
Total	351	510

During the year, no Directors (2019: nil) had retirement benefits accruing under the Group's defined contribution pension schemes.

1 director participates in the Group's share-based award scheme and no directors exercised share options during the year.

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

	2020	2019
	£'000	£'000
Emoluments received	298	448
Benefits	6	8
Pensions	12	16
Total	316	472

The highest paid director participates in the Group's share-based award schemes and has not exercised share options during the year.

7. Finance Income and Expense

	2020	2019
	£'000	£'000
Finance income		
Interest on loans to group companies	2,521	2,278
Dividend received from subsidiaries	9	23,554
	24,954	25,832
Finance expense		
Interest on loan from group companies	(33)	(89)
Interest payable on bank and other borrowings	-	(4)
	(33)	(93)
Net finance income	24,921	25,739

FTSE INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

8. Taxation

The standard UK corporation tax rate was 19% for the year ended 31 December 2020 (2019: 19%).

	Note	2020 £'000	2019 £'000
Taxation charged/(credited) to the income statement			
Current UK tax			
Corporation tax for the year		17,191	9,282
Adjustment in respect of previous years		750	(934)
Current overseas tax			
Corporation tax for the year		727	859
Adjustment in respect of previous years		262	2
Total current tax		18,930	9,209
Deferred tax			
	13		
Deferred tax for the current year		314	(512)
Adjustment in respect of previous years		(653)	1,186
Impact of change of rate		(52)	84
Total deferred tax		(391)	758
Tax on profit on ordinary activities		18,539	9,967
Taxation on items not charged/(credited) to the income statement			
		2020 £'000	2019 £'000
Current tax allowance on share options / awards in excess of expense recognised		(1,277)	(467)
Deferred tax allowance on share options / awards in excess of expense recognised		74	(594)
		(1,203)	(1,061)

Factors affecting the tax charge for the year

The income statement tax charge for the year differs from the standard rate of corporation tax in the UK of 19% (2019: 19%) as explained below:

	2020 £'000	2019 £'000
Profit before taxation	116,401	71,707
Profit multiplied by standard rate of corporation tax in the UK	22,116	13,624
(Income not taxable)/expenses not deductible	(4,072)	(4,381)
Adjustment in respect of previous years	359	254
Adjustments relating to change in UK tax rate	(52)	84
Taxed at higher overseas rate	188	386
Taxation charge	18,539	9,967

Following the UK budget on the 3 March and the announcement that the UK rate of corporation tax will increase from 19% to 25% effective 1 April 2023 with legal enactment of the new rate expected in 2021, the Company has assessed the impact on its deferred tax assets and liabilities unwinding post 1 April 2023.

9. Dividends

During the year ended 31 December 2020, a £61.7m interim dividend was paid (2019: nil) to the immediate parent company. This has been presented in the statement of changes in equity of the Company. No final dividend in respect of the results for the year ended 31 December 2020 (2019: nil) is proposed to be paid in 2021.

During the year ended 31 December 2020, an interim dividend of £22.4m (2019: £23.6m) was received from subsidiary undertakings.

FTSE INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

10. Property, Plant and Equipment

	Leasehold improvements	Computer equipment	Assets under construction	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 January 2020	89	3,361	28	3,478
Additions	-	-	3	3
Transfers	-	31	(31)	-
Impairment and write-off	(89)	(620)	-	(709)
At 31 December 2020	-	2,772	-	2,772
Accumulated depreciation				
At 1 January 2020	89	1,546	-	1,635
Depreciation charge	-	687	-	687
Impairment and write-off	(89)	(620)	-	(709)
31 December 2020	-	1,613	-	1,613
Net book values				
At 31 December 2020	-	1,159	-	1,159
At 31 December 2019	-	1,815	28	1,843

