IG Markets Limited

Annual report and financial statements

31 May 2015

Registered No: 4008957

Directors
P G Hetherington
T A Howkins
C F Hill

Company Secretary
B Messer

Independent Auditors
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Registered No: 4008957

Directors' Report

The Directors have pleasure in presenting their report together with the audited financial statements of IG Markets Limited (the Company or IG Markets) for the year ended 31 May 2015.

Directors

The Directors of the Company who held office during the year and up to the date of signing the financial statements were as follows:

P G Hetherington
T A Howkins
C F Hill

No Director had any beneficial interest in the share capital of the Company during the year.

The ultimate parent company, IG Group Holdings plc (IG Group Holdings plc together with all its subsidiary undertakings, "the Group"), operates long term incentive plans and sustained performance plans for management, including the Directors of IG Markets Limited, further described in the financial statements of IG Group Holdings plc and note 24 of the IG Markets Limited financial statements.

Branches outside the United Kingdom

In line with strategic objectives, the Company has branches in a number of overseas jurisdictions, including Australia Germany, France, Italy, Spain, the Netherlands, Sweden, Norway, Luxembourg and Ireland.

Results

The Company's profit for the year, after taxation, decreased to £77.4 million (2014: £80.0 million) primarily driven by an increase in administrative expenses from £95.5 million in 2014 to £106.2 million in 2015.

Please refer to the Strategic Report for more details on future developments and a forward looking statement. The risk management and key indicators section also covered within the Strategic Report.

Dividends

No dividends were declared or paid during the year (2014: £25.2 million).

Subsequent events

The ultimate parent and undertaking and controlling party, IG Group Holdings Plc, had £200.0 million in a revolving credit facility from a syndicate of three UK banks. The Group has undertaken a review of its contingent liquidity requirements and upon approval from the Executive Risk Committee, concluded to reduce the facility to £160.0 million and include a fourth bank in the syndicate. The inclusion of a fourth bank in the syndicate offers the Group further bank diversification. This new facility has £100.0 million available for up to a 1 year term (with an option to extend for a further year) and £60.0 million available for up to 3 years and was signed on 17 July 2015. IG Markets is party to this facility and is able to draw upon it as a borrower.

Independent auditors

A resolution to re-appoint the Company's auditors PricewaterhouseCoopers LLP will be put to shareholders at the forthcoming AGM in October 2015.

Insurance and indemnities

The Company purchases appropriate liability insurance for all Directors and officers.

Directors' statement as to disclosure of information to auditors

So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors are unaware. Each Director has taken all the steps that he is obliged to take as a Director in order to make him aware of any relevant audit information and to establish that the auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Directors' Report

Going concern

The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

The Directors have reviewed the Group's processes to control the financial risks to which the Company is exposed, its available liquidity, its regulatory capital position and the annual budget. As a result of this review the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

On behalf of the Board

C F Hill

Director

28 August 2015

Strategic Report

Principal activities

The Company offers contracts for difference ('CFDs') to retail and corporate clients in the UK, Europe and Australia. It hedges unmatched trades including those for other Group companies, as considered appropriate, to ensure itself and the Group companies are not unacceptably exposed to material losses. The Company also provides an IT platform, brokering and market risk services to other Group companies. An execution only stockbroking service was launched in the UK, Ireland and the Netherlands during the year.

The Company is a wholly-owned subsidiary of Market Data Limited and the ultimate parent company is IG Group Holdings plc. The Company is regulated by the Financial Conduct Authority.

Review of business

In January the Swiss National Bank announced, without notice, that it was ceasing intervention in the Swiss franc exchange rate. This caused an unprecedented appreciation in the value of the franc, creating turmoil in the foreign exchange markets and drastically reducing global liquidity in this G10 currency. As a result, the Company's trading revenues and administrative expenses have suffered following this event.

Although, negatively impacted by the Swiss franc event, net trading revenue increased 2.1% to £196.1 million (2014: £192.1 million). This comprised of 7.2% decrease in European revenue (to £76.2 million) offset by an 11.3% increase in Australian revenue (to £58.1 million) and a 6.9% increase in UK revenue (to £61.8 million).

The revenues generated by the UK segment benefited from a very strong performance in the second quarter, as clients in this region responded more immediately to increases in market volatility. This revenue includes the UK and Ireland CFD businesses as well as revenues earned through the provision of an IT platform, broking services and market risk management services for the Group's overseas subsidiaries.

The launch of the stockbroking offering in the UK and Ireland took place in September 2014. The proposition was then strengthened in November with the launch of the collateral service, which allows clients to use their equity portfolio as margin for their leveraged trading. By the end of May there were over 4,000 funded stockbroking accounts, 65% of which are new to the Company, and of which around 3,300 had traded.

The European segment comprised offices in Germany, France, Luxembourg, Italy, Spain, the Netherlands, Sweden, Norway and Ireland. The 7.2% revenue decrease is partly due to the Swiss franc event and to a reduction in revenue per client. Although the active number of clients increased from last year in the region, Europe's contribution to the Company's revenue reduced by 3.8% to 38.9% (2014: 42.7%).

Australian segment accounted for 29.6% (2014: 27.2%) of the Company's net trading revenue. Its revenue increased 11.3% to £58.1 million (£52.2 million). Active client numbers in the second half of the year were 8% up on those in the first half. In line with the UK, as one of the more mature regions, average revenue per client was ahead of the prior year by 9.3%.

Administrative expenses increased 16.3% to £106.2 million (2014: £95.6 million) as the Company continues to grow and invest in new product offerings.

Net trading revenue for UK, Australia and Europe for the year ended 31 May 2015 and 31 May 2014 is as follows:

	Year ended 31 May 2015				*Year ended 31 May 2014*			
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
	UK	*Australia*	*Europe*	*Total*	*UK*	*Australia*	*Europe*	*Total*
Net trading revenue	61.8	58.1	76.2	196.1	57.8	52.2	82.1	192.1

Shareholders' equity increased from £393.6 million to £471.7 million as at 31 May 2015.

Forward looking and future developments

We have broadened our horizons to bring our offering to a much wider audience through both product and geographic expansion. The stockbroking service offering was extended into Germany after year-end, another step in its international roll-out. The Company's results are expected to remain strong in the coming years.

Strategic Report

Capital resources

The Company had significant surplus regulatory capital resources over the regulatory capital resources requirement throughout the year.

At the year-end, under FCA rules, the Company's capital resources exceeded the total capital resources requirement by 377% (2014: 282%). Total regulatory capital resources as at 31 May 2015 were £465.7 million (2014: £388.4 million). An analysis of the Group's consolidated capital resources and capital resources requirement is provided in the financial statements for IG Group Holdings plc.

Risk Management and Key risk indicators

The principal activities of the Company outlined above give rise to exposure to financial and operational risks in the ordinary course of business. These risks are managed on a Group-wide basis as disclosed in the financial statements of IG Group Holdings plc.

Effective management of the Group's and Company's business risks is critical to the successful delivery of its strategy. The Group identifies the nature and potential impact of these risks, in order to maintain a risk-controlled environment throughout the business. The Risk Governance Framework sets out the framework for the Board, executive committees and Non-Executive Directors (NEDs) review at Group level, independent control functions and ongoing business operations that exercise governance over risk. This risk management and oversight at Group level is then applied to the Company's risk management and oversight.

Group Risk Appetite Statement and Key Risk Indicators

The Company's Risk appetite statement is the same as that for the ultimate controlling party, IG Group Holdings plc.

The Group's Risk Appetite Statement establishes guidelines for risk management throughout the business. The Group aims to maintain a conservative risk-reward profile, and the Board has developed the Risk Appetite Statement based on the following four key principles:

- The Board will adopt measures to ensure a low level of volatility in revenues and earnings
- The Board will promote orderly business operations to guard against a loss of confidence by shareholders, clients, employees and business partners
- The Board will adopt measures to minimise regulatory risk
- The Board will review the risk profile of strategic projects against the risk profile of the core business

To report the Group's performance against the Risk Appetite Statement, the Board has implemented a set of Key Risk Indicators (KRIs). The Board reviews the KRIs in conjunction with the Risk Appetite Statement twice a year. Taken together, the KRIs are a balanced mix of quantitative and qualitative measures that provide an important indication of increasing or decreasing levels of risk.

Key Risks

The following section describes the key risks that both the Company and Group faces and the steps that the Company takes in order to manage these risks.

Credit Risk

Credit risk is the risk that a counterparty fails to perform its obligations, resulting in financial loss. Our credit risk is managed on a Group-wide basis. The principal sources of credit risk to our business are from financial institutions and individual clients.

Financial Institution Credit Risk

All financial institutions with which the Group has a relationship are subject to a credit review. Exposure limits are set and approved by the Executive Risk Committee.

The Group and Company monitor a number of key metrics on a daily basis in respect of financial institution credit risk, including: balances held, change in short- and long-term credit rating and any change in credit default swap (CDS) price.

The Group and Company are responsible, under various regulatory regimes, for the stewardship of client monies. These responsibilities include the appointment and periodic review of institutions where we deposit client money. Our aim is that all financial institutions holding client money and the Group's own cash and assets should have strong short-term and long-term ratings from the credit rating agencies. In some operating jurisdictions it can be problematic to find a counterparty satisfying these requirements, and in these cases we set low exposure limits and

Strategic Report (continued)

Financial Institution Credit Risk (continued)

seek to use the best available counterparty – preferably one that is considered locally systemic and therefore likely to be supportive in event of failure. We also maintain multiple brokers for each asset class.

All deposits that we place with these institutions are on an overnight or breakable-term basis, which enables us to react immediately to any downgrade of credit rating status or material widening of CDS spreads. We do not have any deposits of an unbreakable nature or that require notice.

Client Credit Risk

Client credit risk principally arises when a client's total funds deposited are insufficient to cover any trading losses incurred. In particular, client credit risk can arise where there are significant and sudden movements in the market, due to high general market volatility or specific volatility relating to an instrument in which the client has an open position.

We mitigate client credit risk in a number of ways. We only accept clients that pass certain suitability criteria, and our training programme aims to educate clients in all aspects of trading and risk management and encourages them to collateralise their accounts to an appropriate level. We also conduct a pre-deal credit check on every client order.

We offer a number of risk management tools that enable clients to manage their exposures including: guaranteed and non-guaranteed stops, limit orders, extended trading hours and trading via mobile platforms.

In addition, we manage our overall credit risk exposure through real-time monitoring of client positions via our close-out monitor and through the use of tiered margining.

Market Risk

Market risk is the risk that the fair value of financial assets and financial liabilities will change due to movements in market prices.

We manage market risk on a real-time basis, monitoring all client positions against market risk limits set by the Executive Risk Committee for 'operational efficiency'. The Company operates within these limits by hedging our market risk exposure as and when required. We do not take proprietary positions based on the expectation of market movements. As a result, not all net client exposures are hedged and the Group may have a residual net position in any of the financial markets in which it offers products up to the market risk limit.

Our technology enables us to monitor our market exposure constantly and in real time. If exposures exceed our pre-agreed limits, our risk management policy requires that we hedge the positions to bring the exposure back into line with these limits.

Liquidity Risk

Liquidity risk is the risk that we will be unable to meet payment obligations as they fall due.

We manage liquidity risk by ensuring that we have sufficient liquidity to meet our broker margin requirements and other financial liabilities when due, under both normal and stressed conditions. We carried out an Individual Liquidity Adequacy Assessment (ILAA) during the year, and while this applies specifically to the Group's FCA regulated entities, it provides the context within which we manage liquidity throughout the business.

Due to the very short-term nature of our financial assets and liabilities, we do not have any material mismatches in our liquidity maturity profiles. Short-term liquidity 'gaps' can arise, however, in special circumstances, due to our commitment to segregate all individual client funds. If there are significant market falls we are required to fund margin payments to brokers prior to releasing funds from segregation. During periods of very high client activity, or significant directional movements in global markets, we may be required to fund higher margin requirements with our brokers to hedge increased underlying client positions. We fund these requirements from our own available liquidity. Post year-end the Group renegotiated its liquidity facilities.

Operational Risk

Operational risk is the risk of financial loss due to inadequate or failed internal processes and systems. It can also arise from human error or external events that we cannot influence.

Our approach to managing operational risk is governed by the Risk Appetite Statement and Risk Management Framework. We have designed and implemented a system of internal controls to manage, rather than eliminate, operational risk.

The reliability of our client trading platforms is key to delivering our strategy, and we invest significantly in technology infrastructure to ensure that these platforms are resilient. On a monthly basis, the Executive Risk

Strategic Report (continued)

Operational Risk (continued)

Committee reviews our Key Risk Indicators, which includes monitoring levels of core system uptime and deal latency.

To ensure that we provide our clients with a consistent and uninterrupted level of service, we run a complete disaster recovery solution, which involves a fully-functional secondary site with real-time replication of all systems across the two locations. We support these systems with ongoing business continuity planning and regular testing. All our IT and data security systems conform to the ISO27001:2005 Information Security Management System standards.

Regulatory Risk

The Company regards regulatory risk as one of our most significant risks. In short, we define regulatory risk as:

- Breach risk: the risk that we breach a regulation that applies to our business, leading to client or market detriment, sanctions, fines, reputational damage and, in extreme situations, loss of licence.
- Change risk: the risk that one of our regulators introduces new regulations or the regulatory environment itself changes, either making our business less profitable or our products more difficult or impossible to offer.
- Expansion risk: the risk that policy and regulation in jurisdictions where we do not currently operate remain onerous and closed to our business model, limiting our geographic expansion opportunities.

We invest significant time and resources to manage and control our regulatory risk in parallel with the development of business strategy.

Breach Risk

Our compliance, legal and risk teams provide a robust line of defence to ensure that our processes and controls are effective in ensuring we are complying with our regulatory obligations. During the year, the Company has undergone a number of external reviews into key areas such as client money, which have provided comfort that we are managing and controlling this risk well. As our business becomes more complex this risk also grows, and the Company remains committed to increasing its investment in our framework to manage risk controls.

