

# **IG Trading and Investments Limited**

## **Annual Report and Financial Statements**

Year ended 31 May 2022



**Directors and advisors:**

**Directors**

J Felix

J Noble

C Rozes

B Messer (resigned 22 September 2021)

R Bhasin (appointed 28 January 2022)

A Didham (appointed 28 January 2022)

S Hibberd (appointed 28 January 2022)

M Le May (appointed 28 January 2022)

R McTighe (appointed 28 January 2022)

J Moulds (appointed 28 January 2022)

S Skerritt (appointed 28 January 2022)

H Stevenson (appointed 28 January 2022)

G Wu (appointed 28 January 2022)

**Company Secretary**

J Nayler

**Independent Auditors**

PricewaterhouseCoopers LLP

7 More London Riverside

London SE1 2RT

**Bankers**

Lloyds Banking Group plc

25 Gresham Street

London EC2V 7AE

The Royal Bank of Scotland Plc

36 Saint Andrews Square

Edinburgh EH2 2YB

**Solicitors**

Linklaters

One Silk Street

London EC2Y 8HQ

**Registered Office**

Cannon Bridge House

25 Dowgate Hill

EC4R 2YA

**Registered number**

1162876

## Strategic Report

### Description of the business

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

The Company was authorised by the Financial Conduct Authority (FCA) on 23 December 2021. The Company did not commence trading activity during the year ended 31 May 2022 (FY22). The Company has notified the FCA of its plan to purchase the stock trading and investments business of IG Markets Limited, a fellow Group company. The purchase is expected to be completed in the first half of FY23.

### Performance of the business during the year ended 31 May 2022 (FY22)

The Company recognised a loss for the financial year of £795,000 (FY21: £nil), as a result of regulatory and professional fees incurred following authorisation by the FCA. Total equity increased to £3,505,000 as at 31 May 2022, following the issuance of 4,300,000 ordinary shares in December 2021.

The Company had total assets of £4,281,000 as at 31 May 2022 consisting mainly of Cash and Cash equivalents (31 May 2021: £1,000 consisting of intercompany receivables).

Total regulatory capital resources as at 31 May 2022 were £4,281,000. The Company had significant surplus regulatory capital resources over the regulatory capital requirement throughout the year. An analysis of the Group's consolidated capital resources and capital resources requirement is provided in the Group Annual Report.

In accordance with the UK Investment Firm Prudential Regulations (IFPR), the Company is required to disclose a return on equity metric. As the company did not trade during the period, this metric has not been disclosed as the return was £nil.

### Regulation

The FCA introduced the UK Investment Firm Prudential Regime (IFPR) with effect from 1 January 2022, which are the new prudential rules the Company is subject to. This primarily impacts liquidity and capital requirements of the Company. It also impacts on the regulatory reporting and disclosures, as well as remuneration, supervision and governance of the Company in the UK. The liquidity and capital requirements are discussed further in note 14 on capital management.

### Principal risks and uncertainties

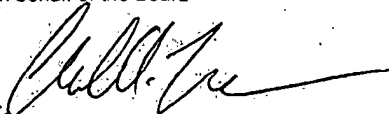
The Company operates as a business within the Group, and the success of its business is dependent upon the performance of other Group companies.

The principal risks facing the Company are:

- the regulatory environments in which the Company operates change in a way that impacts the activities of the Company;
- a bank which the Company uses defaults, resulting in the Company's balances with that bank not being recoverable.

Details of the Group's approach to risk management and principal risks facing the Group, are set out in the Group Annual Report.

On behalf of the Board



C Rozes

Director

22 July 2022

## Directors' Report

The Directors present their Report together with the audited Financial Statements of IG Trading and Investments Limited ('the Company') for the year ended 31 May 2022.

### 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

J Noble

C Rozes

B Messer (resigned 22 September 2021)

R Bhasin (appointed 28 January 2022)

A Didham (appointed 28 January 2022)

S Hibberd (appointed 28 January 2022)

M Le May (appointed 28 January 2022)

R McTighe (appointed 28 January 2022)

J Moulds (appointed 28 January 2022)

S Skeritt (appointed 28 January 2022)

H Stevenson (appointed 28 January 2022)

G Wu (appointed 28 January 2022)

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

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

### 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.

### Dividends

The Directors are not recommending a final dividend.