11. Intangible Assets

	Goodwill	Purchased intangible assets			Contract costs	Total
		Customer & supplier relationships	Software, licences & intellectual property	Software & other		
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 31 December 2019	864	16,433	822	68,625	11,265	98,009
Additions	-	-	-	20,132	1,939	22,071
Impairment and write-off	(864)	-	-	(291)	-	(1,155)
At 31 December 2020	-	16,433	822	88,466	13,204	118,925
Accumulated amortisation						
At 31 December 2019	-	9,638	822	26,841	3,700	41,001
Amortisation charge for the year	-	614	-	10,377	2,439	13,430
Impairment and write-off	-	-	-	(136)	-	(136)
At 31 December 2020	-	10,252	822	37,082	6,139	54,295
Net book values						
At 31 December 2020	-	6,181	-	51,384	7,065	64,630
At 31 December 2019	864	6,795	-	41,784	7,565	57,008

Software and other intangible assets at the year-end include £14.5m (31 December 2019: £9.9m) representing assets not yet brought into use. No amortisation has been charged on these assets. The remaining balance of £36.9m (31 December 2019: £31.9m) relates to software intangible assets that have been fully developed and are being amortised annually.

The goodwill arising from the purchase of Russell Systems Limited in 2013 has been fully impaired (£864k) during the year, reflecting that the Company has fully benefited from the back-office cost synergies on business combination.

FTSE INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2020

12. Investment in Subsidiary Undertakings

	£'000
31 December 2019	163,647
Investment in LSEG Malaysia Sdn Bhd.	3,122
Investment in FTSE Italy S.p.A.	385
31 December 2020	167,154

A list of the Company's subsidiaries as at 31 December 2020 is given below. The percentage of share capital of subsidiaries held by the Company is shown through the Company's ownership percentages below. These percentages give the Company's ultimate percentage and therefore allow for the situation where subsidiaries are owned by partly owned intermediate subsidiaries.

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

The % equity represents the effective interest of the Company in the subsidiaries held indirectly.

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Year ended 31 December 2020

13. Deferred Tax

	Accelerated tax depreciation	LTIP provisions	Other	Total
	£'000	£'000	£'000	£'000
1 January 2019	274	1,397	26	1,697
Tax (charged)/credited to income statement	(25)	64	(713)	(674)
Impact of change of rate	2	(34)	(52)	(84)
Tax (charged)/credited to other comprehensive income:				
Allowance on share options / awards	-	695	-	695
Impact of change of rate	-	(101)	-	(101)
31 December 2019	251	2,021	(739)	1,533
Tax (charged)/credited to income statement	16	12	311	339
Impact of change of rate	31	71	(50)	52
Tax (charged)/credited to other comprehensive income:				
Allowance on share options / awards	-	(186)	-	(186)
Impact of change of rate	-	112	-	112
31 December 2020	298	2,030	(478)	1,850
Assets/(Liabilities) at 31 December 2020	298	2,030	(478)	1,850
Assets/(Liabilities) at 31 December 2019	251	2,021	(739)	1,533

The deferred tax asset is recoverable against future taxable profits and is due after more than one year. There are no unrecognised deferred tax assets as at 31 December 2020 and 31 December 2019.

14. Retirement Benefit Obligations

The Company participates in a Personal Pension Scheme operated by Legal and General Fund Managers Limited. The Legal and General personal pension offers individuals a choice of funds in which employees may choose to invest pension contributions. The contributions of the Company depend upon the employee's personal contribution. The Scheme is a defined contribution scheme. The contributions made by the Company amounted to £1,705k (31 December 2019: £1,763k). The amounts outstanding at the reporting date were £193k (31 December 2019: £180k).