In summary, we work closely with our regulators to ensure that we operate to the highest regulatory standards and can adapt quickly to regulatory change. We are committed to engaging proactively with regulators and industry bodies, and will continue to support changes which promote protection for clients and greater clarity of the risks they face. However, we cannot provide certainty that future regulatory changes will not have an adverse impact on our business.

Change Risk

The regulatory environment continues to evolve and there are a number of events, policy initiatives and proposals in development that may impact or have already impacted our sector, as described below:

- Change to UK membership in the European Union: the Company's business in continental Europe is offered pursuant to the EU passporting regime for financial services. Any change to the UK's membership status of the European Union could have an impact on how the Company is able to operate in the European Union.
- French marketing restrictions: there are indications that French regulators may implement measures that would restrict the ability for firms like ourselves to advertise complex financial products to retail clients. The impact of these measures will depend on whether the measures are introduced and, if so, the form in which they are introduced.
- Swiss Franc market dislocation: the occurrence of extreme market events such as was seen earlier in the year regarding the Swiss Franc can result in increased regulatory scrutiny across the industry that we operate in.
- Financial Transactions Tax (FTT) in the European Union: the Enhanced Cooperation FTT effort, involving 11 of the 28 member states, has continued this year. We have expended significant efforts throughout the year to maintain an accurate knowledge of the status of this tax initiative, to understand the many stakeholders' interests and views and to ensure IG's voice is heard in the debate. It remains unclear what the ultimate outcome of the Enhanced Cooperation FTT will be, and although progress is extremely slow recent rhetoric suggests increased political will for the introduction of an Enhanced Cooperation FTT. The lack of detail makes the potential impact on our revenue from Europe very difficult to assess. We continue to monitor developments carefully.

Strategic Report (continued)

Change Risk (continued)

- European Markets Infrastructure Regulation (EMIR): the main impact of this legislation on our business is increased reporting requirements to trade repositories. Potentially, we will also be impacted in the medium to longer term by the International Organization of Securities Commissions (IOSCO), European Securities and Markets Authority (ESMA) and European Banking Authority (EBA)'s work on margin for over-the-counter trading, but the rules on this have not yet been settled.
- Markets in Financial Instruments (MiFID) II: the MiFID II dossier has continued to develop this year. The MiFID II and Markets in Financial Investments Regulation (MiFIR) Level One texts were adopted last year and there has been significant work on the preparation of the detailed Level Two texts. We remain of the view that MiFID II is unlikely to pose a threat to our UK and European businesses. We continue to monitor MiFID II carefully and to take part in industry consultation where appropriate.
- Packaged Retail Investments Products Regulation (PRIPS): this will impose an obligation on us from May 2016 to provide our UK and European clients with information about our products in a standardised form. We do not anticipate this having a negative impact on our business.
- Common Reporting Standard (CRS): This is being implemented in over 100 countries (including the UK and a number of other countries where IG has offices) to facilitate a global exchange of information on income and wealth of individuals and organisations as a measure to counter tax evasion. On-boarding processes will need to be updated to identify and report information on clients who are residents of countries who have already signed up and will sign up to CRS.
- Base Erosion and Profit Shifting (BEPS): The Organisation for Economic Cooperation and Development (OECD) has developed a series of Action Plans to address perceived international tax avoidance by high-profile multinationals. None of the Action Plans are expected to significantly impact the Company's tax profile.

We seek to mitigate Change Risk by engaging with our regulators and policy makers as much as possible (as part of policy consultations and more generally), by investing in public relations programmes and by ensuring we have access to up to date information on regulatory change.

Expansion Risk

Like Change Risk, we seek to mitigate Expansion Risk by engaging with regulators and policy makers in countries where we do not yet operate, but where we would like to. Of course, regulatory change can also represent an opportunity for our business

In summary, we work closely with our regulators to ensure that we operate to the highest regulatory standards and can adapt quickly to regulatory change. We are committed to engaging proactively with regulators and industry bodies, and will continue to support changes which promote protection for clients and greater clarity of the risks they face. However, we cannot provide certainty that future regulatory changes will not have an adverse impact on our business.

Key Performance Indicators

The Directors of IG Group plc manage the Group's operations on a geographical basis. For this reason, the Company's Directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The development, performance and position of the relevant geographical segment for the Company, is discussed in the IG Group Holdings plc annual report.

On behalf of the Board

C F Hill
Director
28 August 2015

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these 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 International Financial Reporting Standards (IFRSs) as adopted by the European Union, and IFRSs as issued by the International Accounting Standards Board (IASB), have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

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

On behalf of the Board

C F Hill
Director

28 August 2015

Independent Auditors' Report

To the Member of IG Markets Limited

Report on the financial statements

Our opinion

In our opinion, IG Markets Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 May 2015 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements comprise:

- the Statement of Financial Position as at 31 May 2015;
- the Income Statement and Statement of Other Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended;
- the Cash Flow Statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion, 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 9, 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Darren Ketteringham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

28 August 2015

Income Statement

for the year ended 31 May 2015

	Note(s)	2015 £m	Restated[1] 2014 £m
Trading revenue		225.9	225.2
Interest income on segregated client funds	3	3.5	4.2
Revenue		229.4	229.4
Interest expense on segregated client funds		(0.1)	-
Introducing partner commissions		(29.8)	(33.1)
Financial transaction taxes		(0.4)	(0.4)
Other operating income	4	0.2	0.3
Net operating income		199.3	196.2
Analysed as:			
Net trading revenue	3	196.1	192.1
Other net operating income		3.2	4.1
Administrative expenses	5(a)	(106.2)	(95.6)
Other income	5(b)	2.4	-
Operating profit		95.5	100.6
Finance income	9	1.3	1.1
Finance costs	10	(1.4)	(0.5)
Profit before taxation		95.4	101.2
Taxation	12	(18.0)	(21.2)
Profit for the year		77.4	80.0

All of the Company's revenue and profit for the year and prior year relate to continuing operations.

The notes on pages 17 to 61 are an integral part of these financial statements.

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

Statement of Other Comprehensive Income

for the year ended 31 May 2014

				Restated[1]	
		2015		*2014*	
	Note	*£m*	*£m*	*£m*	*£m*
Profit for the year			77.4		80.0
Other comprehensive income:					
Items that may be subsequently reclassified to profit or loss:					
Change in value of available-for-sale financial assets	*19*	0.3		0.1	
Other comprehensive income for the year, net of tax			0.3		0.1
Total comprehensive income for the year			77.7		80.1

All items of other comprehensive income or expense may be subsequently reclassified to profit or loss. The items of comprehensive income noted above are stated net of related tax effects. The notes on pages 17 to 61 are an integral part of these financial statements.

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

Statement of Financial Position

at 31 May 2015

	Notes	2015 £m	Restated[1] 2014 £m	Restated[1] 2013 £m
Assets				
Non-current assets				
Property, plant and equipment	13	0.3	0.4	0.5
Investment in subsidiaries	15	3.9	3.9	3.9
Financial investments	19	75.5	32.2	-
Deferred tax asset	12	0.9	1.2	1.0
		80.6	37.7	5.4
Current assets				
Trade receivables	16	248.4	309.2	286.6
Prepayments and other receivables	17	275.5	131.5	58.7
Cash and cash equivalents	18	92.0	77.9	69.0
Financial investments	19	32.9	50.3	50.5
		648.8	568.9	464.8
TOTAL ASSETS		729.4	606.6	470.2
Liabilities				
Current liabilities				
Trade payables	20	62.0	74.7	65.2
Other payables	21	191.1	130.5	53.7
Income tax payable		4.6	7.8	12.9
Total liabilities		257.7	213.0	131.8
Equity attributable to owners of the parent				
Share capital	22	13.0	13.0	13.0
Other reserves	23	1.8	1.1	0.7
Retained earnings	23	456.9	379.5	324.7
Shareholders' equity		471.7	393.6	338.4
TOTAL EQUITY AND LIABILITIES		729.4	606.6	470.2

The notes on pages 17 to 61 are an integral part of these financial statements.

Approved by the Board of Directors and signed on their behalf by:

C F Hill
Director
28 August 2015

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

Statement of Changes in Equity

for the year ended 31 May 2015

	Share capital £m *(Note 22)*	*Other reserves £m* *(Note 23)*	*Retained earnings £m* *(Note 23)*	*Total equity £m*
At 1 June 2013 (*Restated*[1])	13.0	0.7	324.7	338.4
Profit for the year	–	–	80.0	80.0
Other comprehensive expense for the year	–	0.1	-	0.1
Total comprehensive income for the year	–	0.1	80.0	80.1
Equity settled employee share-based payments *(Note 8)*	–	0.3	–	0.3
Equity dividends paid	–	–	(25.2)	(25.2)
Movement in shareholders' equity	–	0.4	54.8	55.2
At 31 May 2014 (*Restated*[1])	13.0	1.1	379.5	393.6
Profit for the year	–	-	77.4	77.4
Other comprehensive income for the year	–	0.3	–	0.3
Total comprehensive income for the year	–	0.3	77.4	77.7
Equity-settled employee share-based payments *(Note 8)*	–	0.4	–	0.4
Movement in shareholders' equity	–	0.7	77.4	78.1
At 31 May 2015	13.0	1.8	456.9	471.7

The notes on pages 17 to 61 are an integral part of these financial statements.

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

Cash Flow Statement

for the year ended 31 May 2015

	Notes	2015 £m	Restated[1] 2014 £m
Operating activities			
Operating profit		95.5	100.6
Adjustments to reconcile operating profit to net cash flow from operating activities			
Net interest income on segregated client funds		(3.5)	(4.2)
Depreciation of property, plant and equipment	5(a), 13	0.2	0.3
Equity settled share-based payments	8	0.4	0.3
Increase in trade and other receivables		(112.5)	(93.9)
Increase in trade and other payables		49.9	59.0
Cash generated from operations		30.0	62.1
Income taxes paid		(20.5)	(26.4)
Interest received on segregated client funds		4.0	4.4
Interest paid on segregated client funds		(0.1)	-
Net cash generated from operating activities		13.4	40.1
Investing activities			
Interest received		0.8	1.0
Purchase of property, plant and equipment	13	(0.1)	(0.2)
Purchase of financial investments	19	(51.1)	(91.3)
Proceeds from maturity of financial investments		51.3	59.4
Net cash generated/(used) in investing activities		0.9	(31.1)
Financing activities			
Proceeds from draw down of committed banking facility	30	100.0	80.0
Repayment of committed banking facility	30	(100.0)	(80.0)
Interest paid		(0.2)	(0.1)
Net cash used in financing activities		(0.2)	(0.1)
Net increase in cash and cash equivalents		14.1	8.9
Cash and cash equivalents at the beginning of the year		77.9	69.0
Net cash and cash equivalents at the end of year	18(a)	92.0	77.9

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

The notes on pages 17 to 61 are an integral part of these financial statements. The dividend declared during the year ended 31 May 2014 was non-cash and was settled via Group treasury.

Notes to the Financial Statements

at 31 May 2015

1. Authorisation of financial statements and statement of compliance with IFRS

The financial statements of IG Markets Limited for the year ended 31 May 2015 were authorised for issue by the Board of Directors on 28 August 2015 and the statement of financial position signed on the Board's behalf by C F Hill. IG Markets Limited is incorporated and domiciled in England and Wales.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and as issued by the International Accounting Standards Board (IASB) and also in accordance with IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

Critical accounting estimates and judgements

The preparation of financial statements requires the Company to make estimates and judgements that affect the amounts reported for assets and liabilities as at the year-end and the amounts reported for revenues and expenses during the year. The nature of estimates means that actual outcomes could differ from those estimates.

In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the measurement of items recorded in the financial statements remain the amounts due from clients and brokers (refer to notes 16 and 30), the recoverability of amounts owed by clients and the calculation of the Company's current corporation tax charge (refer to note 12).

The recoverability of amounts owed by clients, particularly following the impact of the actions of the Swiss National Bank in January 2015, is dependent on the Company's ability to collect the remaining outstanding amounts from a small number of individually large debtors. Provisions have been made where the directors consider there is a risk of non-recoverability.

The calculation of the Company's current corporation tax charge involves a degree of estimation and judgement with respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The Company holds tax provisions in respect of the potential tax liability that may arise on these unresolved items, however, the amount ultimately payable may be materially lower than the amount accrued and could therefore improve the overall profitability and cash flows of the Company in future periods.

The measurement of the Company's net trading revenue is predominately based on quoted market prices (please refer to note 30 for the financial instrument valuation hierarchy disclosures) and accordingly involves little judgement. However, the calculation of the segmental net trading revenue (details disclosed in the accounting policies notes in the Group's financial statements for the year ended 31 May 2015), as the Company manages risk and hedges on a group-wide portfolio basis, involves the use of an allocation methodology. This allocation methodology does not impact on the overall Company net trading revenue disclosed.

Basis of preparation

The accounting policies which follow have been consistently applied in preparing the financial statements for the year ended 31 May 2015. These are also consistent with the policies followed in the preparation of Group's Annual Report for the year ended 31 May 2015. The financial statements are presented in Sterling.

Exceptional items

Exceptional items are those items of income and expense that the Company considers are material one-off in nature and of such significance that they merit separate disclosure in order to aid the readers understanding of the Company's financial performance. Such items would include profits or losses on disposal of businesses and costs associated with acquisitions and disposals; major restructuring programmes; significant asset impairments; other particularly significant or unusual items.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

Comparatives restatement

IFRIC 21 'Levies'

Comparative periods have been restated to reflect the impact of the adoption of IFRIC Interpretation 21: Levies.

