ITS Market Solutions Limited

Annual report and financial statements

31 May 2011

Registered No 04768327

Directors

P G Hetherington
A R MacKay

Secretary

G R Abbi (resigned 24 March 2011)
B E Messer (appointed 24 March 2011)

Auditors

PricewaterhouseCoopers LLP
7 More London Riverside
London SE1 2RT

Bankers

Lloyds TSB Bank plc
10 Gresham Street
London EC2V 7AE

The Royal Bank of Scotland
54 Lime Street
London EC3M 7NQ

Solicitors

Linklaters
One Silk Street
London EC2Y 8HQ

Registered Office

Cannon Bridge House
25 Dowgate Hill
London EC4R 2YA

Registered No 04768327

Directors' Statutory Report

The Directors have pleasure in submitting their report together with the audited financial statements of ITS Market Solutions Limited ("the Company") for the year ended 31 May 2011

Principal activity

The principal activity of the Company is the development and promotion of trading software The Company remained inactive during the year

IG Markets Limited owns 60% of the share capital of ITS Market Solutions Limited The ultimate parent company is IG Group Holdings plc (IG Group Holdings plc together with all its subsidiary undertakings, "the Group")

Results

The Company's profit for the year amounted to £nil (2010 £nil)

Dividends

No dividends were paid during the year (2010 £nil)

Review of business and future developments

The Company did not trade during the year and the Company's activities are expected to remain unchanged for the foreseeable future

Directors and their interests

The directors of the Company who held office during the year and up to the date of this report were as follows

P G Hetherington
A R MacKay

All were directors throughout the financial year

No Director had any beneficial interest in the share capital of the Company during the year Any beneficial interest in the shares, debentures and options of the ultimate parent company, are disclosed in the financial statements of that company

Risk management

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

The main risks associated with the Company's financial assets and liabilities are set out in note 9 to the financial statements, as are the policies agreed by the Group's Board for their management

Supplier payment policy and practice

The Company does not incur significant costs and does not follow any stated code on payment practice

Donations

The Company made no political donations or charitable donations during the year (2010 £nil)

Registered No 04768327

Directors' Statutory Report

Corporate and social responsibility

The Company is committed to ensuring that interaction with key stakeholders and the wider environment is managed responsibly The Group's corporate and social responsibility report has been updated and is published at our corporate website at www iggroup com The report details the Group's continued commitment to its business standards and client service, the IG workplace, carbon emissions, endeavours towards sustainability including a section on the environment sustainability charter promoted in the fit-out of the Group's new UK head office at Cannon Bridge House, that amongst other things achieved a recycling rate of 94% of the strip-out materials taken from the site

Subsequent events

There have been no significant events since the year-end

Auditors

In the course of the current financial period the Group's Audit Committee decided it was desirable to put the Group's and Company's audit appointment out to a competitive tender process

Upon careful consideration of proposals from three candidate firms, including the incumbent auditors, the Committee made a recommendation to the Board that PricewaterhouseCoopers LLP be appointed as the Company's auditor The Board agreed to this recommendation and effective from 8 December 2010, the Board accepted the resignation of Ernst & Young LLP and the appointment of PricewaterhouseCoopers LLP as the Group's auditor A resolution to re-appoint PricewaterhouseCoopers LLP has been put to shareholders and approved at the Group's AGM

Insurance and indemnities

The Group purchases appropriate liability insurance for all Directors and officers This cost was borne by a fellow Group subsidiary

Directors' statement as to disclosure of information to auditors

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

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

Going concern

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

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

By order of the board

P G Hetherington
Director
7 November 2011

Statement of Directors' Responsibilities in Respect of the Financial Statements

The Directors are responsible for preparing the Directors' Statutory Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB) 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 year In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements In preparing these financial statements, the Directors have also elected to comply with IFRSs, issued by the International Accounting Standards Board (IASB)
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

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

By order of the board

P G Hetherington
Director
7 November 2011

Independent auditors' report

to the members of ITS Market Solutions Limited

We have audited the financial statements of ITS Market Solutions Limited for the year ended 31 May 2011 which comprise the Statement of Financial Position and the related notes The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Statutory Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 May 2011 and of its results for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Statutory Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent auditors' report

to the members of ITS Market Solutions Limited (continued)

Matters on which we are required to report by exception

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

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

7 November 2011

Vassilios Vrachimis (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

7 November 2011

Statement of Financial Position

at 31 May 2011

	Notes	2011 £	2010 £
Assets			
Current assets			
Other receivables	5	597	597
Cash at bank		810	810
TOTAL ASSETS		1,407	1,407
Capital and reserves			
Equity share capital	6	100,000	100,000
Accumulated losses		(98,593)	(98,593)
TOTAL EQUITY		1,407	1,407

There are no recognised gains or losses for the year or prior year and therefore the statement of comprehensive income has not been presented The Company has no items of other comprehensive income

There has been no movement in shareholder's equity and the Company has no movement of cash and cash equivalents Therefore, the statement of changes in shareholder's equity and cash flow statement have not been presented

The notes on pages 9 to 15 are an integral part of these financial statements

Approved by the board of directors and signed on their behalf by

P G Hetherington
Director
7 November 2011

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for the year ended 31 May 2011

Notes to the Financial Statements

at 31 May 2011

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

The financial statements of ITS Market Solutions Limited for the year ended 31 May 2011 were authorised for issue by the board of directors on 4 November 2011 and the statement of financial position signed on the board's behalf by C F Hill ITS Market Solutions Limited is incorporated and domiciled in England and Wales

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

2. Accounting policies

Basis of preparation

The accounting policies which follow have been applied in preparing the financial statements for the year ended 31 May 2011 The financial statements are presented in Sterling

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

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 Markets Limited and the ultimate parent company was IG Group Holdings plc