### 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 she or he is obliged to take as a Director in order to make herself or himself 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.

### Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors of the company on 28 June 2022.

### Financial Risk Management

Financial risk management information is presented in note 14.

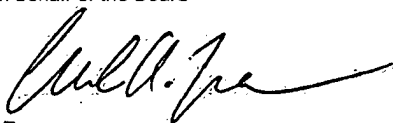
### Subsequent events

Subsequent events are presented in note 15.

### Additional disclosures

The Company is required to publish additional information in accordance with the UK Investment Firm Regime (MIFIDPRU) and the Capital Requirements (Country-by-Country Reporting) Regulations 2013. This information will be published at the following web address: <http://www.iggroup.com/investor-relations/regulatory-information>

On behalf of the Board



C Rozes

Director

22 July 2022

## Statement of Directors' Responsibilities

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, 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 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



C Rozes  
Director

22 July 2022

## **Independent Auditors' Report**

### **to the members of IG Trading and Investments Limited**

#### **Report on the audit of the financial statements**

##### **Opinion**

In our opinion, IG Trading and Investments Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2022 and of its loss 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 2022; 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.

## **Independent Auditors' Report**

### **to the members of IG Trading and Investments Limited**

#### **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 2022 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, 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 the rules of the Financial Conduct Authority and 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, including those posted by senior management or with unusual account combinations;
- Review of correspondence with regulators, and internal audit reports in so far as they are related to the financial statements;
- Review of whistleblowing reports; 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](http://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

## **Independent Auditors' Report**

### **to the members of IG Trading and Investments Limited**

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.

#### **Other matter**

The financial statements for the year ended 31 May 2021, forming the corresponding figures of the financial statements for the year ended 31 May 2022, are unaudited.



Craig McSherry (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
London  
25 July 2022



## Income Statement

for the year ended 31 May 2022

	Note	Year ended 31 May 2022 £000	Year ended 31 May 2021 £000
Operating costs	3	(795.0)	-
Operating loss		(795.0)	-
Loss before taxation		(795.0)	-
Taxation	7	-	-
Loss for the financial year		(795.0)	-

The Company has no items of other comprehensive income. All of the loss for the financial year is from continuing operations.

## Statement of Financial Position

as at 31 May 2022

	Note	31 May 2022 £000	31 May 2021 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Deferred income tax assets	7	-	-
<b>Current assets</b>			
Intercompany receivables	10	2.0	1.0
Cash and cash equivalents		4,279.0	-
<b>TOTAL ASSETS</b>		<b>4,281.0</b>	<b>1.0</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Intercompany payables	8	41.0	1.0
Other payables	9	735.0	-
		776.0	1.0
<b>Total liabilities</b>		<b>776.0</b>	<b>1.0</b>
<b>Equity</b>			
Share capital	12	4,300.0	-
Retained earnings		(795.0)	-
<b>Total equity</b>		<b>3,505.0</b>	<b>-</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>4,281.0</b>	<b>1.0</b>

The Financial Statements on pages 8 to 22 were approved by the Board of Directors and signed on their behalf by:

C Rozes  
Director  
22 July 2022

## Statement of Changes in Equity

for the year ended 31 May 2022

	Share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 June 2020	-	-	-
At 1 June 2021	-	-	-
Loss for the year	-	(795.0)	(795.0)
Issuance of ordinary share capital	4,300.0	-	4,300.0
At 31 May 2022	4,300.0	(795.0)	3,505.0

## Notes to the Financial Statements

### for the year ended 31 May 2022

#### 1. Authorisation of Financial Statements and statement of compliance with FRS 101

The Financial Statements of the Company for the year ended 31 May 2022 were authorised for issue by the Board of Directors on 22 July 2022 and the Statement of Financial Position was signed on behalf of the Board by Charles Rozes. The Company is incorporated and domiciled in England and Wales with registered company number 11628764 as a private company limited by shares. The address of the registered office is Cannon Bridge House, 25 Dowgate Hill, London, England, EC4R 2YA.

#### 2. Accounting policies

##### Critical accounting estimates and judgments

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 revenue and expenses during the year.

The nature of estimates means that actual outcomes could differ from those estimates. There are no critical accounting estimates or judgements for the year ended 31 May 2022 (FY21: none).

##### Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historic cost convention, as modified by financial assets and liabilities measured at fair value, and in accordance with the Companies Act 2006.

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

- IAS 7 'Statement of Cash Flows';
- IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52;
- IAS 24 'Related Party Disclosures' paragraph 17;
- IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies between wholly-owned Group companies;
- IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79 (a)(iv), IAS 16 'Property, plant and equipment' paragraph 73(e), and IAS 38 'Intangible assets';
- IAS 1 'Presentation of Financial Statements' paragraphs 10(d), 16, 38A-D, 111 and 40A-D; and
- IFRS 15 'Revenue from Contracts with Customers' second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129.

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

The accounting policies and interpretations 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 2021.

##### 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. The IASB has published a number of minor amendments to IFRSs that are effective from 1 January 2022 and 1 January 2023.

These include amendments published to IAS 12 – Income Taxes, IAS 37 – Provisions and Contingent Liabilities and Contingent Assets. The Company is in process of assessing the impact of these amendments. There have also been amendments published to IAS 1 – Presentation of Financial Statements. However, the Company expects they will have an insignificant effect, when adopted, on the Financial Statements of the Company.

##### 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.

In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Company, taking account of its liquidity position, the adequacy of capital resources and the availability of funding from its parent company and the Group.

The Directors' assessment has considered future performance, solvency and liquidity over a period of at least 12 months from the date of approval of the Financial Statements. The Directors have a reasonable expectation that the Company has adequate resources for that period and confirm that they consider it appropriate to adopt the going concern basis in preparing the Financial Statements.

##### 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.

## Notes to the Financial Statements

for the year ended 31 May 2022

### 2. Accounting policies (continued)

#### Parent company and Group Financial Statements (continued)

The Financial Statements of IG Group Holdings plc and its subsidiary companies, which include the results of the Company, are publicly available and may be obtained from Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA.

#### Foreign currencies

The Company's functional and presentational currency is Sterling, and this is consistent with the primary economic environment in which the Company operates in. 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 recognised in 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.

#### Finance income and costs

Interest income is accrued using the effective interest rate, and by reference to the amortised cost. Interest income and interest expense on firm cash is disclosed within 'finance income' and 'finance cost'.

#### Dividends

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

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

#### 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 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 bases 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 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.

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 or Other Comprehensive Income, in which case the deferred tax is also dealt with in equity or Other Comprehensive Income.

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.

#### 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 year-end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus or minus, 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 14 of the Financial Statements.

##### (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 comprise 'intercompany receivables' and 'cash and cash equivalents'.

## Notes to the Financial Statements

for the year ended 31 May 2022

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### (b) Financial liabilities

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

##### Financial instruments - Impairment of financial assets

The impairment charge in the income statement includes a loss allowance reflecting the change in expected credit losses. Expected credit losses are recognised for cash and cash equivalents and 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 and loss given 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, except for where the simplified approach is used where an allowance is made for the lifetime expected credit loss. 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. The Company applies the general approach for financial assets.

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 a significant increase in credit risk. In accordance with the Group's internal credit risk management definition, financial instruments have a low credit risk when it has an external credit rating of 'investment grade' or if no external credit rating is available, reference is made to the Group's internal credit risk management policy.

Assets are transferred to stage 3 when an event of default, as defined in the Group's credit risk management policy, occurs or where the assets are credit impaired. The Company determines that a default occurs when a payment is 90 days past due. This is aligned with the Group's risk management practices.

All changes in expected credit losses subsequent to the assets' initial recognition are recognised as an impairment loss or gain. Financial assets are written off, either partially or in full, against the related allowance when the Company has no reasonable expectations of 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.

##### (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.

## Notes to the Financial Statements

for the year ended 31 May 2022

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### (c) Offsetting financial instruments

Financial assets and liabilities are offset 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.

##### Intercompany receivables

Intercompany 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.

For intercompany receivables, the general approach has been applied for measuring impairment. The expected lifetime credit loss is recognised at initial recognition of the financial asset, with the loss allowance calculated by reference to an ageing debt profile. Other receivables are written off when there is objective evidence of non-collectability or when an event of default occurs.

##### Cash and cash equivalents

Cash and cash equivalents 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.