The adoption of IFRIC 21 impacts the accounting for the Financial Services Compensation Scheme (FSCS) levy for the year commencing 1 June 2014. FSCS levies are raised in respect of the financial year of the FSCS which runs from 1 April to the following 31 March. The levy is payable in its entirety if the Company is in operation under its Financial Conduct Authority (FCA) licence on 1 April, being the obligating event, and is levied relating to revenues of the Company's prior year. IFRIC21 requires the levy to be recognised in full in the income statement on 1 April each year. The existence of relevant activity in the previous period is necessary, but not sufficient, to create a present obligation, neither does the future operation of the business after 1 April result in the charge being spread over the FSCS financial year, this being the previous accounting treatment adopted by the Company. Therefore, for each financial year presented the levy has been expensed to the income statement in full on 1 April. Prior year comparatives have been restated under the IFRIC with an equity reserves adjustment recognised for the FSCS levy as at 1 April 2013. Full detail of the restatement is provided in note 31.

Before the adoption of IFRIC 21, the Financial Services Compensation Scheme (FSCS) levy was recognised on an accrual basis in accordance with the IAS 37, 'Provisions, contingent liabilities and contingent assets'.

Presentation in £'m

In presenting the amounts used in these financial statements the level of rounding has been changed from thousands, which were used in the comparative periods to millions. In accordance with the requirements of IAS 8, this level of rounding does not omit material information.

Going concern

The Directors have prepared the financial statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Parent company and Group financial statements

The parent company throughout the year was Market Data Limited which is a wholly owned subsidiary of IG Group Limited. The ultimate parent company is IG Group Holdings plc.

The Company is exempt under s400 of the Companies Act 2006 from preparing group financial statements because they have been included in the consolidated financial statements of IG Group Holdings plc, a company incorporated in the United Kingdom.

The financial statements of IG Group Holdings plc and its subsidiary companies, which include the results of the Company, may be obtained from Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA. The Group financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as they apply to the financial statements of the Group for the year ended 31 May 2015 applied in accordance with the provisions of the Companies Act 2006.

Foreign currencies

The Company's functional currency is Sterling. Transactions in foreign currencies are translated into the functional currency at the rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange prevailing at the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are dominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on translation are taken to the statement of comprehensive income.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses. Impairment reviews are conducted in the event of significant indications of impairment arising.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset and includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value based upon estimated useful lives. Estimated residual value and useful lives are reviewed on an annual basis and residual values are based on prices prevailing at the statement of financial position date. Depreciation is charged on a straight line basis over the expected useful lives as follows:

- Leasehold improvements - over the lease term of up to 15 years
- Office equipment, fixtures and fittings - over 5 years
- Computer and other equipment - over 2, 3 or 5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable and are written down immediately to their recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on de-recognition of an asset is determined as the difference between the sale proceeds and the carrying amount of the asset and is included in the statement of comprehensive income in the period of de-recognition.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination is recognised outside goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Expenditure on internally developed intangible assets, excluding development costs, is taken to the statement of comprehensive income in the year in which it is incurred. Development expenditure is recognised as an intangible asset only after all the following criteria are met:

- the project's technical feasibility and commercial viability can be demonstrated;
- the availability of adequate technical and financial resources and an intention to complete the project have been confirmed; and
- the correlation between development costs and future revenue has been established.

Following initial recognition, the historical cost model is applied, with intangible assets being carried at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets with a finite life are amortised on a straight line basis over their expected useful lives, as follows:

- Software and licences - straight-line basis over the contract term of up to 5 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable. In addition, the carrying value of capitalised development expenditure is reviewed for impairment annually before being brought into use.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

Impairment of non-financial assets

At least annually, or when impairment testing is required, the Directors review the carrying amounts of the Company's property, plant and equipment, intangible assets and investments in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less selling costs and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate. This rate reflects current market assessments of the time value of money as well as the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense immediately.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount.

That increased amount cannot exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset in prior years.

Financial instruments

Classification, Recognition and Measurement

The Company determines the classification of its financial instruments at initial recognition in accordance with the categories outlined below and re-evaluates this designation at each financial year-end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs. Financial instruments are disclosed in note 29 to the financial statements.

(a) Financial assets and financial liabilities at fair value through profit or loss

Financial assets and financial liabilities classified as held for trading, or designated as such on inception, are included in this category and relate to the financial derivative open positions included in trade receivables – due from brokers and trade payables – due to clients as shown in the statement of financial position and related notes. Financial instruments are classified as held for trading if they are expected to settle in the short-term. The Company uses derivative financial instruments, in order to hedge derivative exposures arising from open client positions, which are also classified as held for trading.

All financial instruments at fair value through profit or loss are carried in the statement of financial position at fair value with gains or losses recognised in revenue in the consolidated income statement.

Determination of fair value

Financial instruments arising from open client positions and the Company's hedging positions are stated at fair value and disclosed according to the valuation hierarchy required by IFRS 7. Fair values are predominantly determined by reference to third party market values (bid prices for long positions and offer prices for short positions) as detailed below:

Level 1: Valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2: Valued using techniques where a price is derived based significantly on observable market data. For example, where an active market for an identical financial instrument to the product offered by the Company to its clients or used by the Company to hedge its market risk does not exist.

Level 3: Valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

(b) 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 end of the reporting period. These are classified as non-current assets. The Company's loans and receivables comprise 'trade receivables' and 'cash and cash equivalents'.

(c) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any other categories. They are included in non-current assets unless the investment matures or management intend to dispose of it within 12 months of the end of the reporting period. The Company's available-for-sale assets comprise of 'financial investments'.

Derecognition of financial assets and liabilities

A financial asset or liability is generally de-recognised when the contract that gives rise to it is settled, sold, cancelled or expired.

(a) Financial assets

A financial asset is derecognised where the rights to receive cash flows from the asset have expired; the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Company has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Trade receivables and trade payables

Assets or liabilities resulting from profit or losses on open positions are carried at fair value. Amounts due from or to clients and brokers are netted against other assets and liabilities with the same counterparty where a legally enforceable netting agreement is in place and where it is anticipated that assets and liabilities will be netted on settlement.

Trade receivables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions result in an amount due to the Company. A provision for impairment is established where there is objective evidence of non-collectability. Reference is made to an aged profile of debt and the provision is subject to management review.

Trade payables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions results in an amount payable by the Company.

Prepayments and other receivables

Prepayments and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as fair value through profit or loss. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in income when the receivables are derecognised or impaired, and when economic benefit is consumed. A provision for impairment is established where there is objective evidence of non-collectability.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

Cash and cash equivalents

Cash comprises cash on hand and demand deposits which may be accessed without penalty. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. For the purposes of the consolidated cash flow statement, net cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

The Company holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority (FCA) and other regulatory bodies. Such monies are classified as either 'cash and cash equivalents' or 'segregated client funds' in accordance with the relevant regulatory requirements. Segregated client funds comprise individual client funds held in segregated client money accounts or money market facilities. Segregated client money accounts hold statutory trust status restricting the Company's ability to control the monies and accordingly such amounts and are not held on the Company's statement of financial position.

The amount of segregated client funds held at year-end is disclosed in note 18 to the financial statements. The return received on managing segregated client funds is included within net operating income.

Title transfer funds are held by the Company under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Company. Title transfers funds are accordingly held on the Company's statement of financial position with a corresponding liability to clients within trade payables.

Financial investments

Financial investments are held as available-for-sale and are non-derivative financial assets that are not classified as held for trading, designated at fair value through profit or loss, or loans and receivables. Financial investments are recognised on a trade date basis. They are initially recognised at fair value plus directly related transactions costs. They are subsequently carried at fair value. Fair value is the quoted market price of the specific investments held.

Financial investments available-for-sale are carried at fair value. Unrealised gains or losses are reported in equity (in the available for sale reserve) and in other comprehensive income, until such investments are sold, collected or otherwise disposed of, or until any such investment is determined to be impaired. On disposal of an investment, the accumulated unrealised gain or loss included in equity is recycled to the income statement for the period and reported in other income. Gains and losses on disposal are determined using the average cost method.

Interest on financial investments are included is included in interest using the Effective Interest Rate (EIR) method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see IAS 18 Revenue), transaction costs, and all other premiums or discounts.

At the year-end date the Company considers whether there is objective evidence that a financial investment is impaired. In case of such evidence, it is considered impaired if its cost exceeds the recoverable amount. The recoverable amount for a quoted financial investment is determined by reference to the market price. A quoted financial investment is considered impaired if objective evidence indicates that the decline in market price has reached such a level that recovery of the cost value cannot be reasonably expected within the foreseeable future.

If a financial investment is determined to be impaired, the cumulative unrealised loss previously recognised in equity is recycled to profit for the period.

Other payables

Non-trading financial liabilities are recognised initially at fair value and carried at amortised cost using the effective interest rate method if the time value of money is significant.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount can be reliably estimated.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

Borrowings

Borrowings are recognised initially at their issue proceeds less transaction costs incurred. Subsequently, taking into consideration the term of the borrowings, an assessment is made whether to state at amortised cost, with any difference between net proceeds and the redemption value being recognised in the income statement over the period of the borrowings using the effective interest rate method.

All borrowing costs are expensed as they are incurred.

Employee Benefits

(a) Pension obligations

The Group operates defined contribution schemes. Contributions are charged to the income statement as and when they become payable according to the rules of the schemes. Once the contributions have been paid the group has no legal or constructive obligations to pay further contributions.

(b) Bonus schemes

The Company recognises a liability and an expense for bonuses based on formulae that take into consideration both the Group's revenue and performance against certain non-financial measures.

Termination benefits

Termination benefits are payable when an employment contract is terminated by the Group. The Company recognises termination benefits when the Group can no longer withdraw the offer of those benefits.

Share based-payments

The Group operates equity settled employee share plans: a Share Incentive Plan (SIP), a Sustained Performance Plan (SPP), a Long Term Incentive Plan (LTIP) and a Value Sharing Plan (VSP), which is replaced by the SPP and LTIP plans.

For market-based vesting conditions, the cost of these awards is measured at fair value calculated using option pricing models (refer to the share based payment note for additional detail of the models and assumptions used for the various award schemes) and are recognised as an expense in the income statement on a straight-line basis over the vesting period based on the Company's estimate of the number of shares that will eventually vest.

For non-market based vesting conditions, at each statement of financial position date before vesting, the cumulative expense is calculated representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions determining the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous statement of financial position date is recognised in the income statement as part of administrative expenses, with a corresponding entry in equity.

Taxation

The income tax expense represents the sum of tax currently payable and movements in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates in the respective jurisdictions that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for on all temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available, against which deductible temporary differences may be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

Taxation (continued)

The carrying amount of deferred tax assets is reviewed at each statement of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the statement of financial position date. Deferred tax is charged or credited in the income statement, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Revenue recognition

Trading revenue represents gains and losses arising on client trading activity primarily in contracts for difference or binary products and the transactions undertaken to hedge the risk associated with client trading activity. Open client and hedging positions are carried at fair market value and gains and losses arising on this valuation are recognised in revenue as well as gains and losses realised on positions that have closed. The policies and methodologies associated with the determination of fair value have been discussed above under Financial Instruments.

Trading revenue also includes:

- spread, commission and funding charges made to clients in respect of the opening, holding and closing of contracts for difference or binary options;
- commission earned from the execution only stockbroking service after deducting contracting and trade settlement fees payable to third party brokers. Revenue is stated net of sales taxes and is recognised in full on the date of trade being placed; and
- member fees charged by the Group's regulated futures and options exchange. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured.

Trading revenue is reported gross of introductory partner commission as these amounts are directly linked to trading revenue. Introductory partner commission, along with betting duties and financial transaction taxes paid are disclosed as an expense in arriving at net operating income.

Finance revenue and interest income on segregated client funds is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate which exactly discounts estimated future cash receipts over the expected life of the financial asset to that asset's net carrying amount. Interest income on segregated client funds is disclosed within revenue and therefore operating profit as this is consistent with the nature of the Company's operations.

Net trading revenue, disclosed on the face of the Statement of Comprehensive Income and in the notes to the financial statements, represents trading revenue from financial instruments carried at fair value through profit or loss and has been disclosed net of introductory partner commission as this is consistent with the management information received by the Chief Operating Decision Maker.

Dividends receivable are recognised when the shareholder's right to receive the payment is established.

Operating profit

Operating profit is the sum of the results of the principal activities of the Company after charging depreciation of property, plant and equipment, amortisation of intangible assets, operating lease rentals on land and buildings, foreign exchange differences, profit or loss on sale of property, plant and equipment and other administrative expenses.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

Finance costs and interest expense on segregated client funds

Finance costs and interest expense on segregated client funds are accrued on a time basis by reference to the principal amount charged at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts the future expected cash flows to the carrying amount of the liability. Issue costs are included in the determination of the effective interest rates.

Interest expense on segregated client funds is disclosed within operating profit as this is consistent with the nature of the Company's operations.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders.

Operating leases

Leases are classified as operating leases where the lessor retains substantially all the risks and benefits of ownership of the asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

Changes in accounting policies

The accounting policies adopted in the preparation of financial statements are consistent with those followed in the preparation of the Group's Annual Report for the year ended 31 May 2015.

With the exception of the adoption of IFRIC 21 the accounting policies adopted in the preparation of financial statements are consistent with those followed in the preparation of the Company's Financial Statements for the year ended 31 May 2014.

New and amended accounting standards and interpretations adopted by the Company

Effective from 1 June 2014, the company adopted the following interpretation and amendments to standards:

(a) New amendments and interpretations adopted by the Company

In addition to IFRIC 21 the following amendments to standards have also been implemented but have not had a material effect on the Company's results:

- IAS 27 (revised 2011), 'Separate financial statements' (effective 1 January 2013) (EU endorsed from 1 January 2014)
- Amendments to IFRS 10, 12 and IAS 27 on consolidation for investment entities (effective 1 January 2014)
- Amendment to IAS 32, 'Financial instruments: Presentation', on asset and liability offsetting (effective 1 January 2014)
- Amendment to IAS 36, 'Impairment of assets' on recoverable amount disclosures (effective 1 January 2014)
- Amendment to IAS 39, Financial instruments: recognition and measurement' on novation of derivatives (effective 1 January 2014)
- Annual improvements 2012 (effective 1 July 2014)
- Annual improvements 2013 (effective 1 July 2014)
- Amendment to IAS 19, 'Employee benefits' regarding employee or third party contributions to defined benefit plans (effective 1 July 2014)

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the Company's financial statements.

