

IG Group Limited

Annual Report and Financial Statements

Year ended 31 May 2021



IG Group Limited

Directors and advisors:

Directors

J Felix

P R Mainwaring (resigned 1 June 2020)

B E Messer (resigned 22 September 2021)

J M Noble

C Rozes (appointed 1 June 2020)

Company Secretary

C Chow (resigned 12 November 2020)

A Rivers (appointed 12 November 2020, resigned 9 April 2021)

A Gibbs (appointed 9 April 2021)

Independent Auditors

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

Bankers

Lloyds Banking Group plc

25 Gresham Street

London EC2V 7AE

Solicitors

Linklaters

One Silk Street

London EC2Y 8HQ

Registered Office

Cannon Bridge House

25 Dowgate Hill

London EC4R 2YA

Registered number

04008980

Strategic Report

Description of the business

IG Group Limited ("the Company") is a wholly owned subsidiary of IG Group Holdings plc which is also its ultimate parent company. References to "the Group" are to IG Group Holdings plc together with all of its subsidiary undertakings.

The principal activity of the Company is holding investments in Group companies.

Performance of the business during the year ended 31 May 2021 (FY21)

The Company made a profit of £78.5 million (FY20: £160.3 million).

The Company had net assets of £170.9 million at 31 May 2021 (FY20: £336.5 million).

Section 172(1) statement

Under the Companies Act 2006, the Directors must act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, the Directors must take into account, among other factors:

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

Key stakeholders

The Directors have identified certain key stakeholders who are essential to the success of the Company.

The Directors will sometimes engage directly with certain stakeholders on specific issues. This stakeholder engagement often takes place at an operational level. Key stakeholders are considered when discussing and making decisions relating to strategic matters, financial and operational performance, risk management and legal and regulatory compliance. Information in relation to these areas is provided to the Directors through reports sent in advance of each Board meeting, and through presentations to the Directors.

As a result of these activities, the Directors have an overview of engagement with stakeholders and other relevant factors, which enables the Directors to comply with their legal duties under section 172 of the Companies Act 2006.

Board decision-making and stakeholder considerations

The Company is fully committed to effectively engaging with all key stakeholders. The Company defines 'principal decisions' as those that are material to the Company and are significant to any one or more of its key stakeholder groups. The key stakeholder groups of the Company are its shareholder, IG Group Holdings plc, and its suppliers. The Company operates as a business within a wider Group, and the stakeholder engagement of the wider Group is set out on page 20 and 21 of the FY21 Group Annual Report.

In making the following principal decisions, the Directors have considered the outcome from stakeholder engagement, as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the members of the Company.

- Principal decision 1: Payment of dividends

The Company operates as an intermediate holding company within the Group. Dividends of £248.2 million were declared and paid to its sole shareholder, IG Group Holdings plc, during FY21. The Company also received dividend income of £79.0 million during FY21. The Directors took into account the Company's financial position to ensure that it could meet its obligations to suppliers when approving the dividends.

Principal risks and uncertainties

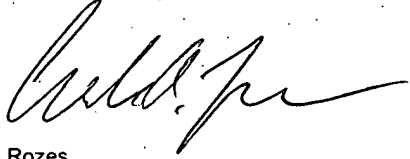
The Company operates as a business within the Group and the success of its business is dependent upon the performance of other Group companies. Details of the Group's approach to risk management and the principal risks facing the Group, are set out in the Group Annual Report.

The Company and its subsidiaries have performed strongly during FY21 as a result of the unprecedented market volatility triggered by the Covid-19 pandemic. The Group's significant long-term investment in communications and technology infrastructure has enabled all Group employees to work safely from home, and it continues to provide the best possible service for Group clients. As a result, the Group, and therefore the Company, is well-positioned to continue successfully navigating the global impacts of the Covid-19 pandemic.

Future developments

The principal activities of the Company are not expected to change in the foreseeable future.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'C. Rozes', written in a cursive style.

C Rozes
Director
29 September 2021

Directors' Report

The Directors present their Report together with the audited financial statements of the Company for the year ended 31 May 2021 (Financial Statements).

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:

J Felix
P R Mainwaring (resigned 1 June 2020)
J M Noble
B E Messer (resigned 22 September 2021)
C Rozes (appointed 1 June 2020)

The Group purchases appropriate liability insurance for all Directors and officers. This cost was borne by another Group company.