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15. Trade and Other Receivables

	2020	2019
	£'000	£'000
Non-current		
Fees receivable	1,246	-
Other receivables	25	49
Total Non-current trade and other receivables	1,271	49
Current		
Trade receivables	86,319	58,713
Fees receivable	19,733	24,909
Less: Provision for impairment of receivables	(2,338)	(1,037)
Trade and fees receivables – net	103,714	82,585
Amounts due from parent	115,589	137,739
Amounts due from ultimate parent	-	478
Amounts due from companies under common control	34,477	59,458
Amounts due from subsidiary undertakings	16,464	65,331
Other receivables	442	774
Prepayments	5,316	5,520
Total trade and other receivables	276,002	351,885
Total trade and other receivables	277,273	351,934

Amounts due from parent include a GBP denominated loan to London Stock Exchange Group Holdings Limited of £115.4m (2019: £105.8m). Interest on this loan is charged at LIBOR plus 1.5% and both loan and interest are repayable on demand.

Included within amounts due from subsidiary undertakings is £0.6m (2019: £6.3m) due from FTSE Global Debt Capital Markets Limited, £nil due from LSEG Malaysia Sdn. Bhd (2019: £2.3m) and £nil due from FTSE International Taiwan Limited (2019: £1.6m), which consists of the following amounts:

FTSE Global Debt Capital Markets Limited:

- Loan of £0.6m which accrues interest at LIBOR +1.5% per annum and is repayable on demand;

LSEG Malaysia Sdn. Bhd:

- Loan of £nil (2019: US\$3.1m) which accrues interest at LIBOR +4.0% per annum and is repayable on demand. This loan was fully repaid in the year;

FTSE International Taiwan Limited:

- Loan of £nil (2019: £1.6m) which accrues interest at LIBOR +1.5% per annum and is repayable on demand. This loan was fully repaid in the year.

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

The carrying values less impairment provisions of receivables are reasonable approximations of fair value. Trade receivables not past due are not considered to be impaired; as at 31 December 2020, these balances are spread across a number of high-quality counterparties.

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NOTES TO THE FINANCIAL STATEMENTS
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15. Trade and Other Receivables (Cont'd)

Movements on the Company's provision for expected credit losses on trade receivables are as follows:

	2020	2019
	£'000	£'000
1 January	1,037	2,547
Provision for receivables impairment	1,377	-
Receivables written off during the year as uncollectible	(76)	(554)
Provisions no longer required	-	(956)
31 December	2,338	1,037

The creation and release of the provision for impaired receivables are included in administrative expenses in the income statement. Amounts charged to the allowance account are written off when there is no expectation of recovering additional cash.

The other classes within trade and other receivables and the other categories of financial assets do not contain impaired assets.

16. Cash and Cash Equivalents

	2020	2019
	£'000	£'000
Cash at bank	441	381

There are no differences between the book value and fair value of the above balances. Management does not expect any losses from the non-performance by the counterparties holding cash and cash equivalents.

17. Trade and Other Payables and Contract Liabilities

	2020	2019
	£'000	£'000
Current		
Trade payables	18,968	11,312
Amounts owed to parent	9,701	44,864
Amounts owed to ultimate parent	724	1,705
Amounts owed to companies under common control	34,485	80,854
Amounts owed to subsidiary undertakings	36,327	78,923
Group relief owed	7,494	2,854
Social security and other taxes	9,776	7,153
Other payables	44	18
Accruals	21,477	17,786
Total trade and other payables	138,996	245,469
Current		
Contract liabilities	70,202	64,354
Total contract liabilities	70,202	64,354

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

The carrying value of trade and other payables is a reasonable approximation of fair value.

Included within group relief owed is £7.5m (2019: £2.9m) owed to the ultimate parent company.

Included within amounts owed to subsidiary undertakings is £2.8m (2019: £2.8m) due to FTSE Global Debt Capital Markets Limited and consists of the following amounts:

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17. Trade and Other Payables and Contract Liabilities (Cont'd)

FTSE Global Debt Capital Markets Limited:

- Loan of £0.43m (US\$0.58m) which accrues interest at LIBOR +1.5% per annum and is repayable on demand;
- Loan of £2.00m (EUR2.22m) which accrues interest at EURIBOR +1.5% per annum and is repayable on demand; and
- Loan of £0.33m (CAD0.58m) which accrues interest at CDOR +1.5% per annum and is repayable on demand.