Notes to the Financial Statements

at 31 May 2015

2. Accounting policies (continued)

(b) New standards and interpretations adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 June 2014, and have not been applied in preparing these financial statements. With the exception of the following new standards and amendments to standards and interpretations below, there are no others which are expected to have a material impact:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income (OCI) and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement. The Company is yet to assess IFRS 9's full impact.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations.

The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement. The Company is yet to assess the full impact of IFRS 15.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company. The list below includes those which will have an immaterial impact on the Company:

- Amendment to IFRS 11, 'Joint arrangements' regarding acquisition of an interest in a joint operation (effective 1 January 2016);
- Amendment to IAS 16, 'Property, plant and equipment' and IAS 38, 'Intangible assets' regarding depreciation and amortisation (effective 1 January 2016);
- Amendments to IAS 16, 'Property, plant and equipment' and IAS 41, 'Agriculture' regarding bearer plants (effective 1 January 2016) (not EU endorsed at the time of going to print);
- Amendments to IFRS 10 and IAS 28 regarding the sale or contribution of assets between an investor and its associate or joint venture (effective 1 January 2016);
- Amendment to IAS 27, 'Separate financial statements' regarding the equity method (effective 1 January 2016);
- IFRS 14, 'Regulatory deferral accounts' (effective 1 January 2016);
- Annual improvements 2014 (effective 1 January 2016).

Notes to the Financial Statements

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3. Net trading revenue

Net trading revenue represents the net trading income from financial instruments carried at fair value through profit and loss, net of introducing partner commission and commission from providing the execution only stockbroking service. Revenue from external customers includes interest income on segregated client funds and is analysed as follows:

	2015	*2014*
	£m	*£m*
Contracts for difference	177.1	177.6
Binaries	18.8	14.5
Stockbroking commission	0.2	-
Net trading revenue	196.1	192.1
Interest income on segregated client funds	3.5	4.2
Revenue from external customers	199.6	196.3

During the year the Company commenced the offering of an execution only stockbroking service in the UK, Ireland and the Netherlands. In addition to the above, Finance income is disclosed in note 9.

4. Other operating income

	2015	*2014*
	£m	*£m*
Administrative charges to clients	0.2	0.3

The Company charges inactivity fees for those accounts on which clients had not traded for two years.

Notes to the Financial Statements

at 31 May 2015

5(a). Administrative expenses

	2015	Restated[1] 2014
	£m	£m
Administrative expenses are stated after charging:		
Depreciation of property, plant and equipment	0.2	0.3
Operating lease rentals	1.9	2.0
Impairment of trade receivables[2]	7.3	5.6
Advertising and marketing	18.6	16.6

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

[2]Impairment of trade receivables includes the following exceptional items:

Exceptional items for the year ended 31 May 2015 – Swiss franc event impact:

On 15 January 2015, the Swiss National Bank announced that it had ceased intervention in the exchange rate between the Swiss franc and Euro. This caused a sudden extreme appreciation in the value of the franc, accompanied by a lack of market liquidity which lasted several minutes and resulted in a negative financial impact to the Company. This was a combination of £6.1 million of market losses (included in revenue) and £6.2 million of gross client exposures (included in impairment of trade receivables). The market related losses occurred where client positions were closed in the Company's systems at a more beneficial level than the Company was able to close its entire corresponding hedge due to the market dislocation.

Exceptional items for the year ended 31 May 2014 – Impairment of trade receivable owed by fellow Group subsidiary:

Following an impairment review, £4.3 million was incurred in relation to the impairment of a trade receivable owed to the Company by Market Data Japan, a fellow Group subsidiary.

All of the above are included in the administrative expenses on the statement of comprehensive income are presented net of recharges from a fellow Group subsidiary. The market losses in relation to the Swiss franc event are included in revenue.

	2015	2014
	£m	£m
Administrative expenses include the following recharges from a fellow Group subsidiary:		
Staff costs	35.8	37.4
Operating lease rentals	1.1	1.3
IT Maintenance and support	3.7	3.1
Sales taxes	5.0	5.3
Advertising and marketing	3.8	3.4
Other	4.6	3.6
Total expenses recharged from a fellow Group subsidiary	54.0	54.1

Refer to notes 8 and 28 for further information regarding recharged expenses included in administrative expenses.

Notes to the Financial Statements

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5(b). Other income

The Company received a £2.4 million (2014: £nil) dividend from a fellow Group company during the year ended 31 May 2015.

6. Auditors' remuneration

Audit fees in relation to audit of financial statements of the Company and its branches amounting to £67,000 (2014: £68,000) are borne by a fellow Group undertaking. Non-audit fees relating to tax compliance and other services amounted to £132,000 (2014: £96,000).

7. Directors' emoluments

Below disclosed Directors' emoluments represent amounts paid to Directors for services to the Group and only a proportion of these relate to IG Markets Limited. These costs are paid by other group companies.

	2015	*2014*
	£m	*£m*
Salaries and other short term employee benefits	1.1	1.1
Post-employment benefits	0.2	0.2
Share-based payments	2.6	3.4
	No.	*No.*
Members of money purchase pension scheme	2	2

	2015	*2014*
	£m	*£m*
Highest paid Director:		
Emoluments	0.5	0.5
Post-employment benefits	0.1	0.1
Share-based payments	1.1	1.5

8. Staff costs

The Company has direct employees in its overseas branches. The average monthly number of employees during the year was 83 (2014: 80). All employees in the UK are employed by a fellow Group company. The staff costs presented below are in relation to direct employees only, who are employed in sales, marketing and administration. The staff costs for the year were as follows:

	2015	*2014*
	£m	*£m*
Wages and salaries	5.2	5.2
Social security costs	1.7	1.5
Other pension costs	0.1	0.1
	7.0	6.8

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8. Staff costs (continued)

Wages and salaries include the following amounts in respect of performance related bonuses, excluding national insurance, and share-based payments charged to the statement of comprehensive income:

	2015	*2014*
	£m	*£m*
Performance related bonuses	1.2	1.5
Equity settled share-based payments	0.4	0.3
	1.6	1.8

Staff costs recharged by a fellow group company for services provided by UK staff amounted to £35.8 million (2014: £37.4 million).

9. Finance income

	2015	*2014*
	£m	*£m*
Bank interest receivable	0.3	0.3
Interest accretion on financial investments	0.7	0.3
Interest receivable from brokers	0.3	0.5
	1.3	1.1

10. Finance costs

	2015	*2014*
	£m	*£m*
Interest payable to clients	0.1	-
Interest payable to brokers	0.1	0.1
Interest paid to a fellow group subsidiary	0.3	0.4
Other charges	0.9	-
	1.4	0.5

11. Dividend

	2015	*2014*
	£m	*£m*
Declared and paid during the year:		
Interim dividend declared and paid £nil (2014: 193.5p per share)	-	25.2
	-	25.2

No dividend was declared during the year ended 31 May 2015 (2014: £25.2 million).

Notes to the Financial Statements

at 31 May 2015

12. Taxation

12(a) Tax on profit on ordinary activities

Tax charged in the income statement:

	31 May 2015	Restated[1] 31 May 2014
Current income tax:	£m	£m
Corporation tax	17.7	24.1
Adjustments in respect of prior years	-	(2.6)
Total current income tax	17.7	21.5
Deferred income tax		
Deferred tax	-	0.1
Adjustments in respect of prior years	0.3	(0.4)
Tax expense in the statement of comprehensive income	18.0	21.2

(b) Reconciliation of the total tax charge:

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. Accordingly, the effective corporation tax is calculated at 20.83% (2014: 22.67%) of the estimated assessable profit in the UK. Taxation outside the UK is calculated at the rates prevailing in the respective jurisdictions. The tax expense in the Statement of Comprehensive Income for the year can be reconciled as set out below:

	2015 £m	Restated[1] 2014 £m
Accounting profit before taxation	95.4	101.2
Accounting profit multiplied by the UK standard rate of corporation tax at 20.83% (2014: 22.67%)	19.9	22.9
Effects of:		
Expenses not deductible for tax purposes	0.3	2.1
Change in tax rates	-	0.1
Non-taxable dividend income	(0.5)	-
Group relief claimed	(2.4)	(1.7)
Effect of foreign tax rates	0.3	0.8
Adjustments in respect of prior years	0.4	(3.0)
Total tax expense reported in the statement of comprehensive income	18.0	21.2

The effective corporation tax rate is 18.9% (2014: 20.9%)..

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

Notes to the Financial Statements

at 31 May 2015

12. Taxation (continued)

12(c) Deferred income tax assets:

The deferred income tax assets included in the statement of financial position are as follows:

	2015 £m	Restated[1] 2014 £m
Depreciation in excess of capital allowances	0.1	0.1
Other timing differences	0.8	0.5
IFRIC 21 restatement	-	0.6
	0.9	1.2

The movement in the deferred income tax included in the statement of financial position is as follows:

	2015 £m	Restated[1] 2014 £m
At the beginning of the year	1.2	1.0
Statement of comprehensive income	(0.3)	0.2
	0.9	1.2

12(d) Deferred income tax – statement of comprehensive income charge

	2015 £m	Restated[1] 2014 £m
The deferred income tax (charge)/credit included in the statement of comprehensive income is made up as follows:		
(Accelerated)/decelerated capital allowances	(0.1)	0.1
Other timing differences	(0.2)	0.1
	(0.3)	0.2
The deferred tax credited to equity during the year is as follows:		
Share-based payments	-	-

Closing deferred tax on UK temporary differences has been calculated at the substantively enacted rate of 20% (2014: 20%).

12(e) Factors affecting the tax charge in future years

Factors that may affect the Company's future tax charge include the transfer pricing policies, the UK corporation tax rate, changes in tax legislation, future planning opportunities and the resolution of open tax issues. The calculation of the Company's total tax charge involves a degree of estimation and judgement with respect to the recognition of deferred tax assets (refer to note 12(c)) and certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The Company holds tax provisions in respect of the potential tax liability that may arise on these unresolved items, however, the amount ultimately paid may be materially lower than the amount accrued and could therefore improve the overall profitability and cash flows of the Company in future periods.

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

Notes to the Financial Statements

at 31 May 2015

13. Property, plant and equipment

	Leasehold improvements *£m*	*Office equipment, fixtures and fittings* *£m*	*Computer, and other equipment* *£m*	*Total* *£m*
Cost:				
At 1 June 2013	0.7	0.3	0.2	1.2
Additions	0.1	-	0.1	0.2
Written off	(0.1)	-	-	(0.1)
At 31 May 2014	0.7	0.3	0.3	1.3
Additions	-	-	0.1	0.1
Written off	-	-	-	-
At 31 May 2015	0.7	0.3	0.4	1.4
Accumulated Depreciation:				
At 1 June 2013	0.4	0.2	0.1	0.7
Provided during the year	0.1	0.1	0.1	0.3
Written off	(0.1)	-	-	(0.1)
At 31 May 2014	0.4	0.3	0.2	0.9
Provided during the year	0.1	-	0.1	0.2
Written off	-	-	-	-
At 31 May 2015	0.5	0.3	0.3	1.1
Net book value:				
At 31 May 2015	0.2	-	0.1	0.3
At 31 May 2014	0.3	-	0.1	0.4
At 1 June 2013	0.3	0.1	0.1	0.5

Notes to the Financial Statements

at 31 May 2015

14. Intangible assets

	Software and licences £m	*Total £m*
Cost:		
At 1 June 2013	0.3	0.3
Additions	-	-
Written off	(0.1)	(0.1)
At 31 May 2014	0.2	0.2
Additions	-	-
Written off	-	-
At 31 May 2015	0.2	0.2
Accumulated Amortisation:		
At 1 June 2013	0.2	0.2
Provided during the year	-	-
Written off	(0.1)	(0.1)
At 31 May 2014	0.1	0.1
Provided during the year	0.1	0.1
Written off	-	-
At 31 May 2015	0.2	0.2
Net book value:		
At 31 May 2015	-	-
At 31 May 2014	-	-
At 1 June 2013	-	-

Notes to the Financial Statements

at 31 May 2015

15. Investment in subsidiaries

At cost:	*31 May 2015*	*31 May 2014*
	£m	*£m*
At beginning and end of the year	3.9	3.9

The following companies are all owned directly or indirectly by IG Markets Ltd:

Name of company	*Country of incorporation*	*Holding*	*Proportion of voting rights held*	*Nature of business*
Subsidiary undertakings held directly:				
IG Nominees Limited	UK	Ordinary shares	100%	Nominee company
ITS Market Solutions Limited	UK	Ordinary shares	100%	Non-trading
IG Finance 9 Limited	UK	Ordinary shares	100%	Financing
Subsidiary undertakings held indirectly:				
IG Asia Pte Limited	Singapore	Ordinary shares	100%	CFD trading and foreign exchange

IG Nominees Limited (04371444) and ITS Market Solutions Limited (04768327) are exempt from the requirement to prepare individual accounts by virtue of s394A of the Companies Act 2006 relating to the individual accounts of dormant subsidiaries. IG Finance 9 (07306407) is not subject to an audit by virtue of s479A of the Companies Act 2006 relating to subsidiary companies. ITS Market Solutions Limited was liquidated on the 23rd June 2015.

16. Trade receivables

	31 May 2015	*31 May 2014*
	£m	*£m*
Amounts due from brokers	237.1	301.2
Other amounts due to the Company(1)	10.0	7.4
Amounts due from clients(2)	1.3	0.6
	248.4	309.2

(1)Other amounts due to the Company represent balances that will be transferred to the Company's own cash from segregated client funds on the following working day in accordance the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Group operates. This also includes amounts due from banking counterparties or held within segregated client funds in relation to monies transferred by clients to the Company that remain unsettled at the year-end. The Company is required to segregate these client funds at the point of client funding and not at cash settlement.