Business

The description of the business undertaken by the Company, its performance during the year, its position at the end of the year, and future developments are set out in the Strategic Report on page 2.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Dividends

The Directors do not recommend payment of a final dividend (FY20: £nil).

Directors' statement as to disclosure of information to auditors

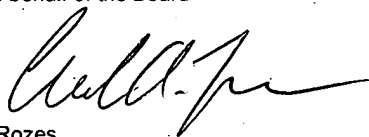
So far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditors in connection with preparing their report, of which the auditors is unaware. Each Director has taken all the steps that they are obliged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

Subsequent events

Subsequent events are presented in note 17 of the Financial Statements.

On behalf of the Board



C Rozes
Director
29 September 2021

Statement of Directors' Responsibilities in respect of the Financial Statements

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

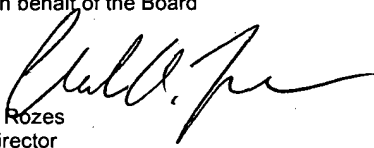
Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are 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 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.

On behalf of the Board


C Rozes
Director
29 September 2021

Independent auditors' report to the members of IG Group Limited

Report on the audit of the financial statements

Opinion

In our opinion, IG Group Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 May 2021; the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 May 2021 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities in respect of the Financial Statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to applicable tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the inappropriate recording of journals. Audit procedures performed by the engagement team included:

- Enquiries of management, internal audit and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and testing journal entries and period end adjustments which meet specific fraud criteria, including those posted by senior management; and
- Incorporated unpredictability into the nature, timing and/or extent of our testing

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

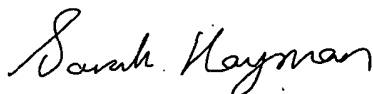
Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Sarah Hayman (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
29 September 2021

Income Statement

for the year ended 31 May 2021

	Note	Year ended 31 May 2021 £m	Year ended 31 May 2020 £m
Dividend income	3	79.0	160.8
Operating costs	5	(0.5)	(0.5)
Profit before tax		78.5	160.3
Taxation	7	-	-
Profit for the year		78.5	160.3

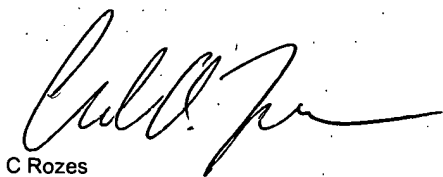
All of the Company's income and expenses relates to continuing operations. The Company has no items of other comprehensive income.

Statement of Financial Position

as at 31 May 2021

		31 May 2021 £m	31 May 2020 £m
Assets	Note		
Non-current assets			
Intangible assets	9	0.7	1.1
Investment in subsidiaries	10	169.3	330.1
		170.0	331.2
Current assets			
Other receivables	11	0.3	5.2
Cash and cash equivalents		1.7	0.1
TOTAL ASSETS		172.0	336.5
Liabilities			
Current liabilities			
Other payables	12	1.1	-
TOTAL LIABILITIES		1.1	-
NET ASSETS		170.9	336.5
Equity			
Share capital	14	34.7	30.6
Share premium	14	909.5	909.5
Other reserves	15	(909.5)	(909.5)
Retained earnings		136.2	305.9
TOTAL EQUITY		170.9	336.5

The Financial Statements on pages 8 to 19 were approved by the Board of Directors and signed on its behalf by:



C Rozes
Director
29 September 2021
Registered number: 04008980

Statement of Changes in Equity

for the year ended 31 May 2021

	Share capital £m	Share premium £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 June 2019	7.1	1,214.5	(909.5)	1.4	313.5
Profit for the financial year	-	-	-	160.3	160.3
Equity dividends paid	-	-	-	(160.8)	(160.8)
Issue of ordinary share capital	23.5	-	-	-	23.5
Capital reduction	-	(305.0)	-	305.0	-
At 31 May 2020	30.6	909.5	(909.5)	305.9	336.5
Profit for the financial year	-	-	-	78.5	78.5
Equity dividends paid	-	-	-	(248.2)	(248.2)
Issue of ordinary share capital	4.1	-	-	-	4.1
At 31 May 2021	34.7	909.5	(909.5)	136.2	170.9

Notes to the Financial Statements

for the year ended 31 May 2021

1. General information, basis of preparation and critical accounting estimates and judgements.

Authorisation of Financial Statements and statement of compliance with FRS 101

The Financial Statements of IG Group Limited for the year ended 31 May 2021 were authorised for issue by the Board of Directors on 29 September 2021 and the Statement of Financial Position was signed on behalf of the Board by C Rozes. The Company is a private company limited by shares and is incorporated in the United Kingdom and domiciled in England and Wales.