The majority of the Company's cash balances are held with investment grade banks. The Company considers the risk of default, and how adverse changes in economic and business conditions might impact the ability of the banks to meet their obligations. The Company assesses the expected credit losses on cash and cash equivalents on a forward-looking basis and if there has been a significant increase in credit risk since initial recognition.

##### 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.

##### Share Capital

##### (a) Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability of the Company is presented as a liability on the balance sheet; measured initially at fair value net of transaction costs and subsequently at amortised cost until extinguished on conversion or redemption. Dividends paid are charged as an interest expense in the Income Statement.

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs. Equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

## Notes to the Financial Statements

for the year ended 31 May 2022

**3. Operating costs**

	Year ended 31 May 2022	Year ended 31 May 2021
	£000	£000
Legal and professional costs	44.0	-
Regulatory fees	751.0	-
	<u>795.0</u>	<u>-</u>

**4. Auditors' remuneration**

Audit fees in relation to the statutory audit of the Financial Statements of the Company amounted to £20,000 (31 May 2021: £nil).

Audit related fees in relation to services supplied pursuant to legislation amounted to £21,000 (FY21: £nil). Audit related fees include engagements that are required by the regulatory authorities in whose jurisdiction the Company operates, as well as other assurance services.

**5. Directors' remuneration**

Directors are remunerated for their services to the Group. The Directors' remuneration for their services to the Company for the year was £nil (FY21: £nil).

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

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

**6. Staff costs**

The average monthly number of employees directly employed by the Company was nil (FY21: nil).

**7. Taxation**

Tax charged/(credited) in the Income Statement:

	Year ended 31 May 2022	Year ended 31 May 2021
	£000	£000
<b>Current income tax:</b>		
UK Corporation tax	-	-
<b>Total current income tax</b>	<u>-</u>	<u>-</u>

There are no deferred income tax charges for the current and prior years.



## Notes to the Financial Statements

for the year ended 31 May 2022

### 7. Taxation (continued)

#### Reconciliation of the total tax charge

The standard rate of corporation tax in the UK for the year ended 31 May 2022 was 19.0% (year ended 31 May 2021: 19.0%). Taxation outside the UK is calculated at the rates prevailing in the relevant jurisdictions. The tax expense in the Income Statement for the year can be reconciled as set out below:

	Year ended 31 May 2022	Year ended 31 May 2021
	£000	£000
(Loss)/profit before taxation	(795.0)	-
(Loss)/profit before taxation multiplied by the UK standard rate of corporation tax of 19.0% (year ended 31 May 2021: 19.0%)	(151.1)	-
Expenses not deductible for tax purposes	-	-
Group relief for which no payment is made	151.1	-
Total tax expense reported in the Income Statement	-	-

The effective tax rate is nil% (year ended 31 May 2021: nil%).

The Finance Act 2021 passed into legislation in May 2021 and increased the main rate of UK corporation tax from 19% to 25% effective from 1 April 2023. The impact of these changes on deferred tax have been assessed and deferred tax assets and liabilities have been measured at the tax rates that are expected to apply when the related asset is realised or liability settled.

#### Factors affecting the tax charge in future years

Factors that may affect the Company's future tax charge include the UK tax rate, changes in tax legislation and the resolution of open tax issues. The Company's future tax charge may also be impacted by changes in the Company's business activities, client composition and regulatory status, which would impact the Company's exemption from the UK Bank Corporation Tax Surcharge.

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, which are dependent on the Company's estimation of future profitable income and of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority.

### 8. Intercompany payables

	31 May 2022	31 May 2021
	£000	£000
Amounts due to Group companies		
- IG Group Holdings plc	36.0	-
- Market Data Limited	3.0	-
- IG Markets Limited	2.0	1.0
	41.0	1.0

Intercompany balances are interest free and are repayable on demand.

## Notes to the Financial Statements

for the year ended 31 May 2022

**9. Other payables**

	31 May 2022	31 May 2021
	£000	£000
Accruals	735.0	-

**10. Intercompany receivables**

	31 May 2022	31 May 2021
	£000	£000
Amounts due to Group companies		
- IG Index Limited	2.0	1.0
	2.0	1.0

**11. Contingent liabilities and provisions**

There are no contingent liabilities expected to have an adverse financial impact on the Company's Financial Statements. The Company had no provisions as at 31 May 2022 (31 May 2021: £nil).