(2)Amounts due from clients arise when a client's total funds deposited with the Company are insufficient to cover any trading losses incurred and are stated net of an allowance for impairment.

Notes to the Financial Statements
at 31 May 2015

17. Prepayments and other receivables

	31 May 2015 £m	Restated[1] 31 May 2014 £m
Other debtors	0.3	0.7
Prepayments	1.8	1.6
Amounts due from fellow Group subsidiaries (note 28)	273.4	129.2
	275.5	131.5

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in *timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.*

The amounts due from Group companies are unsecured, interest free and are repayable on demand.

18(a). Cash and cash equivalents

	31 May 2015 £m	31 May 2014 £m
Gross cash and cash equivalents[1]	505.3	469.3
Less: Segregated client funds[2]	(413.3)	(391.4)
Cash and cash equivalents[3]	92.0	77.9

[1]Gross cash and cash equivalents includes each of the Company's own cash, proceeds from the drawdown of the committed banking facility, as well as all client monies held.

[2]Segregated client funds comprise individual client funds held in segregated client money accounts or money market facilities established under the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Company operates. Such monies are not included in the Company's Statement of Financial Position.

[3]Cash and cash equivalents includes both title transfer funds held by the Company under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Company.

Cash and cash equivalents are deposited for varying periods of between one day and three months depending on the immediate cash requirements of the Company, and earn interest at the respective short-term deposit rates.

Undrawn committed Group borrowing facilities, to which IG Markets is a party, amounted to £200.0m (2014: £200.0m) at year end. Refer to note 33 for further details.

18(b). Client funds and assets

	31 May 2015 £m	31 May 2014 £m
Segregated client funds	413.3	391.4
Segregated client assets[1]	77.4	-
Total segregated client funds and assets	490.7	391.4

[1]During the year the Company commenced the offering of an execution only stockbroking service in the UK, Ireland and the Netherlands. As a result, the Company is required to segregate the clients' equity positions under the Financial Conduct Authority's 'CASS' rules.

Notes to the Financial Statements

at 31 May 2015

19. Financial investments

	2015 £m	2014 £m
UK Government securities		
At beginning of year	82.5	50.5
Purchase of securities	76.4	91.3
Maturity of securities and coupon receipts	(51.3)	(59.6)
Accrued interest	0.5	0.2
Net gains transferred to equity	0.3	0.1
At end of year[1]	108.4	82.5
Less non-current portion	(75.5)	(32.2)
Current portion	32.9	50.3

[1]The balance is made up as follows:

	31 May 2015 £m	31 May 2014 £m
Liquid asset buffer[1.1]	83.1	82.5
Collateral at broker[1.2]	25.3	-

[1.1]The UK Government securities are held by the Company in satisfaction of the FCA requirements to hold a "liquid asset buffer" against potential liquidity stress under BIPRU 12.

[1.2]During the year ended 31 May 2015 the Company purchased a £25.7m (carrying value of £25.3 million at 31 May 2015) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy.

The effective interest rates of securities held at the year-end range from 0.41% to 1.01%.

Financial investments are shown as current assets when they have a maturity less than one year and are held as 'available-for-sale'. The fair value of securities held is based on closing market prices at the year-end as published by the UK Debt Management Office. Refer to note 30(ii)b) for a maturity profile.

20. Trade payables

	31 May 2015 £m	31 May 2014 £m
Amounts due to title transfer clients	11.3	20.8
Intercompany hedging relationship with fellow group subsidiaries (note 28)	50.6	53.2
Other amounts due to clients[1]	-	-
Other trade payables	0.1	0.7
	62.0	74.7

[1]Other amounts due to clients represent balances that will be transferred from the Company's own cash into segregated client funds on the following working day in accordance with the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Company operates.

Notes to the Financial Statements

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21. Other payables

	31 May 2015 £m	Restated[1] 31 May 2014 £m
Accruals and deferred income	12.2	10.9
Other taxes and social security	0.4	0.3
Amounts due to Group companies (note 28)	178.5	119.3
	191.1	130.5

22. Share capital

	31 May 2015 £m	31 May 2014 £m
Allotted, called up and fully paid:		
13,000,000 ordinary shares of £1 each	13.0	13.0

23. Retained earnings and other reserves

	31 May 2015 £m	Restated[1] 31 May 2014 £m
Retained earnings	456.9	379.5
Other reserves	1.8	1.1
	458.7	380.6

Retained earnings

Retained earnings include profit and losses charged to the statement of comprehensive income.

Other reserves

Other reserves include a share-based payments reserve and an available for sale reserve.

The share-based payments reserve represents the equity contribution by the ultimate parent company, IG Group Holdings plc, for the equity-settled share-based payments made by IG Group Holdings plc to employees of the Company.

The available for sale (AFS) reserve records movements in the fair value of financial investments (see note 19) designated as available for sale, in accordance with IAS 39.

[1]As outlined in the Company's accounting policies in note 2, comparative periods have been restated to reflect the change in timing of recognition of the FSCS levy in accordance with IFRIC 21 'Levies'. Refer to note 31 for additional information.

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24. Employee share plans

The ultimate parent company, IG Group Holdings plc, operates four employee share plans: a Sustained Performance Plan (SPP), a Long-Term Incentive Plan (LTIP), a Value-Sharing Plan (VSP) and a Share Incentive Plan (SIP), all of which are equity-settled. The SPP and the LTIP awarded during the past year replace the VSP scheme. The expenses recognised in the income statement in respect of share-based payments (including associated social security costs) relating to direct employees of the Company are presented below:

	2015	*2014*
	£m	*£m*
Equity settled share-based payment schemes	0.6	0.3
Expense recharged from fellow subsidiaries	2.8	3.9
Expense recognised in income statement	3.4	4.2

(a) Current schemes

The Directors of the Company and senior managers employed directly by the Company are participants in the SPP and LTIP plans described below.

Sustained Performance Plan (SPP)

The SPP award was introduced in the year ended 31 May 2014 to replace the VSP award for the Group's executive Directors and other selected senior employees. The Group Remuneration Committee approves any awards made under the plan and is responsible for setting the policy for the operation of the plan, agreeing performance targets and participation.

The legal grant of awards under the SPP occurs post the relevant performance period. At the outset of the financial year the Group Remuneration Committee approves, and communicates to the participants, performance conditions and a pre-defined maximum monetary award in terms of multiple of salary. The grant of awards, in the form of equity settled par value options, is based upon three performance conditions: Total Shareholder Return (TSR), diluted earnings per share and operational non-financial performance. Awards subsequently vest in tranches over the long-term (up to seven years), so the participant retains an ongoing substantial stake in the share price performance of the Company.

The following table shows the number of options awarded in relation to performance for the year ended 31 May 2014 to the Directors and senior management employed directly by the Company:

Award date	Share price at award	Expected full vesting date	At the start of the year	Awarded during the year	Lapsed during the year	Exercised during the year	Dividend equivalent awarded during the year	At the end of the year
			Number	Number	Number	Number	Number	Number
4 Aug 2014	609.90p	4 Aug 2020	-	536,777	-	(200,217)	15,995	352,555
Total			-	536,777	-	(200,217)	15,995	352,555

Of the above SPP exercised during the year ending 31 May 2015, the average share price at exercise was:

Award date	**Average share price at exercise**
4 Aug 2014	615.56p

The weighted average exercise price of all SPP awards is 0.005p.
As a 'shared understanding' under IFRS2 is established between the Company and participants at the scheme outset the costs associated with the SPP are accounted for as share based payments from this time.

Further information on the Company's SPP awards is given in the Group Directors' Remuneration Report.

The awards for the current year SPP will be granted post year-end following the approval of actual performance against targets set by the Group Remuneration Committee. A ten-day share price averaging period that will commence after the Company's closed period is utilised to convert notional salary awarded into a number of options (refer to the Group Directors' Remuneration Report for performance conditions).

Notes to the Financial Statements

at 31 May 2015

24. Employee share plans (continued)

Sustained Performance Plan (SPP) (continued)

The table below details the number of option awards expected to be awarded for the year ended 31 May 2015 to the Directors and senior management employed directly by the Company:

Award date	Share price at 29 May 2015[1]	Expected full vesting date	Awards expected during the year ending 31 May 2016
			Number
4 Aug 2015	781.5p	4 Aug 2020	327,185
Total			327,185

[1]Closing share price on 29 May 2015.

Long Term Incentive Plan (LTIP)

The LTIP award has been made available to senior management who are not invited to participate in the SPP.

LTIP awards allow the award of nominal cost options, which vest when specific performance targets are achieved, conditional upon continued employment at the vesting date. For each award a minimum performance target has to be achieved before any shares vest and the awards vest fully once the maximum performance target is achieved.

The awarded LTIP vests after three years with a predefined number of shares allocated pro-rata based on achieving diluted earnings per share growth of between zero and 9% for the awards made in the year ended 31 May 2014, and between zero and 13% for the year ended 31 May 2015, with straight line vesting in between.

The maximum number of LTIP awards that can vest under the awards made are:

Award date	Share price at award	Expected vesting date	At the start of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At the end of the year
			Number	Number	Number	Number	Number
28 Nov 2013	584.00p	28 Nov 2016	73,309	-	-	-	73,309
5 Aug 2014	618.50p	5 Aug 2017	-	66,057	-	-	66,057
Total			73,309	66,057	-	-	139,366

The weighted average exercise price of all LTIP awards is 0.005p.

Share Incentive Plan (SIP)

SIP awards are made available to all UK employees. The Executive Directors have responsibility for setting the terms of the award which are then approved by the Group Remuneration Committee.

The UK awards invite all employees to subscribe for up to £1,800 (2014: £1,500) of partnership shares, with the Group typically matching on a two-for-one (2014: one-for-one) basis. All matching shares vest after three years as long as the employee remains employed with the Group for the term of the award. Shares awarded under the scheme are held in trust in accordance with local tax authority rules. Employees are entitled to receive dividends on the shares held in trust for as long as they remain employees.

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24. Employee share plans (continued)

Share Incentive Plan (SIP) (continued)

The maximum numbers of SIP shares that can vest based on the awards made are:

Country	Award date	Share price at award	Expected vesting date	At the start of the year (number)	Awarded during the year (number)	Lapsed during the year (number)	Exercised during the year (number)	At the end of the year (number)
UK	27 July 2012	4.5600	27 July 2015	328	-	-	-	328
UK	26 July 2013	5.8000	25 July 2016	517	-	-	-	517
UK	25 July 2014	6.0580	25 July 2017	-	1,188	-	-	1,188
Total				845	1,188	-	-	2,033

(b) Fair value of equity-settled awards

The fair value of the equity-settled share-based payments to Company employees is determined at the date at which a shared understanding of the terms and conditions of the arrangement is reached between the Company and the participants. The weighted average fair value of the equity-settled awards granted or deemed as such under IFRS2 during the year was £3.0 million (2014: £0.8 million).

For LTIP awards the fair value at grant date is determined by taking the share price at grant date. An adjustment for the present value of future dividends is not required as dividend equivalents are awarded on options granted under the LTIP.

For potential SPP awards made under the Total Shareholder Return (TSR) criteria, fair value is calculated using an option pricing model prepared by advisers. For the SPP awards made under the earnings per share and non-financial operational measures the fair value is determined by taking the share price at deemed grant date less the present value of future dividends for the duration of the performance period. Dividend equivalents accrue under the SPP on awarded but unvested options post the performance period. Post vesting (minimum holding period) dividend equivalents cease to accrue on unexercised options.

The inputs below were used to determine the fair value of the TSR element of the SPP award issued on 12 September 2014:

Date of grant	12 September 2014
Share price at grant date (pence)	599.00p
Expected life of awards (years)	1
Risk-free sterling interest rate (%) [1]	-
IG expected volatility (%) [2]	19.78%
Benchmark index correlation (%)	18.08%
Interim dividend estimate[3]	8.45p

[1] Due to minimal exercise price the risk free rate has no impact on the fair value calculation.

[2] Based on historical TSR volatility of IG Group Holdings plc measured daily over a period prior to the date of grant and commensurate with the remaining performance period

[3] The dividend paid in the period from the deemed grant date to the end of the performance period, from which date dividend equivalents accrue on awarded but unvested options.

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24. Employee share plans (continued)

(a) Fair value of equity-settled awards (continued)

The weighted average fair values per award granted to direct employees are as follows:

	At the beginning of the year	*Awarded during the year*	*Lapsed during the year*	*Exercised during the year*	*At the end of the year*
Year ended 31 May 2015	273.65p	486.48p	233.04p	467.75p	506.31p
Year ended 31 May 2014	250.43p	583.97p	302.54p	357.13p	273.65p

(b) Legacy schemes

Value Sharing Plan (VSP)

The VSP award was an annual award introduced during the year ended 31 May 2011. In the current year, however, the VSP awards have been replaced by the SPP for executives and selected senior management and LTIP awards for other senior management. VSP awards were conditional awards made available to Executive Directors and other senior staff. Participants do not pay to receive awards or to exercise options. The VSP performance period is over three years with a pre-defined number of shares allocated, for each £10m of surplus shareholder value created over the three year period above a hurdle. Half of the shares vest after three years and can be exercised at that date, with the remaining half being deferred for a further year, conditional upon continued employment at the vesting date. The VSP is based upon two performance conditions, Total Shareholder Return (TSR) and profit before taxation.

The maximum number of VSP shares that vest based on the awards made are:

Award date	*Share price at award*	*Expected vesting date*	*At the start of the year*	*Awarded during the year*	*Lapsed during the year*	*Exercised during the year*	*At the end of the year*
			Number	*Number*	*Number*	*Number*	*Number*
29-Oct-10	528.50p	29-Oct-10	2,558	-	-	(2,558)	-
20-Jul-11	450.00p	31-Jul-14	2,194	-	-	(2,194)	-
20-Jul-11	450.00p	31-Jul-15	2,194	-	-	-	2,194
01-Aug-12	449.70p	31-Jul-15	286,360	-	(286,360)	-	-
01-Aug-12	449.70p	31-Jul-16	286,367	-	(286,367)	-	-
Total			579,673	-	(572,727)	(4,752)	2,194

Of the above VSP exercised during the year ending 31 May 2014, the average share price at exercise was:

Award date	Average share price at exercise
29 Oct 2010	602.89p
20 Jul 2011	627.38p

The weighted average exercise price of all VSP awards is 0.005p.