The Company's Financial Statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006 ('the Act') as applicable to companies using FRS 101. 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. The Financial Statements are presented in Sterling.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities, as at the statement of financial position date, and the amounts reported for revenue and expenses during the year. The nature of estimates means that actual outcomes could differ from those estimates.

In the Directors' opinion there were no accounting estimates or judgements that could have a significant impact for 31 May 2021.

Basis of preparation

These financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). FRS 101 applies the recognition and measurement requirements of International Financial Reporting Standards ('IFRS') in conformity with the requirements of the Companies Act 2006.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- cash flow statements;
- financial instruments note;
- financial risk management note;
- share-based payments;
- key management compensation;
- related party transactions between wholly-owned group companies and
- the expected impact of future accounting standards not yet effective.

Where relevant, equivalent disclosures have been given in the Group Annual Report.

2. Significant accounting policies

The accounting policies adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company's financial statements for the year ended 31 May 2020.

New accounting standards and interpretations - standards and amendments adopted during the year

There were no new standards, amendments or interpretations issued during the period which have had a material impact on the Company. The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

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 a period of at least 12 months from the date of approval of the Financial Statements.

Parent company and Group Financial Statements

The parent company throughout the year was IG Group Holdings plc which is also the ultimate parent company.

The parent undertaking of the smallest and largest group for which group financial statements are prepared that include the results of the Company is IG Group Holdings plc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 400 of the Companies Act 2006.

The financial statements of IG Group Holdings plc and its subsidiary companies, which include the results of IG Group Limited, may be obtained from Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA.

Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the income can be reliably measured.

Notes to the Financial Statements

for the year ended 31 May 2021

2. Significant accounting policies (continued)

Dividends

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

Dividends declared but not yet distributed to the Company's shareholders, are recognised as a liability in the Company's Financial Statements in the period in which the dividends are approved by the Company's shareholders.

Dividend income is recognised when the shareholder's right to receive the payment is established.

Foreign currencies

The Company's functional currency is Sterling. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are revalued at the Company's functional currency rate of exchange prevailing at the Statement of Financial Position date. Gains and losses arising on revaluation are taken to the trading revenue in the Income Statement. Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

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 items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 such as a trade name or customer relationship is recognised at fair value and identified separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably.

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

- Domain names - 10 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.

Impairment of non-financial investments

When impairment testing is required, the Directors review the carrying amounts of the Company's intangible assets 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).

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. A reversal of an impairment loss is recognised as income immediately.

Investments in subsidiaries

Investments in subsidiaries are stated at cost less accumulated impairment losses.

Financial instruments

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.

Notes to the Financial Statements

for the year ended 31 May 2021

2. Significant accounting policies (continued)

(a) Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets which are held to collect the contractual cash flows. The contractual terms of the financial assets give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's financial assets measured at amortised cost are 'other receivables'.

(b) Financial liabilities

The Company's financial liabilities include 'other payables'. These are measured subsequently at amortised cost using the effective interest method. The interest expense is calculated each reporting period by applying the effective interest rate, and the resulting charge is reflected in finance costs on the income statement.

Financial instruments - Derecognition of financial assets and liabilities

A financial asset or liability is generally derecognised 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.

(c) Offsetting financial instruments

Assets or liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Other receivables

Other receivables are financial assets which give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are assets that 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.

Other receivables do not contain a significant financing element and so the Company has adopted the simplified approach permitted by IFRS 9, except for amounts due from group companies. The simplified approach requires expected lifetime credit losses to be recognised at initial recognition of the financial asset. The loss allowance is calculated by reference to an aging debt profile, and other receivables are written off when there is objective evidence of non-collectability or when an event of default occurs.

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.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of shares are shown in equity as a deduction, net of tax, from the proceeds.

3. Dividend income

	Year ended 31 May 2021	Year ended 31 May 2020
	£m	£m
Dividends received from subsidiaries	79.0	160.8

Notes to the Financial Statements

for the year ended 31 May 2021

4. Auditors' remuneration

Audit fees in relation to the audit of the Financial Statements of the Company amounted to £9,200 (FY20: £4,000).

