Extrabet Limited

Annual Report and Financial Statements

For the year ended 31 May 2019

Directors and advisors:

Directors
P G Hetherington (resigned 26 September 2018)
J M Noble (resigned 21 November 2019)
B E Messer (resigned 21 November 2019)
P R Mainwaring (resigned 21 November 2019)
IG Corporate Director Limited (appointed 21 November 2019 & resigned 10 December 2019)
R A Heading (appointed 21 November 2019)
K H Toh (appointed 21 November 2019)

Company Secretary
T Lee (resigned 21 November 2019)
C Chow (appointed 21 November 2019)

Bankers
Lloyds TSB Bank plc
10 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
04560348

Strategic Report

Description of the business

Extrabet Limited ("the Company") is a wholly-owned subsidiary of IG Finance 8 Limited and its ultimate parent company is IG Group Holdings plc. References to "the Group" are to IG Group Holdings plc together with all of its subsidiary undertakings.

The Company did not trade during the year.

Performance of the business during the year ended 31 May 2019 (FY19)

The Company had a profit for FY19 of £355,342 (FY18: £nil).

The Company had net assets of £1,081,226 at 31 May 2019 (31 May 2018. £725,884).

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.

Future developments

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

Subsequent events

There have been no subsequent events in the period from 31 May 2019 to the date of signing this report.

On behalf of the Board

R A Heading
Director
31 January 2020

Directors' Report

The Directors present their Report together with the Financial Statements of the Company for the year ended 31 May 2019.

Directors

The Directors of the Company who held office during the year and to the date of signing these Financial Statements were as follows:

P G Hetherington (resigned 26 September 2018)
J M Noble (resigned 21 November 2019)
B E Messer (resigned 21 November 2019)
P R Mainwaring (resigned 21 November 2019)
IG Corporate Director Limited (appointed 21 November 2019 & resigned 10 December 2019)
R A Heading (appointed 21 November 2019)
K H Toh (appointed 21 November 2019)

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.

Audit exemption statement

For the year ended 31 May 2019, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

On behalf of the Board

R A Heading
Director
31 January 2020

Statement of Directors' responsibilities

The Directors are responsible for preparing the Strategic Report, Directors Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with 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 these 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 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 also 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

R A Heading
Director
31 January 2020

Income Statement

for the year ended 31 May 2019

	Note	Year ended 31 May 2019 £	Year ended 31 May 2018 £
Trading revenue		-	-
Operating costs	4	(7,142)	-
Profit before taxation		(7,142)	-
Taxation	5	362,484	-
Profit for the financial year		355,342	-

Statement of Financial Position
at 31 May 2019

	Note	31 May 2019 £	31 May 2018 £
Assets			
Current assets			
Other receivables	6	1,081,226	725,884
TOTAL ASSETS		1,081,226	725,884
NET ASSETS		1,081,226	725,884
Equity			
Share capital	8	600,001	600,001
Retained earnings		16,565,085	16,279,166
Capital reserve	9	-	(69,423)
Other reserves	9	(16,083,860)	(16,083,860)
TOTAL EQUITY		1,081,226	725,884

For the year ended 31 May 2019, the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Companies Act 2006 with respect to accounting records and for the preparation of accounts.

The Financial Statements on pages 5 to 12 were approved by the Board of Directors and signed on its behalf by:

R A Heading
Director
31 January 2020

Registered Number. 04560348

Statement of Changes in Equity
for the year ended 31 May 2019

	Share capital £	Retained earnings £	Capital reserve	Other reserves £	Total equity £
At 31 May 2017	600,001	16,279,166	(69,423)	(16,083,860)	725,884
Profit for the financial year	-	-	-	-	-
At 31 May 2018	600,001	16,279,166	(69,423)	(16,083,860)	725,884
Transfer of share based payments reserve	-	(69,423)	69,423	-	-
Profit for the financial year	-	355,342	-	-	355,342
At 31 May 2019	600,001	16,565,085	-	(16,083,860)	1,081,226

Notes to the financial statements

for the year ended 31 May 2019

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 Extrabet Limited for the year ended 31 May 2019 were authorised for issue by the Board of Directors on 31 January 2020 and the Statement of Financial Position was signed on behalf of the Board by R A Heading. The Company is incorporated and domiciled in England and Wales as a private company limited by shares. 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 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 that have a significant impact on the Financial Statements are the impairment of other receivables.

Basis of preparation

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council, which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ('IFRS'). The Company meets the definition of a qualifying entity under FRS 100. Accordingly, in the year ended 31 May 2019 the Company has undergone a transition from reporting under IFRS adopted by the European Union to FRS 101 'Reduced Disclosure Framework'. This transition was not considered to have had a material effect on the Financial Statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard.

The following disclosure exemptions have been adopted:

- cash flow statement;
- 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 2018, except for the changes in accounting policies related to the new accounting standards described below.

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

IFRS 9 – Financial instruments

Impact on the Financial Statements

The Company has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective periods that commence on or after 1 January 2018.

The Company's balances that are within the scope of IFRS 9 are other receivables. IFRS 9 introduced new requirements for the classification and measurement of financial assets; impairment of financial assets, and general hedge accounting.

Classification and measurement of financial assets: Financial assets that are within the scope of IFRS 9 are required to be measured at amortised cost, fair value through profit and loss or fair value through other comprehensive income. Classification is based on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Rules relating to the classification and measurement of financial liabilities, and for derecognition of assets and liabilities in IFRS 9 are broadly unchanged from those in IAS 39.