As at 31 December 2020 all other amounts owed to the parent, ultimate parent, subsidiary undertakings and companies under common control are interest free and repayable on demand.

18. Provisions

	2020	2019
	£'000	£'000
Current provision:		
Other provision	-	4,292
Total provision	-	4,292

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

19. Share Capital

	2020		2019	
	Number of shares	Share capital £	Number of shares	Share Capital £
Issued, called up and fully paid				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

20. Commitments and Contingencies

Contracted capital commitments and other contracted commitments not provided for in the financial statements of the Company were £nil (2019: £nil) and £nil (2019: £nil), respectively.

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Year ended 31 December 2020

21. Share Plans

The London Stock Exchange Group Long Term Incentive Plan 2014 (LTIP), approved at the 2014 AGM, is equity settled and includes an award of Performance Shares and an award of Matching Shares linked to investment by the employee of annual bonus in the Company's shares – the latter element is not applicable to executive directors. Vesting of these awards is dependent on both market and non-market performance conditions. The performance conditions include achievement of total shareholder return (TSR) and adjusted basic earnings per share (AEPS) targets. Further details are provided in the remuneration report in the annual report of the London Stock Exchange Group plc for the year ended 31 December 2020, which does not form part of this report.

Grants during the current year, have replaced absolute TSR as a performance measure with relative TSR. Grants in prior years continue to be measured with reference to absolute TSR. The performance weighting for TSR was reduced from 50% to 40% for the current year. The performance weighting of the AEPS was increased for the current year from 50% to 60%. Awards are granted at nil cost to employees. The Group has not granted any Matching Share awards during the year.

The SAYE Option Scheme and International Sharesave Plan 2018 (SAYE) scheme provide for grants of options over the Company's shares to employees who enter into a SAYE savings contract. The options were granted at 20% below fair market value on the date of grant and become exercisable three years later. Share awards were granted at nil cost to employees and other share options were granted at fair market value or above.

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

	2020		2019	
	Number	Weighted average exercise price	Number	Weighted average exercise price
SAYE	20,821	£31.30	18,695	£22.84
LTIP	110,170	-	68,972	-

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

	2020		2019	
	Number outstanding	Weighted average remaining contractual life (years)	Number outstanding	Weighted average remaining contractual life (years)
SAYE				
Between £30 and £50	21,618	1.0	45,909	1.4
More than £50	5,983	2.4	-	-
LTIP				
Nil	170,597	1.1	241,778	1.1
Total	198,198	1.1	287,687	1.2

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22. Ultimate Parent Company

As at 31 December 2020, the Company's ultimate parent company and the parent that headed the largest group of entities for which consolidated financial statements were prepared was London Stock Exchange Group plc. The immediate parent is London Stock Exchange Group Holdings Limited. Both companies are incorporated in England and Wales. 100% of the issued share capital of the Company was beneficially owned by its ultimate parent undertaking.

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

23. Other Statutory Information

The Company paid the following amounts to its auditors in respect of the audit of the financial statements of the Company:

	2020	2019
	£'000	£'000
Audit of the Company's financial statements - Ernst & Young LLP	263	257
Total	263	257

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

24. Events After the Reporting Period

On 29 January 2021, the Group completed the acquisition of Refinitiv Parent Limited (Refinitiv), a company incorporated in the Cayman Islands and headquartered in London and New York. Refinitiv is a leading global provider of market and financial data, infrastructure, delivering data, insight and analytics tailored to strategic workflows.

The acquisition of Refinitiv is a transformational transaction, strategically and financially, and positions the wider LSEG Group for long-term sustainable growth. Refinitiv brings highly complementary capabilities in data, analytics and capital markets. The Company will reposition its focus and supports the wider Data and Analytics division which Refinitiv forms part of; however, the principal operations of the Company are not expected to change.

In Q1 2021, the Company received a complaint from a customer relating to an index data issue. The Company has recently commenced negotiations and as a result at this early stage it is not in a position to reliably estimate the impact of any probable economic outflows.