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25. Obligations under leases

Operating lease agreements where the Company is lessee

The Company has entered into commercial leases on certain properties. The lessee has options of renewal on each of these leases with a notice period of three months. There were no restrictions placed upon the lease by entering into these leases. Future minimum rentals payable under non-cancellable operating leases are as follows:

	31 May 2015	*31 May 2014*
Future minimum payments due:	*£m*	*£m*
Not later than one year	0.7	0.7
After one year but not more than five years	0.6	1.2
	1.3	1.9

26. Capital commitments

The Company had no capital commitments at the year-end (2014: £nil).

27. Transactions with Directors

The Directors of IG Markets Limited held shares of the ultimate parent company, IG Group Holdings plc, as disclosed in the Directors' report. The Company had no other transactions with its Directors other than in relation to the management of the Company.

28. Related party transactions

The Directors and other members of management classified as 'persons discharging management responsibility' in accordance with the Financial Services and Markets Act are considered to be the key management personnel of the Group in accordance with IAS 24. The Directors' Remuneration Report in the Group's 2015 Annual Report discloses all benefits and share-based payments made during the year and the preceding year to the Directors.

The total compensation for key management personnel, together with their connected parties, was as follows:

	2015	*2014*
	£m	*£m*
Short-term employee benefits	2.2	2.3
Other pension costs	0.3	0.3
Share-based payments	3.2	4.0
	5.7	6.6

Transactions entered into, and trading balances outstanding at 31 May 2015 and 31 May 2014 respectively, with other related parties, are as follows:

Related party	*Expenses recharged to related parties £m*	*Expenses recharged from related parties £m*	*Amounts due from related parties £m*	*Amounts due to related parties £m*
Parent and ultimate controlling party				
2015	-	-	119.3	-
2014	-	-	-	-

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at 31 May 2015

28. Related party transactions (continued)

Related party	*Expenses recharged to related parties* £m	*Expenses recharged from related parties* £m	*Amounts due from related parties* £m	*Amounts due to related parties* £m
Fellow Group subsidiaries				
2015	-	54.0	154.1	229.1
2014	-	54.1	129.2	172.5
Total Group				
2015	-	54.0	273.4	229.1
2014	-	54.1	129.2	172.5

Included within amounts recharged from related parties are staff costs, operating lease rentals, IT Maintenance and support, regulatory fees and various other costs. Refer to note 5 for information regarding these expenses. Included within amounts owed to related parties are trade payables of £50.6 million (2014: £53.2 million) in relation to intercompany hedging relationships with fellow Group subsidiaries and £178.5 million (2014: £119.3 million) included within other payables. Refer to notes 20 and 21 respectively. Large intercompany balance movements are a result of the Company providing both treasury and hedging functions for IG Group. Expenses recharges between related parties are made at arm's length prices. During the year ended 31 May 2015, the Company impaired £nil of debts relating to amounts owed by related parties (refer to note 5) (2014: £4.3 million). Refer to note 10 for information regarding interest paid on amounts owed to related parties.

29. Financial instruments

Accounting classifications and fair values

The table below sets out the classification of each class of financial assets and liabilities and their fair values (excluding accrued interest). The Company considers the carrying value of all financial assets and liabilities to be a reasonable approximation of fair value and represents the Company's maximum credit exposure without taking account of any collateral held or other credit enhancements.

'Trade receivables - due from brokers' represent balances with brokers where the combination of cash held on account (disclosed as loans and receivables) and the valuation of financial derivative open positions (disclosed as held for trading) results in an amount due to the Company. These positions are held to hedge client market exposures and hence are considered to be held for trading and are accordingly accounted for at fair value through profit and loss (FVTPL). These transactions are conducted under terms that are usual and customary to standard margin trading activities and are reported net in the Company's Statement of Financial Position as the Company has both the legal right and intention to settle on a net basis.

'Trade payables - due to clients' represent balances where the combination of client cash held on account and the valuation of financial derivative open positions results in an amount payable by the Company. Trade payables – due to clients are reported net in the Company's Statement of Financial Position as the Company adjusts the gross amount payable to clients (i.e. monies held on behalf of clients) for profits or losses incurred on a daily basis consistent with the legal right and intention to settle on a net basis.

Notes to the Financial Statements

at 31 May 2015

29. Financial instruments (continued)

Accounting classifications and fair values (continued)

The Company's financial instruments are classified as follows:

As at 31 May 2015	*FVTPL-Held for trading £m*	*Loans and receivables £m*	*Other amortised cost £m*	*Available for sale £m*	*Total carrying amount £m*	*Fair value £m*
Financial assets:						
Cash and cash equivalents	-	92.0	-	-	92.0	92.0
Financial investments	-	-	-	108.4	108.4	108.4
Trade receivables – due (to)/from brokers:						
Non-exchange traded instruments	(9.0)	173.5	-	-	164.5	164.5
Exchange-traded instruments	1.0	71.6	-	-	72.6	72.6
Total trade receivables – due (to)/from brokers	(8.0)	245.1	-	-	237.1	237.1
Trade receivables – due from clients	-	1.3	-	-	1.3	1.3
Trade receivables – other amounts to the Company	-	10.0	-	-	10.0	10.0
	(8.0)	348.4	-	108.4	448.8	448.8
Financial liabilities:						
Trade payables – due to title transfer clients	-	-	11.3	-	11.3	11.3
	-	-	11.3	-	11.3	11.3

Excluded from the financial assets classified as 'loans and receivables' are amounts due from Group companies £273.4 million (2014: £129.2 million). Refer to notes 17 and 28.

Excluded from the financial liabilities classified as 'other amortised cost' are amounts due to Group companies £229.1 million (2014: £172.5 million). Refer to notes 20, 21 and 28.

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at 31 May 2015

29. Financial instruments (continued)

As at 31 May 2014	*FVTPL-Held for trading £m*	*Loans and receivables £m*	*Other amortised cost £m*	*Available for sale £m*	*Total carrying amount £m*	*Fair value £m*
Financial assets:						
Cash and cash equivalents	-	77.9	-	-	77.9	77.9
Financial investments	-	-	-	82.5	82.5	82.5
Trade receivables – due (to)/from brokers:						
Non-exchange traded instruments	12.6	174.3	-	-	186.9	186.9
Exchange-traded instruments	(36.3)	150.6	-	-	114.3	114.3
Total trade receivables – due (to)/from brokers	(23.7)	324.9	-	-	301.2	301.2
Trade receivables – due from clients	-	0.6	-	-	0.6	0.6
Trade receivables – other amounts to the Company	-	7.4	-	-	7.4	7.4
	(23.7)	410.8	-	82.5	469.6	469.6
Financial liabilities:						
Trade payables – due to title transfer clients	-	-	20.8	-	20.8	20.8
	-	-	20.8	-	20.8	20.8

Financial instrument valuation hierarchy

The hierarchy of the Company's financial instruments carried at fair value is as follows:

	Level 1[1] £m	*Level 2[2] £m*	*Level 3[3] £m*	*Total fair value £m*
As at 31 May 2015				
Financial assets				
Financial investments[4]	108.4	-	-	108.4
Trade receivables – due from/(to) brokers	1.0	(9.0)	-	(8.0)
As at 31 May 2014				
Financial assets				
Financial investments	82.5	-	-	82.5
Trade receivables – due (to)/from brokers	(36.3)	12.6	-	(23.7)

(1) Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes the Company's exchange-traded open hedging positions.

(2) Valued using techniques where a price is derived based significantly on observable market data. For example, where an active market for an identical financial instrument to the product offered by the Company to its clients or used by the Company to hedge its market risk does not exist.

(3) Valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

(4) The balance is made up of £83.1 million (2014: £82.5 million) of UK Government securities held by the Company in satisfaction of the FCA requirements to hold a "liquid asset buffer" against potential liquidity stress under BIPRU 12, and a £25.3 million (2014: £nil) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 30).

Notes to the Financial Statements

at 31 May 2015

29. Financial instruments (continued)

Reconciliation of the movement in Level 3 of the valuation hierarchy

	At 1 June 2014 £m	*Gains or losses in revenue[1] £m*	*Closed positions [2] £m*	*Transfers £m*	*At 31 May 2015[3] £m*
Financial assets					
Trade receivables – due from clients	-	18.8	(18.8)	-	-

	At 1 June 2013 £m	*Gains or losses in revenue[1] £m*	*Closed positions[2] £m*	*Transfers £m*	*At 31 May 2014[3] £m*
Financial assets					
Trade receivables – due from clients	-	14.5	(14.5)	-	-

(1) Disclosed in trading revenue in the income statement. This represents client positions that have closed in the period as well those open at the period end.

(2) Value of client positions that have settled in the period.

(3) Value of open client positions at the period end disclosed in trading revenue in the income statement.

The impact of a reasonably possible alternative valuation assumption on the valuation of trade payables – due to clients reported within Level 3 of the valuation hierarchy is not significant.

Items of income, expense, gains or losses

Finance income totalled £1.3 million (2014: £1.1 million). The entire amount represents interest income on financial assets not at fair value through profit or loss and includes interest receivable in respect of non-segregated client balances, part of which is held with brokers. Finance costs totalled £1.4 million (2014: £0.5 million) and the entire amount represents interest expense on financial liabilities not at fair value through profit or loss.

Financial instruments subject to offsetting, enforceable master netting agreements and similar arrangements

Within the Company's terms and conditions with individual clients and brokers are netting agreement clauses. The effect of these netting arrangements, including rights of set-off associated within the Company's recognised financial assets and financial liabilities is as follows on the next page.

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at 31 May 2015

29. Financial instruments (continued)

Financial instruments subject to offsetting, enforceable master netting agreements and similar arrangements (continued)

As at 31 May 2015	*Gross amounts before offsetting* £m	*Amounts set off in the balance sheet* £m	*Net amounts presented in the balance sheet* £m
Financial assets:			
Financial investments available-for-sale	108.4	-	108.4
Trade receivables – due from brokers[1]	317.8	(80.7)	237.1
Trade receivables – due from clients[2]	119.7	(118.4)	1.3
Trade receivables – other amounts due to the Company	10.0	-	10.0
	555.9	(199.1)	356.8
Financial liabilities:			
Trade payables – due to brokers[1]	80.7	(80.7)	-
Trade payables	180.4	(118.4)	62.0
	261.1	(199.1)	62.0

[1]'Trade receivables - due from brokers' and 'Trade payables – due to brokers' represent balances with brokers where the combination of cash held on account (disclosed as loans and receivables) and the net valuation of financial derivative open positions (disclosed as held for trading) results in an amount due to/from the Company. The net financial derivative open positions have been presented gross according to whether individual positions held at brokers are in a profit or loss position.

[2]'Trade receivables - due from clients' represent balances with clients where the combination of cash held on account (disclosed as loans and receivables) and the net valuation of financial derivative open positions (disclosed as held for trading) results in an amount due to the Company. The net financial derivative open positions have been presented gross according to whether individual positions held with clients are in a profit or loss position.

As at 31 May 2014	*Gross amounts before offsetting* £m	*Amounts set off in the balance sheet* £m	*Net amounts presented in the balance sheet* £m
Financial assets:			
Financial investments available-for-sale	82.5	-	82.5
Trade receivables – due from brokers[1]	376.4	(75.2)	301.2
Trade receivables – due from clients[2]	280.0	(279.4)	0.6
Trade receivables – other amounts due to the Company	7.4	-	7.4
	746.3	(354.6)	391.7
Financial liabilities:			
Trade payables – due to brokers[1]	75.2	(75.2)	-
Trade payables	354.1	(279.4)	74.7
	429.3	(354.6)	74.7

Notes to the Financial Statements

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30. Financial risk management

Responsibility for risk management, including financial risks, resides at all levels within the Group, starting with the Board of Directors. The Group's Corporate Governance structure, including details of how the Board delegates responsibility for internal control and risk management to the Audit and Risk committees, is described in detail in the Corporate Governance section of the Group's Annual Report for the year ended 31 May 2015.

The Group's Internal Capital Adequacy Assessment Process (ICAAP) and Individual Liquidity Adequacy Assessment (ILAA), while applying specifically to the Group's FCA entities, provide an on-going assessment of the risks the Group considers to have the potential to have a significant detrimental impact on its financial performance and future prospects and describes how the Group mitigates these risks subject to the Group's risk appetite.

Financial risks arising from financial instruments are analysed into market, credit, concentration and liquidity risks, and these are discussed below.

(i) Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. This is analysed into market price, currency and interest rate risk components.

The Company's market risk is managed under the Company's 'Market Risk Policy' on a group-wide basis and exposure to market risk at any point in time depends primarily on short-term market conditions and the levels of client activity. The Company utilises market position limits for "operational efficiency" and does not take proprietary positions based on an expectation of market movements. As a result not all net client exposures are hedged and the Company may have a residual net position in any of the financial markets in which it offers products up to the market risk limit.

The Group's Market Risk Policy incorporates a methodology for setting market position limits, consistent with the Group's risk appetite, for each financial market in which the Group's clients can trade, as well as certain markets which the Board consider to be correlated. These limits are determined with reference to the expected liquidity and volatility of the underlying financial product or asset class and represent the maximum long and short client exposure that the Group will hold without hedging the net client exposure.

The Company's real-time market position monitoring system allows it to monitor its market exposure against these limits continuously. If exposures exceed these limits, the policy requires that hedging is undertaken to bring the exposure back within the defined limit.