5. Operating costs

	Year ended 31 May 2021	Year ended 31 May 2020
	£m	£m
Amortisation	0.4	0.4
Other expenses	0.1	0.1
	<u>0.5</u>	<u>0.5</u>

6. Directors' emoluments

Directors are remunerated for their services to the Group and not the Company. The Directors' remuneration for their services to the Company for the year was £nil (FY20: £nil).

Their remuneration is disclosed in the Directors' Remuneration section of the Group Annual Report.

7. Taxation

Tax charged in the income statement:

	Year ended 31 May 2021	Year ended 31 May 2020
	£m	£m
Current income tax:		
UK corporation tax	-	-
Total current income tax	-	-
Deferred income tax:		
Origination and reversal of timing differences	-	-
Tax charged in the income statement	<u>-</u>	<u>-</u>

Reconciliation of the total tax charge

The standard rate of corporation tax in the UK for the year ended 31 May 2021 is 19.0% (FY20: 19.0%). The tax expense in the income statement for the year can be reconciled as set out below:

	Year ended 31 May 2021	Year ended 31 May 2020
	£m	£m
Profit before tax	78.5	160.3
Profit before tax multiplied by the UK standard rate of corporation tax at 19.0% (FY20: 19.0%)	14.9	30.5
Non-taxable dividend income	(15.0)	(30.6)
Tax deduction for employee share schemes	(0.8)	-
Effect of group relief surrendered	0.9	0.1
Total tax expense reported in the income statement	<u>-</u>	<u>-</u>

8. Dividends

	Year ended 31 May 2021	Year ended 31 May 2020
	£m	£m
Dividends paid to IG Group Holdings plc	248.2	160.8

Notes to the Financial Statements

for the year ended 31 May 2021

9. Intangible assets

	Domain names £m
Cost:	
At 1 June 2019	4.2
Additions	-
At 31 May 2020	4.2
Additions	-
At 31 May 2021	4.2
Accumulated amortisation:	
At 1 June 2019	2.7
Provided during the year	0.4
At 31 May 2020	3.1
Provided during the year	0.4
At 31 May 2021	3.5
Net book value – 31 May 2021	0.7
Net book value – 31 May 2020	1.1

10. Investment in subsidiaries

	31 May 2021 £m	31 May 2020 £m
At the start of the year	330.1	306.5
Additions in the year	4.1	23.6
Return of capital	(164.9)	-
	<u>169.3</u>	<u>330.1</u>

The additions in FY21 and FY20 relates to an investment by the company in its subsidiary, Market Data Limited. The shares were issued for cash consideration.

The Directors consider the carrying value of investments in subsidiary companies to be supported by either the net assets or the net present value of future cash flows.

The return of capital in FY21 relate to:

- £164,697,211 of investment held in IG Finance
- £150,000 of investment held in IG Finance 8 Limited
- £1 of investment held in IG Finance Two
- £1 of investment held in IG Finance Three
- £1 of investment held in IG Finance Four

The subsidiaries which have returned capital entered into Members' Voluntary Liquidation (solvent liquidation) and were handed over to liquidators on 28 May 2021. Distributions made by the subsidiaries prior to liquidation totalled £180.9 million, of which £164.9 million were recognised for accounting purposes as a return of capital rather than a receipt of dividend in accordance with IFRS9 – Financial Instruments.

Notes to the Financial Statements

for the year ended 31 May 2021

10. Investment in subsidiaries (continued)

List of investments in subsidiaries

The following companies are all owned directly or indirectly by IG Group Limited:

Name of Company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
Subsidiary undertakings held directly:				
Market Data Limited	Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA United Kingdom	Ordinary shares	100%	Data distribution
IG Knowhow Limited		Ordinary shares	100%	Software development
IG Finance ⁽¹⁾		Ordinary shares	100%	Financing
IG Forex Limited ⁽¹⁾		Ordinary shares	100%	Financing
Subsidiary undertakings held indirectly:				
IG Index Limited	Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA United Kingdom	Ordinary shares	100%	Spread betting
IG Markets Limited		Ordinary shares	100%	CFD trading, foreign exchange and market risk management
IG Markets South Africa Limited		Ordinary shares	100%	CFD trading
IG Nominees Limited ⁽¹⁾		Ordinary shares	100%	Nominee company
Extrabet Limited ⁽¹⁾		Ordinary shares	100%	Non-Trading
IG Finance Two ⁽¹⁾		Ordinary shares	100%	Financing
IG Finance Three ⁽¹⁾		Ordinary shares	100%	Financing
IG Finance Four ⁽¹⁾		Ordinary shares	100%	Financing
IG Finance 5 Limited ⁽¹⁾		Ordinary shares	100%	Financing
IG Spread Betting Limited ⁽¹⁾		Ordinary shares	100%	Financing
IG Finance 8 Limited ⁽¹⁾		Ordinary shares	100%	Financing
IG Finance 9 Limited		Ordinary shares	100%	Financing
Financial Domains Limited ⁽¹⁾		Ordinary Shares	100%	Holding company
Financial Domains Registry Holdings Limited		Ordinary Shares	100%	Holding company
Financial Domains Registrar Limited ⁽¹⁾		Ordinary Shares	100%	Domains registrar
Financial Domains (Services) Limited ⁽¹⁾		Ordinary Shares	100%	Domains registry
Deal City Limited		Ordinary Shares	100%	ETF trading
InvestYourWay Limited ⁽¹⁾		Ordinary Shares	100%	Non-trading
IG Trading and Investments Limited		Ordinary Shares	100%	Non-trading
IG Australia Pty Limited	Level 15, 55 Collins Street, Melbourne VIC 3000 Australia	Ordinary shares	100%	Sales and marketing office
IG Share Trading Australia Pty Limited		Ordinary shares	100%	Non-trading
IG Asia Pte Limited	9 Battery Road, 01-02 MYP Centre, 049910 Singapore	Ordinary shares	100%	CFD trading and foreign exchange
Kunxin Translation (Shenzhen) Co. Limited	19-B16, Shenzhen Dinghe Tower, No.100 of Fuhua 3 rd Road, Fuan Community, Futian District, Shenzhen	Ordinary Shares	100%	Translation services
IG Securities Limited	Izumi Garden Tower 26F, 1-6-1 Roppongi, Minato-ku, 106-6026, Tokyo	Ordinary shares	100%	CFD trading and foreign exchange

Notes to the Financial Statements

for the year ended 31 May 2021

10. Investment in subsidiaries (continued)

IG Europe GmbH	Westhafenplatz 1, Frankfurt am Main, 60327 Germany	Ordinary shares	100%	CFD trading and foreign exchange
Spectrum MTF Operator GmbH		Ordinary shares	100%	Multilateral Trading Facility
Raydius GmbH		Ordinary shares	100%	Issuer of turbo warrants
IG Bank S.A.	42 Rue du Rhone, Geneva, 1204 Switzerland	Ordinary shares	100%	CFD trading and foreign exchange
IG Infotech (India) Private Limited	Infinity, 2nd Floor, Katha No. 436, Survey No 13/1B, 12/2B, Challagatta Village, Bangalore, 560071 India	Ordinary shares	100%	Software development and support services
IG US Holdings Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808 United States	Ordinary shares	100%	Holding company
North American Derivatives Exchange Inc.		Ordinary shares	100%	Exchange
Market Risk Management Inc.		Ordinary shares	100%	Market maker
FX Publications Inc		Ordinary Shares	100%	Publications
IG US LLC		Ordinary Shares	100%	Foreign exchange trading
Fox Sub Limited ⁽¹⁾	57/63 Line Wall Road, GX11 1AA, Gibraltar	Ordinary shares	100%	Financing
Fox Sub 2 Limited		Ordinary shares	100%	Financing
Fox Japan Holdings		Ordinary shares	100%	Holding company
IG Limited	Office 2&3, Level 27, Currency House - Tower 2, Dubai International Financial Centre, P O Box - 506968 Dubai, United Arab Emirates	Ordinary Shares	100%	CFD trading and foreign exchange
Brightpool Limited	Christodoulou Chatzipavlou, 221 Helios Court, 3 rd floor 3036, Limassol Cyprus	Ordinary Shares	100%	Market maker
IG Markets Kenya Limited	William House, 4 th Ngong Avenue, Nairobi, Nairobi West District, PO Box 40111, 00100 Kenya	Ordinary Shares	100%	Non-trading
IG International Limited	Canon's Court, 22 Victoria Street, Hamilton, HM 12 Bermuda	Ordinary Shares	100%	CFD trading and foreign exchange
IG Securities Hong Kong Limited	Room 1901, 19/F, Lee Garden One, 33 Hysan Avenue Causeway Bay Hong Kong	Ordinary Shares	100%	Financial services

⁽¹⁾ These subsidiaries entered into Members' Voluntary Liquidation (solvent liquidation) and were handed over to liquidators on 28 May 2021.