Notes to the financial statements

for the year ended 31 May 2019

2. **Significant accounting policies (continued)**

Impairment: IFRS 9 replaces the 'incurred loss' approach of IAS 39 with an 'expected credit loss' approach. The Company is required to recognise an expected credit loss on financial assets including other receivables. The expected credit loss approach requires the Company to account for expected credit losses at initial recognition, and to account for changes in the expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. It is no longer necessary for a credit loss event to have occurred before credit losses are recognised.

The Company does not undertake any hedge accounting so this change had no impact on the Financial Statements for the year ended 31 May 2019.

Impact of adoption

The Company adopted IFRS 9 with effect from 1 June 2018 and in accordance with the transition requirements of IFRS 9 the Company has not restated comparative information for the year ended 31 May 2018. Adoption of IFRS 9 has had an impact on the classification of financial instruments. It has not had an impact on impairment.

Reclassification: On transition to IFRS 9 the Company assessed its business models to determine the appropriate classifications. The Company's business model is to hold and collect. Adoption of IFRS has resulted in the following reclassifications.

- Other receivables were classified as loans and receivables under IAS 39. These financial assets have been reclassified as financial assets measured at amortised cost.
- There were no financial assets or financial liabilities which the Company has elected to designate as at fair value through profit and loss at the date of initial application of IFRS 9

The reclassifications did not result in a change of measurement of the financial assets.

Impairment: there was no impact on the Company's loss allowances arising from the adoption of IFRS 9.

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 IG Finance 8 Limited. The ultimate parent company is IG Group Holdings plc.

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.

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 dates of the transactions. At each statement of financial position date, monetary assets and liabilities denominated in foreign currencies are revalued at the functional currency rate of exchange prevailing on the same date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on revaluation are taken to the income statement.

Taxation

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

The income tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax 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 that have been enacted or substantively enacted at the statement of financial position date.

Notes to the financial statements

for the year ended 31 May 2019

2. Significant accounting policies (continued)

Financial instruments

From 1 June 2018 the Company applied the following accounting policies in respect of 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.

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.

Financial instruments - Impairment of financial assets

The impairment charge in the Income Statement includes the change in expected credit losses. Expected credit losses are recognised for other receivables. Expected credit losses are calculated as the difference between the contractual cash flows that are due to the Company and the cash flows that the Company expects to receive given the probability of default, discounted at the original effective interest rate.

At initial recognition of financial assets, an allowance is made for expected credit losses resulting from default events that are possible within the next 12 months. In the event of a significant increase in credit risk, an allowance is made for expected credit losses resulting from possible default events over the expected life of the financial asset. Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are considered to be Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly considers changes in credit rating associated with the asset, whether contractual payments are more than 30 days past due and other reasonable information demonstrating otherwise. The Company considers a financial instrument to have low credit risk when it has an external credit rating of 'investment grade' or if no external credit rating is available, in accordance with the Company's internal credit risk management policy definition. This approach has not resulted in a material difference in the impairment allowance under an expected credit loss approach for the Company.

Assets are transferred to stage 3 when an event of default, as defined in the Group's credit risk management policy to which the Company adheres, occurs or where the assets are credit impaired. IFRS 9 contains a rebuttable presumption that default occurs no later than when a payment is 90 days past due. The Company uses this 90-day basis for all assets.

All changes in lifetime expected credit losses subsequent to the assets' initial recognition are recognised as an impairment loss or gain. Financial assets are normally written off, either partially or in full, against the related allowance when the Company has no reasonable expectations of partial or full recovery of the asset. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in 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.

Notes to the financial statements

for the year ended 31 May 2019

2. Significant accounting policies (continued)

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.

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. Directors' emoluments and employee information

Directors are remunerated for their services to the Group. The Directors remuneration for their services to the Company for the year was £nil (FY18. £nil).

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

4. Operating Costs

	Year ended 31 May 2019	Year ended 31 May 2018
	£	£
Foreign exchange loss	7,142	-

5. Taxation

Tax credited in the income statement.

	Year ended 31 May 2019	Year ended 31 May 2018
	£	£
Current income tax:		
Current year	-	-
Adjustments in respect of prior periods	362,484	-
Tax credit in the Income Statement	362,484	-

Reconciliation of the total tax charge:

	Year ended 31 May 2019	Year ended 31 May 2018
	£	£
Loss before taxation	7,142	-
Loss before tax multiplied by the UK standard rate of Corporation tax of 19.0% (FY18: 19.0%)	1,357	-
Unrecognised losses	(1,357)	-
Adjustment in respect of prior years	362,484	-
Total tax credit reported in the income statement	362,484	-

Notes to the financial statements

for the year ended 31 May 2019

6. Other receivables

	31 May 2019	31 May 2018
	£	£
Amounts due from Group companies	1,081,226	406,288
Income tax receivable	-	319,596
	1,081,226	725,884

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

7. 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 2019 (31 May 2018: £nil).

8. Share Capital

	31 May 2019	31 May 2018
	£	£
Allotted, called up and fully paid.		
600,001 Ordinary shares of £1 each (2018: 600,001 shares)	600,001	600,001

9. Reserves

Capital reserve

Capital 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 the previous employees of the Company.

Other reserves

Amounts recorded in other reserves relate to the acquisition of the sports and binary betting business of IG Index Limited, its then subsidiary on 23 March 2009. No goodwill arises, as the excess of the amount paid over the carrying value of the assets is effectively internally generated goodwill. As such the difference arising on acquisition are included in reserves.

10. Directors' shareholdings

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