The Company provides market risk management services for the Group. As a result, there is a significant level of 'natural' hedging arising from the Group's global client base pursuing varying trading strategies which results in a significant portfolio hedging effect, and with fellow subsidiaries hedging market risk on a one-for-one basis with the Company. This reduces the Company's net market exposure prior to the Company hedging any residual net client exposures.

There is a significant level of 'natural' hedging arising from the Group's global client base pursuing varying trading strategies which results in a significant portfolio hedging effect. This reduces the Group's net market exposure prior to the Company hedging any residual net client exposures.

Where the Company has residual positions in markets for which it has not been possible or cost-effective to hedge, the Executive Risk Committee determines the appropriate action and reviews these exposures regularly, subject to the risk management framework approved by the Board.

Binary bets and options are typically difficult or not cost-effective to hedge and there is often no direct underlying market which can be utilised in setting the price which the Group quotes. The Company normally undertakes no hedging for these markets, but can hedge specific positions if considered necessary. The Group aims to reduce the volatility of revenue from these markets by offering a large number of different betting opportunities, the results of which should, to some extent, offset each other irrespective of the underlying market outcome. The overwhelmingly short-term nature of these contracts means that risk on these markets at any point in time is not considered to be significant.

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(i) Market risk (continued)

a) Market price risk

This is the risk that the fair value of a financial instrument fluctuates as a result of changes in market prices other than due to the effect of currency or interest rate risks.

Equity market price risk:

The most significant market risk faced by the Company is on equity positions including shares and indices which are highly correlated and managed on a portfolio basis.

During the year, following further development of the back-end risk management systems, a detailed analysis of the risk limits market-by-market was undertaken. This resulted in increasing certain risk limits, as well as making the main regional and global equity limits dynamic by responding intraday when the market is open and most liquid, when client activity increases or decreases and reducing the limit approaching market closing. Accordingly the intraday limit will fluctuate but with a maximum limit set at £100.0 million.

At 31 May 2015, the equity exposure was £2.8 million (2014: £2.7 million), against an exposure limit of £30.0 million (2014: £20.0 million) and an average equity exposure limit for the year of £26.4 million (2014: £18.2 million). As noted earlier in this section the Group's market risk policy requires that when the exposure exceeds the exposure limit hedging is undertaken to bring the exposure back within that limit as soon as practical.

The Company has no significant concentration of market risk.

No sensitivity analysis is presented for equity market price risk as the impact of reasonably possible market movements on the Company's net trading revenue and equity are not significant, being less than the Company's average daily net trading revenue from financial instruments. Changes in market risk variables have no direct impact on the Company's equity as the Company has no financial instruments designated in hedging relationships.

Other market price risk:

The Company also has other market price risk as result of its trading activities (offering bets and Contracts for Difference (CFDs) on interest rate derivatives and commodities) which is hedged as part of the overall market risk management. The exposure is monitored on a Group-wide basis and is hedged using exchange-traded futures and options. Exposure limits are set by the Executive Risk Committee for each product, and also for groups of products where it is considered that their price movements are likely to be positively correlated.

The exposure to interest rate derivatives and commodities at the year-end are as follows:

	31 May 2015	*31 May 2014*
	£m	*£m*
Interest rate derivatives	11.0	11.2
Commodities	7.4	4.7

No sensitivity analysis is presented for other market price risk as the impact of reasonably possible market movements on the Company's net trading revenue are not significant. Changes in risk variables have no direct impact on the Company's equity as the Company has no financial instruments designated in hedging relationships.

b) Foreign currency risk

Transactional foreign currency risk

Transactional foreign currency exposures represent financial assets or liabilities denominated in currencies other than the functional currency of the transacting entity. Transaction exposures arise in the normal course of business and the management of this risk forms part of the risk policies outlined above. Limits on the exposures which the Group will accept in each currency are set by the Executive Risk Committee and the Company hedges its exposures as necessary with market counterparties. Foreign currency risk is managed on a group-wide basis, while the Company's exposure to foreign currency risk is not considered by the Directors to be significant.

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(i) Market risk (continued)

b) Foreign currency risk (continued)

Transactional foreign currency risk (continued)

The Group monitors transactional foreign currency risks including currency statement of financial position exposures, equity, commodity, interest and other positions denominated in foreign currencies and bets and trades on foreign currencies. The Company performs foreign currency hedging on behalf of the Group. The Company and Group's net exposure to foreign exchange risk based on notional amounts at each year-end was as follows:

	31 May 2015 *£m*	*31 May 2014* *£m*
US Dollar	(4.9)	(2.4)
Euro	(9.1)	(1.8)
Australian Dollar	(2.3)	0.9
Yen	(2.7)	(8.8)
Other	(3.9)	3.6

No sensitivity analysis is presented for foreign exchange risk as the impact of reasonably possible market movements on the Company's net trading revenue are not significant. Changes in risk variables have no direct impact on the Company's equity as the Company has no financial instruments designated in hedging relationships.

c) Non-trading interest rate risk

The Company also has interest rate risk relating to financial instruments not held at fair value through profit or loss. These exposures are not hedged.

The interest rate risk profile of the Company's financial assets and liabilities as at each year-end was as follows:

	Within 1 year		*Between 2 and 5 years*		*More than 5 years*		*Total*	
	2015	*2014*	*2015*	*2014*	*2015*	*2014*	*2015*	*2014*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*	*£m*
Fixed rate:								
Financial investments[1]	32.9	50.3	75.5	32.2	-	-	108.4	82.5
Floating rate:								
Cash and cash equivalents	92.0	77.9	-	-	-	-	92.0	77.9
Trade receivables – due from brokers	237.1	301.2	-	-	-	-	237.1	301.2
Trade payables – amounts due to clients	(11.3)	(20.8)	-	-	-	-	(11.3)	(20.8)
	350.7	408.6	75.5	32.2	-	-	426.2	440.8

[1]The balance is made up of £83.1 million (2014: £82.5 million) of UK Government securities held by the Company in satisfaction of the FCA requirements to hold a "liquid asset buffer" against potential liquidity stress under BIPRU 12, and a £25.3 million (2014: £nil) UK Government Gilt which is held at brokers as collateral to support the hedging of client market exposures in accordance with the Group's market risk management policy (refer to note 19).

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. Refer to note 19 for effective interest rates received.

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(i) Market risk (continued)

c) Non-trading interest rate risk (continued)

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. Trade receivables and payables include client and broker balances upon which interest is paid or received based upon market rates.

Interest rate risk sensitivity analysis

The Company holds 45% of the Group's segregated client funds (2014: 45%). Interest rate sensitivity analysis is performed at a Group level since client deposits are managed at a Group level. An interest rate risk sensitivity analysis has been performed at a Group level on net interest income on segregated client funds, based on the value of client funds held at the year-end, on the basis of a 0.25% (2014: 0.25%) per annum fall and a 0.5% (2014: 0.5%) rise in interest rates, at the beginning of the year, as these are considered 'reasonably possible'. The impact of such a fall in interest rates would reduce net interest income on segregated client funds by approximately £2.2 million (2014: £1.6 million) per annum. The impact of such a rise in interest rates would increase net interest income on segregated client funds by approximately £4.5 million (2014: £3.3 million) per annum. Changes in risk variables have no direct impact on the Company's equity as the Company has no financial instruments designated in hedging relationships.

(ii) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company's credit risk is managed on a group-wide basis.

The Company's principal sources of credit risk are financial institution and client credit risk.

a) Financial institution credit risk

Financial institution credit risk is managed in accordance with the Group's 'Counterparty Credit Management Policy'.

Financial institutional counterparties are subject to a credit review when a new relationship is entered into and this is updated semi-annually (or more frequently as required e.g. on a change in the financial institution's corporate structure). Proposed maximum exposure limits for these financial institutions are then reviewed and approved by the Executive Risk Committee.

As part of its management of concentration risk, the Group is also committed to maintaining multiple brokers for each asset class. Where possible, the Company negotiates for its funds to receive client money protection which can reduce direct credit exposure.

In respect of financial institution credit risk, the following key metrics are monitored on a daily basis:

- Balances held with each counterparty group, against limits approved by the Executive Risk Committee
  Any change in short- and long-term credit rating

The Company is responsible under various regulatory regimes for the stewardship of client monies. These responsibilities are defined in the Group's Counterparty Credit Management Policy and include the appointment of and periodic review of institutions with which client money is deposited. The Group's general policy is that all financial institutional counterparties holding client money accounts must have minimum short- and long-term ratings of A-2 and A- respectively, although in some operating jurisdictions where accounts are maintained to provide local banking facilities for clients it can be problematic to find a banking counterparty satisfying these minimum ratings requirements. In such cases the Group will seek to use a locally systemically important institution. These criteria also apply for the Group's own bank accounts held with financial institutions. The Company also actively manages the credit exposure to each of its broking counterparties settling or recalling balances at each broker on a daily basis in line with the collateral requirements.

In addition, the majority of deposits are made on an overnight or breakable term basis which enables the Company to react immediately to any deterioration in credit quality, and deposits of an unbreakable nature or requiring notice are only held with a subset of counterparties which have been approved by the Executive Risk Committee. At 31 May 2015 there were no deposits held on an unbreakable basis (2014: £nil).

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(ii) Credit risk (continued)

b) Client credit risk

The Group operates a real-time mark-to-market trading platform, with client profits and losses being constantly updated on each client's account.

Client credit risk principally arises when a client's total funds deposited with the Company are insufficient to cover any trading losses incurred. In addition, a small number of clients are granted credit limits to cover open losses and margin requirements as described below.

In particular, client credit risk can arise where there are significant, sudden movements in the market i.e. due to high general market volatility or specific volatility relating to an individual financial instrument in which the client has an open position. Credit risk is mitigated in part through increased margin requirements on larger positions, our client suitability criteria, and is supported by an extensive training program which aims to educate clients in all aspects of trading and risk management which encourages them to collateralise their accounts at an appropriate level in excess of the minimum requirement.

The principal types of client credit risk exposure are managed under the Group's 'Client Credit Management Policy' and depend on the type of account and any credit offered to clients as follows:

Clients subject to the Group's 'close-out monitor'

The 'close out monitor' (COM) is an automated liquidation process whereby accounts which have broken the liquidation threshold are automatically identified. Where client losses are such that their total equity falls below the specified liquidation level positions will be liquidated, resulting in reduced credit risk exposure for the Group.

Both the 'close out monitor' and client initiated 'stops' result in the transfer of market risk to the Group. Market risk arises following the closure of the underlying client position as the Group (subject to the market risk limits, discussed in the 'Market risk' section), may hold a corresponding hedging position that will, assuming sufficient market liquidity, be unwound.

In addition, a subset of clients has what are known as "Limited Risk" accounts. For such accounts a level is set in advance (the "guaranteed stop" level) at which the deal will be closed, meaning a maximum client loss can be calculated at the opening of the trade. Clients placing trades with guaranteed stop levels pay a small premium on each transaction. The maximum loss is then the amount the client is required to deposit to open the trade, meaning that in most circumstances the client can never lose more than their initial margin deposit. Although no longer offered to new clients, the Group still has a significant number of clients with this type of account. This type of account results in the transfer of an element of market risk to the Group, which is managed under the Group's Market Risk Policy, and only a subset of more liquid products are available to trade. Clients with any type of account may still choose to use guaranteed stops (where available and on payment of the premium).

The majority of client positions are monitored on the Group's real-time COM system or are limited risk accounts with guaranteed 'stop-losses'. As at 31 May 2015, 99.85% (2014: 99.81%) of financial client accounts are subject to the automatic COM procedure or are 'limited risk' accounts.

Credit accounts

Clients holding other types of accounts are permitted to deal in circumstances where they may be capable of suffering losses greater than the funds they have deposited on their account, or in limited circumstances are allowed credit. The Group has a formal credit policy which determines the financial and experience criteria which a client must satisfy before being given an account which exposes the Group to credit risk, including trading limits for each client and strict margining rules.

The Group may offer credit limits with the result any 'open loss' can be paid subject to agreed credit terms. These accounts typically only create a credit exposure when the client's loss exceeds their initial margin deposit.

In addition to the waiver of payment of open losses on a trade, the Group may also offer clients credit in respect of their initial margin. This is a permanent waiving of initial margin requirements while the limit is active on the account subject to the credit limit.

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(ii) Credit risk (continued)

b) Client credit risk (continued)

Credit accounts (continued)

Credit limits are only granted following provision by the client of evidence of their available financial resources and credit accounts limits are continuously reviewed by the Group's Credit Department. Each client with a credit limit is also assigned a liquidation level, breach of which will result in closure of positions. Credit accounts are small in number, are not actively promoted and in general they are not made available to new clients.

Risk-based tiered margins

The Group applies a tiered-margin requirement for equities and other instruments with risk-adjusted margin requirements dependent on several factors including the volatility and liquidity of the underlying instrument. This has resulted in potential margin requirement of up to 75% of the value of the notional client position for large client positions but a reduced margin requirement for smaller client positions. These tiered margins, in addition to the COM discussed earlier, contribute to the further mitigation of the Company's client counterparty credit risk exposure.

Management of client collateral

The Group also accepts collateral from a small number of its stockbroking clients in the form of shares or other securities which mitigate the Group's credit risk. Clients retain title to the securities lodged whilst their trading account is operating normally, but are required to sign a collateral agreement which will allow the Group to take title and sell the securities in the event of the client defaulting on any margin obligations.

The collateral value assigned to the client account is updated in real time, and each security is assigned a 'haircut' value e.g. a client is typically allowed to use 90% of a major FTSE 100 current market value.

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(ii) Credit risk (continued)

b) Client credit risk (continued)

The analysis of neither past due nor impaired credit exposures in the following table excludes individual client funds held in segregated client money accounts or money market facilities established under the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Company operates. Under these rules, client money funds held with trust status are protected in the event of the insolvency of the Company.