**12. Share capital**

	31 May 2022	31 May 2021
	£000	£000
Authorised, allotted, called up and fully paid:		
4,300,002 (FY21: 2) ordinary shares of £1 each	4,300.0	-

On 15 December 2021 the Company issued 4,300,000 ordinary shares to its sole shareholder, Market Data Limited. The shares were issued at nominal value for cash consideration.

## Notes to the Financial Statements

### for the year ended 31 May 2022

#### 13. 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. 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 as at the Statement of Financial Position date.

		Amortised cost	Total carrying amount	Fair value
As at 31 May 2022	Note	£000	£000	£000
Financial assets:				
Cash and cash equivalents		4,279.0	4,279.0	4,279.0
Intercompany receivables	10	2.0	2.0	2.0
		4,281.0	4,281.0	4,281.0
Financial liabilities:				
Intercompany payables	8	41.0	41.0	41.0
		41.0	41.0	41.0

		Amortised cost	Total carrying amount	Fair value
As at 31 May 2021	Note	£000	£000	£000
Financial assets:				
Cash and cash equivalents				
Intercompany receivables	10	1.0	1.0	1.0
		1.0	1.0	1.0
Intercompany payables	8	1.0	1.0	1.0
		1.0	1.0	1.0

##### Financial instrument valuation hierarchy

The Company does not hold any financial instruments carried at fair value (FY21: none).

Fair value hierarchy levels 1 to 3 are based on the degree to which the fair value is observable.

Level 1 assets are valued using unadjusted quoted prices in active markets for identical financial instruments.

Level 2 assets are 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.

## Notes to the Financial Statements

for the year ended 31 May 2022

### 13. Financial instruments (continued)

#### Financial instrument valuation hierarchy (continued)

Level 3 assets are valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

#### Fair value of financial assets and liabilities measured at amortised cost

The Company's financial instruments not carried at fair value are all valued at Level 2. The fair value of the financial assets and liabilities measured at amortised cost approximate their carrying amount.

#### Offsetting financial assets and liabilities

No financial assets and liabilities have been offset on the Company's Statement of Financial Position

### 14. Financial risk management

The Company follows the Group risk management framework in managing its risks, and details this is discussed in the risk management section of the Group Annual Report.

As at 31 May 2022 the Company had not yet commenced trading. As a result, it is only exposed to non-trading interest risk, foreign currency risk, credit risk and liquidity risk.

#### Non-trading interest rate risk

The Company has interest rate risk relating to financial instruments on its Statement of Financial Position 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 at each year-end was as follows:

	Within 1 year		Total	
	31 May 2022 £000	31 May 2021 £000	31 May 2022 £000	31 May 2021 £000
<b>Floating rate:</b>				
Cash and cash equivalents	4,279.0	-	4,279.0	-
	4,279.0	-	4,279.0	-

There are no financial assets and liabilities which have a maturity of over 1 year.

## Notes to the Financial Statements

for the year ended 31 May 2022

### 14. Financial risk management (continued)

#### *Non-trading interest rate risk sensitivity analysis – floating rate*

Interest on financial instruments classified as floating-rate is re-priced at intervals of less than one year. Interest rate sensitivity has been performed on floating rate financial instruments by considering the impact of a 1% decrease in interest rates on financial assets and financial liabilities. The impact of such a movement on the Company's profit before tax is below.

	Year ended 31 May 2022 £000	Year ended 31 May 2021 £000
Impact:		
(Decrease)/increase in profit before tax:		
Cash and Cash equivalents	(42.8)	-

#### **Credit risk**

The principal sources of credit risk to the Company's business are from financial institutions.