The following UK entities, all of which are 100% owned by the Company, are not subject to an audit by virtue of s479A of the Companies Act 2006 relating to subsidiary companies: Financial Domains Registry Holdings Limited (09235699), IG Finance 9 Limited (07306407) and Deal City Limited (09635230).

The following UK entities, all of which are 100% owned by the Company and entered into Members' Voluntary Liquidation (solvent liquidation), are not subject to an audit by virtue of s479A of the Companies Act 2006 relating to subsidiary companies: IG Finance (05024562), IG Finance Two (05137194), IG Finance Four (05312015), IG Nominees Limited (04371444), IG Spread Betting Limited (06806588), IG Finance 8 Limited (06807656), InvestYourWay Limited (07081901), Extrabet Limited (04560348), IG Forex Limited (06808361), IG Finance Three (05297886), IG Finance 5 Limited (06752558), Financial Domains Limited (09233880), Financial Domains Registrar Limited (09235694), and Financial Domains (Services) Limited (09235591).

Notes to the Financial Statements

for the year ended 31 May 2021

10. Investment in subsidiaries (continued)

IG Trading and Investments Limited (11628764) is a UK entity, which is 100% owned by the Group and is exempt from the requirement to prepare individual financial statements by virtue of s394A of the Companies Act 2006 relating to the individual financial statements of dormant subsidiaries.

11. Other receivables

	31 May 2021	31 May 2020
	£m	£m
Amounts due from Group companies		
- IG Index Limited	0.3	-
- IG Markets Limited	-	5.2
	<u>0.3</u>	<u>5.2</u>

Amounts due from Group companies are unsecured, non-interest bearing and repayable on demand.

12. Other payables

	31 May 2021	31 May 2020
	£m	£m
Amounts due to Group companies		
- IG Markets Limited	1.0	-
- Other group companies	0.1	-
	<u>1.1</u>	<u>-</u>

Amounts due to Group companies are unsecured, non-interest bearing and repayable on demand.

13. Contingent liabilities and provisions

There are no contingent liabilities expected to have a material adverse financial impact on the Company's Financial Statements. The Company had no material provisions at 31 May 2021 (FY20: £nil).

14. Share capital and share premium

	Number	Share capital £m	Share premium £m
Ordinary shares of 10p, allotted, called up and fully paid:			
At 31 May 2019	70,547,988	7.1	1,214.5
Issued during the year	235,859,320	23.5	-
Capital reduction	-	-	(305.0)
At 31 May 2020	306,407,308	30.6	909.5
Issued during the year	40,424,000	4.1	-
At 31 May 2021	346,831,308	34.7	909.5

During the year, 40,424,000 ordinary shares were issued to IG Group Holdings plc at nominal value for cash consideration.

Notes to the Financial Statements

for the year ended 31 May 2021

15. Other reserves

On 27 September 2009, the Company re-designated 1,000 ordinary shares as irredeemable preference shares. The Company undertook a share consolidation of 10,000 issued ordinary shares of 10p each into 1,000 issued ordinary shares of £1 each. Subsequent to the share consolidation the 1,000 issued ordinary shares of £1 each were re-designated as 1,000 irredeemable preference shares of £1 each. Shares issued over the nominal value of the re-designated ordinary shares were recognised as an unrealised gain in "other reserves" of £1,074,216,000. At 31 May 2021 the Company had no preference shares (31 May 2020: none).

On 13 July 2010 IG Group Holdings plc contributed the entire share capital of IG Finance and also 1 share each of IG Finance Two, IG Finance Three and IG Finance Four, to the Company. Each of these contributions was made for nil consideration and accordingly the fair value of £164,697,213 of the contributions was credited directly to "other reserves". These subsidiaries were placed into Members' Voluntary Liquidation and handed over to the liquidators on 28 May 2021.

16. Directors' shareholdings

The Directors of the Company held shares of the ultimate parent company as disclosed in Group Annual Report.

17. Subsequent events

On 28 June 2021 the Company acquired 100% share capital of tastytrade, Inc (formerly Merger Sub II, Inc) and issued 100 ordinary shares to its parent company IG Group Holdings plc as consideration. The Company subsequently disposed of its 100% shareholding of tastytrade, Inc to its wholly owned subsidiary, Market Data Limited, and in return received 100 ordinary shares in Market Data Limited.

There have been no other material post balance sheet events between 31 May 2021 and the date of signing the report which require disclosure.