	Trade receivables - due from brokers		*Trade receivables - due from clients*		*Cash and cash equivalents*	
	31 May 2015	*31 May 2014*	*31 May 2015*	*31 May 2014*	*31 May 2015*	*31 May 2014*
	£m	*£m*	*£m*	*£m*	*£m*	*£m*
Individually impaired						
Gross exposure	-	-	12.7	7.8	-	-
Allowance for impairment	-	-	(11.8)	(7.5)	-	-
	-	-	0.9	0.3	-	-
Past due but not impaired						
Ageing profile:						
0-3 months	-	-	0.1	0.2	-	-
4-6 months	-	-	-	-	-	-
7-9 months	-	-	-	-	-	-
10-12 months	-	-	-	-	-	-
> 12 months	-	-	0.2	-	-	-
	-	-	0.3	0.2	-	-
Neither past due nor impaired						
Credit rating:						
AA+ & above	-	-	-	-	-	-
AA to AA-	16.9	55.1	-	-	5.6	5.9
A+ to A-	219.4	245.9	-	-	86.1	71.5
BB+ to B	-	-	-	-	-	-
BBB+ to BBB-	-	-	-	-	0.2	0.4
CCC	-	-	-	-	-	-
Unrated	0.8	0.2	0.1	0.1	0.1	0.1
	237.1	301.2	0.1	0.1	92.0	77.9
Total carrying amount	237.1	301.2	1.3	0.6	92.0	77.9

The financial investments are UK Government securities held by the Group in satisfaction of the FCA requirements to hold a "liquid asset buffer" against potential liquidity stress under BIPRU 12. As such they are rated as AA+.

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(ii) Credit risk (continued)

b) Client credit risk (continued)

Impairment of trade receivables due from clients

The Company records specific impairments of trade receivables due from clients in a separate allowance account. Impairments are recorded where the Company determines that it is probable that it will be unable to collect all amounts owing according to the contractual terms of the agreement. There are no collective impairments taken, and no other assets are considered impaired. Below is a reconciliation of changes in the separate allowance account during the year:

	2015	*2014*
	£m	*£m*
Balance at beginning of year	7.5	7.2
Impairment loss for the year:		
- charge for the year	7.9	1.8
- recoveries	(0.7)	(0.5)
Foreign exchange	(0.6)	(0.4)
Write-offs	(2.3)	(0.6)
Balance at end of year	11.8	7.5

(iii) Concentration risk

Concentration risk is defined as all risk exposures with a loss potential which is large enough to threaten the solvency or the financial position of the Company. In respect of financial risk, such exposures may be caused by credit risk, market risk, liquidity risk or a combination or interaction of those risks.

The following table analyses the Company's credit exposures, at their carrying amounts, by geographical region and excludes individual client funds held in segregated client money accounts established under the UK's Financial Conduct Authority (FCA) 'CASS' rules and similar rules of other regulators in whose jurisdiction the Company operates.

Analysis of credit exposures at carrying amount by geographical segment:

	UK	*Europe*	*Australia*	*Rest of World*	*Total*
As at 31 May 2015	*£m*	*£m*	*£m*	*£m*	*£m*
Financial assets:					
Cash and cash equivalents	65.4	0.4	4.9	21.3	92.0
Financial investments	108.4	-	-	-	108.4
Trade receivables – due from brokers	60.5	45.0	29.2	102.4	237.1
Trade receivables – due from clients	0.3	0.1	0.3	0.6	1.3
Total financial assets	234.6	45.5	34.4	124.3	438.8

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(iii) Concentration risk (continued)

As at 31 May 2014	*UK* *£m*	*Europe* *£m*	*Australia* *£m*	*Rest of World* *£m*	*Total* *£m*
Financial assets					
Cash and cash equivalents	70.4	0.9	5.9	0.7	77.9
Financial investments	82.5	-	-	-	82.5
Trade receivables – due from brokers	108.3	51.8	52.2	88.9	301.2
Trade receivables – due from clients	0.2	0.2	0.1	0.1	0.6
Total financial assets	261.4	52.9	58.2	89.7	462.2

The Company's largest credit exposure to any one individual broker at 31 May 2015 was £91.2 million (A- rated) (2014: £79.0 million, A- rated). Included in cash and cash equivalents, the Company's largest credit exposure to any bank at 31 May 2015 was £50.6 million (A rated) (2014: £60.4 million, AA+ rated). The Company has no significant exposure to any one particular client or group of connected clients.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or other financial assets. Liquidity risk is managed centrally and on a group-wide basis.

During periods of significant market movements the Company may be required to fund margin payments to brokers prior to the release of funds from segregation, and in periods of significant market increases or increased client activity, the Company may be required to fund higher margin requirements at brokers to hedge increased underlying client positions.

In order to mitigate this and other liquidity risks, the Company and Group regularly stress tests its three-year liquidity forecast to validate the appropriate level of committed unsecured bank facilities held. IG Markets is party to the facilities held and is able to draw upon it as a borrower.

These facilities were drawn to a maximum of £25.0 million for a period of 7 days in January 2015, £50.0 million for a period of 30 days in March 2015 and £25.0 million for a further 7 days in May 2015. On all three occasions, the drawdown was to fund relatively high levels of broker margin due to changes in market conditions. In the year ended 31 May 2014 the facilities were drawn down to a maximum of £50.0 million for a period of 30 days but partially repaid down to £25.0 million for a further 32 days in October to December 2013, and for £30.0 million for 28 days during February and March 2014 following the reduction in available liquidity after payment of dividends and at a time of relatively high levels of broker margin. Refer to note 33 for further details on the revolving credit facility.

Derivative and non-derivative cash flows by remaining contractual maturity

The following tables present the undiscounted cash flows receivable and payable (excluding interest payments) by the Company under derivative and non-derivative financial assets and liabilities allocated to the earliest period in which the Company can be required to pay although the remaining contractual maturities may be longer.

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(iv) Liquidity risk (continued)

Derivative and non-derivative cash flows by remaining contractual maturity – Company (continued)

As at 31 May 2015	*Derivative*	*Non-derivative*	*Total*
	£m	*£m*	*£m*
Financial assets:			
Cash and cash equivalents	-	92.0	92.0
Financial investments	-	108.4	108.4
Trade receivables – due (to)/ from brokers	(8.0)	245.1	237.1
Trade receivables – due from clients	-	1.3	1.3
Trade receivables – other amounts due to the Company	-	10.0	10.0
	(8.0)	456.8	448.8
Financial liabilities:			
Trade payables – amounts due to title transfer clients	-	(11.3)	(11.3)
	(8.0)	445.5	437.5

Amounts payable on demand

Derivative trade receivables disclosed in the table above represent the Company's open positions with brokers. Non-derivative trade receivables and payables disclosed in the table above represent cash margin held at brokers, UK Government securities and client debtors. Derivative and non-derivative cash flows are presented alongside each other in the table above as they result from the same underlying trading relationship and as the Company has both the legal right and intention to settle on a net basis.

Trade receivables are disclosed as repayable on demand as when client positions are closed the corresponding positions relating to the hedged position are closed with brokers. Accordingly the Company releases cash margin, which is repaid by brokers to the Company on demand.

Trade payables are disclosed in the table above as repayable on demand as positions can be closed at any time by clients and can also be closed by the Company, in accordance with the Company's margining rules. If after closing a position a client is in surplus, then the amount owing is repayable on demand by the Company.

As at 31 May 2014	*Derivative*	*Non-derivative*	*Total*
	£m	*£m*	*£m*
Financial assets:			
Cash and cash equivalents	-	77.9	77.9
Financial investments available-for-sale	-	82.5	82.5
Trade receivables – due (to)/from brokers	(23.7)	324.9	301.2
Trade receivables – due from clients	-	0.6	0.6
Trade receivables – other amounts due to the Company	-	7.4	7.4
	(23.7)	493.3	469.6
Financial liabilities:			
Trade payables – amounts due to title transfer clients	-	(20.8)	(20.8)
	(23.7)	472.5	448.8

Notes to the Financial Statements

at 31 May 2015

30. Financial risk management (continued)

(iv) Liquidity risk (continued)

Capital management and resources

Capital management

The Group is supervised on a consolidated basis by the UK's Financial Conduct Authority (FCA). The Group's operations in Australia, Japan, Singapore, South Africa, the United States, Switzerland and United Arab Emirates are also regulated. Individual capital requirements in these jurisdictions are taken into account when managing the Group's capital resources.The Company's regulatory capital resources management objective is to ensure compliance with the regulatory capital resources requirement set by the FCA and other global regulators in jurisdictions in which the Group's entities operate. The Group's capital management policy aims to maximise returns on equity while maintaining a strong capital position to enable the Group to take advantage of growth opportunities, whether organic or by acquisition. The Group does not seek to generate higher returns on equity by introducing leverage through, for example, the use of long-term debt finance.The Group's 2014 ICAAP was approved by the Board in December 2014. There have been no capital requirement breaches during the financial year. The Group also regularly undertakes three-year stress and scenario testing of its main financial and operational risks to project its future capital and liquidity adequacy requirements. The disclosures required of the Group under the Capital Requirements Regulation (Pillar III) will be made on the Group's corporate website www.iggroup.com. These will provide additional information which will allow market participants to assess key pieces of information on a firms capital, risk exposures, risk assessment process and hence the capital adequacy of the firm.

Return on assets: In accordance with the Capital Requirements Directive IV (CRD IV) and the IFPRU prudential regulations the Company is required to disclose a return on assets metric. This has been calculated as 'profit for the year' divided by 'shareholders' equity'. At 31 May 2015, the return on assets was 16.4% (2014: 20.3% restated).

Capital resources: The Group had significant surplus regulatory capital resources over the regulatory capital resources requirement throughout the year. An analysis of the Company's capital resources and capital resources requirement is provided in the Directors' Strategic Report. For further information on the capital resources of the Group, please refer to the Annual Report and accounts of IG Group Holdings Plc, and note 35.

31. Impact of adopting new accounting standards

Restatement of comparatives – IFRIC 21 'Levies'

As outlined in the Company's accounting policies on page 18, during the year ended 31 May 2015, the Company adopted IFRIC 21 'Levies' and has accordingly restated the prior periods.

The following tables reflect the impact on the Company's financial statements at 31 May 2015 of IFRIC 21 'Levies' adopted at 1 June 2014.

Income statement - year ended 31 May 2015	IFRIC 21 Levies £m
Administrative expenses	2.3
Profit before tax	2.3
Taxation credit[1]	(0.6)
Profit for the year	1.7
Statement of financial position 31 May 2015 (lines impacted by IFRIC 21)	
Deferred tax	0.6
Other payables[1]	(3.1)
Retained earnings – current year	1.7

[1]Tax impact was calculated at the substantively enacted rate of 20% (2014: 20%) on the FSCS levy charge for the year ending 31 March 2016 before adjustments made to prior year charges.

The following tables set out the impact of IFRIC 21 'Levies' on the comparative amounts for the year ended 31 May 2014:

Notes to the Financial Statements

at 31 May 2015

31. Impact of adopting new accounting standards (continued)

Restatement of comparatives – IFRIC 21 'Levies' (continued)

Income statement (lines impacted by IFRIC 21)

Year ended 31 May 2014	As originally published £m	IFRIC 21 Levies £m	Restated £m
Administrative expenses	(91.4)	0.1	(91.3)
Operating profit	104.8	0.1	104.9
Profit before taxation	101.1	0.1	101.2
Tax expense	(21.2)	-	(21.2)
Profit for the period	79.9	0.1	80.0

Statement of financial position (lines impacted by IFRIC21)

	As originally published	IFRIC 21 Levies	Restated
31 May 2014	£m	£m	£m
Assets			
Deferred tax assets	0.6	0.6	1.2
Current liabilities			
Other payables	128.1	2.4	130.5
Equity			
Retained earnings	381.3	(1.8)	379.5
1 June 2013			
Assets			
Deferred tax assets	0.3	0.7	1.0
Current liabilities			
Other payables	51.1	2.6	53.7
Equity			
Retained earnings	326.6	(1.9)	324.7

Statement of changes in shareholders' equity (lines impacted by IFRIC 21)

31 May 2014	As originally published	IFRIC 21 Levies	Restated
	£m	£m	£m
Retained earnings			
Balance at the beginning of the year	326.6	(1.9)	324.7
Profit for the year	79.9	0.1	80.0
Balance at the end of the year	381.3	(1.8)	379.5

Notes to the Financial Statements

at 31 May 2015

31. Impact of adopting new accounting standards (continued)

Restatement of comparatives – IFRIC 21 'Levies' (continued)

Cash flow statement (lines impacted by IFRIC 21)

Year ended 31 May 2014	As originally published	IFRIC 21 Levies	Restated
	£m	£m	£m
Cash flow from operating activities			
Profit before tax	101.1	0.1	101.2
Other non-cash items	0.1	(0.1)	-
Cash generated from operations	62.1	-	62.1

32. Contingent liabilities

The Company had no contingent liabilities at the year-end (2014: £nil).

33. Subsequent events

As at 31 May 2015, the ultimate parent and undertaking and controlling party, IG Group Holdings Plc, had £200.0 million in revolving credit facility from a syndicate of three UK banks. The Group has undertaken a review of its contingent liquidity requirements and upon approval from the Executive Risk Committee, concluded to reduce the facility to £160.0 million and include a fourth bank in the syndicate. The inclusion of a fourth bank in the syndicate offers the Group further bank diversification. This new facility has £100.0 million available for up to a 1 year term (with an option to extend for a further year) and £60.0 million available for up to 3 years and was signed on 17 July 2015. IG Markets is party to this facility and is able to draw upon it as a borrower.

34. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Market Data Limited.

The ultimate parent undertaking and controlling party is IG Group Holdings plc, a company incorporated in the United Kingdom.

IG Group Holdings plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 May 2015. The consolidated financial statements of IG Group Holdings plc are available from Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA.

35. Regulatory disclosures required under the Capital Requirements Directive

In accordance with the Capital Requirements Directive IV (CRD IV) and the associated Capital Requirements (Country-by-Country Reporting) Regulations 2013, effective 1 January 2014, the Company will publish updated information at the following web address: http://www.iggroup.com/corporate/regulatorydisclosures.html