Amounts due from financial institutions, which are stated net of an expected credit loss of £nil (31 May 2021: £nil), are all less than 30 days due

The analysis in the following table shows credit exposures by credit rating:

	Cash and cash equivalents		Intercompany receivables	
	31 May 2022 £000	31 May 2022 £000	31 May 2021 £000	31 May 2021 £000
Credit rating:				
AA to AA-	-	-	-	-
A+ to A-	4,279.0	4,279.0	-	-
BBB+ to BBB-	-	-	-	-
Unrated	-	-	2.0	1.0
<b>Total carrying amount</b>	<b>4,279.0</b>	<b>4,279.0</b>	<b>2.0</b>	<b>1.0</b>

#### **Loss allowance**

No loss allowance has been recorded on the financial assets carried as at 31 May 2022 (31 May 2021: £nil)

The loss allowance is calculated in accordance with the Company's expected credit loss model. The following table provides an overview of the Company's credit risk by Stage and the associated loss allowance. The financial instruments that are assessed in accordance with the simplified approach are trade receivables (excluding derivative amounts due from brokers) and other receivables.

## Notes to the Financial Statements

for the year ended 31 May 2022

### 14. Financial risk management (continued)

#### Credit risk (continued)

As at 31 May 2022	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade:	£000	£000	£000	£000
Investment grade	4,279.0	-	-	4,279.0
Non-investment grade	2.0	-	-	2.0
Gross carrying amount	4,281.0	-	-	4,281.0
Loss allowance	-	-	-	-
Total carrying amount	4,281.0	-	-	4,281.0

As at 31 May 2021	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Lifetime ECL	Total
Credit grade:	£000	£000	£000	£000
Investment grade	-	-	-	-
Non-investment grade	1.0	-	-	1.0
Gross carrying amount	1.0	-	-	1.0
Loss allowance	-	-	-	-
Total carrying amount	1.0	-	-	1.0

#### Concentration risk

The Company's largest credit exposure to any bank at 31 May 2022 was £4,279,000 (A+ rated) (31 May 2021: £nil).

This risk is managed at a Group level and details are in the risk management section of the Group Annual Report.

#### Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties as they fall due. The Company manages its liquidity risk in accordance with the Group's comprehensive liquidity risk management policy and this is discussed in the risk management section of the Group Annual Report.

## Notes to the Financial Statements

### for the year ended 31 May 2022

#### 14. Financial risk management (continued)

##### Liquidity risk (continued)

##### Maturities of financial liabilities

The tables below outline the Company's financial liabilities into relevant maturity categories based on their contractual maturities. The amounts disclosed below are the contractual undiscounted cash flows

	31 May 2022			Total	Carrying amount of liability £'000
	Within 1 year	Between 2 and 5 years	Over 5 years		
	£'000	£'000	£'000	£'000	£'000
Other payables	735.0	-	-	735.0	735.0
Intercompany payables	41.0	-	-	41.0	41.0
<b>Total</b>	<b>776.0</b>	<b>-</b>	<b>-</b>	<b>776.0</b>	<b>776.0</b>

	31 May 2021			Total	Carrying amount of liability £'000
	Within 1 year	Between 2 and 5 years	Over 5 years		
	£'000	£'000	£'000	£'000	£'000
Other payables	-	-	-	-	-
Intercompany payables	1.0	-	-	1.0	1.0
<b>Total</b>	<b>1.0</b>	<b>-</b>	<b>-</b>	<b>1.0</b>	<b>1.0</b>

##### Foreign currency risk

The Company faces foreign currency exposures on financial assets and liabilities denominated in currencies other than its functional currency. These exposures are hedged with another group company.

At year end and throughout the year, the Company's foreign exposures were minimal as the Company did not hold significant amounts of financial instruments denominated in foreign currency. On this basis the Company has not disclosed the sensitivity and quantified the exposure from foreign currency rate movements as these are considered to not have a significant impact on profit before tax.

##### Capital management

The Company manages its capital resources with the objectives of facilitating business growth and maintaining dividend policy, whilst complying with the regulatory requirements imposed on the Company.

The Company operates a monitoring framework over the capital resources and minimum capital requirements daily, calculating the market and credit risk requirements arising from exposure at the end of each day and include internal warning indicators as part of the Group's Board Risk Dashboard.

The Company is not required to comply with any third-party financial covenants.

#### 15. Subsequent events

The Company issued additional ordinary share capital to its parent company, Market Data Limited, consisting of 8,000,000 ordinary shares of £1 each leading to an increase in ordinary share capital to £12,300,000 on 21 June 2022. The Directors approved the capital injection to facilitate the purchase of the stock trading and investments business from IG Markets Limited, a fellow Group company, which is expected to be completed in the first half of FY23.