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

The financial statements of IG Group Holdings plc and its subsidiary companies, which include the results of ITS Market Solutions Limited, may be obtained from Cannon Bridge House, 25 Dowgate Hill, EC4R 2YA The Group financial statements were prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU as they apply to the financial statements of the Group for the year ended 31 May 2011 applied in accordance with the provisions of the Companies Act 2006

Foreign currencies

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

Prepayments and other receivables

Prepayments and other receivables are carried at amortised cost using the effective interest method if the time value of money is significant Gains and losses are recognised in income when the receivables are derecognised or impaired, as well as through the amortisation process A provision for impairment is established where there is objective evidence on non-collectability

Notes to the Financial Statements

at 31 May 2011

2. Accounting policies (continued)

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 Group could be required to repay

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

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 expires

Cash and cash equivalents

Cash comprises cash in hand and demand deposits which may be accessed without penalty Cash equivalents comprise short-term highly liquid investments with a maturity of less than three months from the date of acquisition

Other payables

Other payables 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

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 statement of comprehensive incomebecause it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible The liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date

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

The carrying amount of deferred tax assets is reviewed at each reporting 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

Notes to the Financial Statements

at 31 May 2011

2. Accounting policies (continued)

Taxation (continued)

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 balance sheet date Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity

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

Equity share capital

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 Company after deducting all of its liabilities

New and amended standards adopted by the Company

The following new standards and interpretations have been adopted by the Company for accounting periods beginning 1 June 2010 but have not had a material impact on the presentation of, nor the results or financial position of the Company

- IAS 38 (amendment) "Intangible assets" The amendment clarifies guidance in measuring fair value of an intangible asset acquired in a business combination and permits grouping of intangible assets as a single asset if each asset has similar useful economic lives
- IFRS 5 (amendment) "Measurement of non-current assets (or disposal groups) classified as held for sale" The amendment provides clarification to the existing standard disclosure requirements
- IAS 1 (amendment) "Presentation of financial statements" The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non-current
- IFRS 2 (amendments) "Group cash-settled share-based payment transactions" The amendments include IFRIC 8 and 11 and expand the guidance in IFRIC 11 to address the classification of group arrangements not previously covered

Notes to the Financial Statements

at 31 May 2011

2. Accounting policies (continued)

New and amended standards adopted by the Company (continued)

Other new standards, amendments and interpretations, including those listed below, have been issued but are not effective for accounting periods beginning 1 June 2010 and have not been early adopted by the Company

- IFRS 9 "Financial Instruments", issued in November 2009 This standard is the first step in the process to replace IAS 39, "Financial Instruments, recognition and measurement" IFRS 9 introduces new requirements for classifying and measuring financial assets The standard is not applicable until 1 January 2013 and has not yet been endorsed by the EU The Company has yet to assess the impact of IFRS 9
- IAS 24 (revised) "Related party disclosures", issued in November 2009 (effective after 1 January 2011)
- IFRS 13 "Fair value measurement" (effective 1 January 2013)
- IAS 19 (revised 2011) "Employee benefits" (effective 1 January 2013)
- Amendment to IFRS 7 "Financial instruments Disclosures" (effective 1 July 2011)
- Amendment to IAS 12,"Income taxes" on deferred tax (effective 1 January 2012)
- Amendment to IAS 1 "Presentation of financial statements" on OCI (effective 1 July 2012)

The new standards and amendments listed above are not expected to have a material impact on the Company

Critical accounting estimates and judgements

In the directors' opinion there are no critical accounting estimates or judgements that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year

3. Auditors' remuneration

PricewaterhouseCoopers LLP were appointed as the Company's auditor in December 2010 following a competitive tender process

Audit fees of £1,500 (2010 £2,500) are borne by a fellow subsidiary undertaking

4. Directors' emoluments and employee information

The directors did not receive any emoluments in respect of their services to the Company (2010 £nil) Directors' emoluments in respect of their services to the Group are disclosed in the Group financial statements

The Company had no employees during the year (2010 nil)

5. Other receivables

	2011	*2010*
	£	*£*
Amounts due from Group companies (note 8)	597	597

The amount due from Group companies is unsecured, interest free and is repayable on demand

Notes to the Financial Statements

at 31 May 2011

6. Equity share capital

	2011	2010
	£	£
Authorised		
100,000 (2010 100,000) ordinary share of £1 each	100,000	100,000
60,000 (2010 60,000) 'A' ordinary shares of £1 each	60,000	60,000
40,000 (2010 40,000) 'B' ordinary shares of £1 each	40,000	40,000
	200,000	200,000
Allotted and called and paid up		
60,000 (2010 60,000) 'A' ordinary shares of £1 each	60,000	60,000
40,000 (2010 40,000) 'B' ordinary shares of £1 each	40,000	40,000
	100,000	100,000

The 'A' ordinary shares and the 'B' ordinary shares rank pari passu with the ordinary shares They have the same voting rights, entitlement to dividends and rights in the event of the company winding up

7. Transactions with directors

The directors of ITS Market Solutions Limited held shares of the ultimate parent company as disclosed in the directors' report The Company had no other transactions with its directors other than in relation to the management of the company

8. Related party transactions

Trading balances outstanding at 31 May with other related parties, are as follows

	Amounts owed by related party (note 5)
	£
Related party	
Fellow Group companies	
2011	597
2010	597

Terms and conditions of transactions with related parties

Outstanding balances with entities are unsecured, placed on inter-company accounts with no specified credit period and are repayable on demand and interest free During the year ended 31 May 2011, the Company has not made any provision for doubtful debts relating to amounts owed by related parties

There were no other related party transactions during the year (2010 £nil)

Notes to the Financial Statements

at 31 May 2011

9. Financial instruments

Accounting classifications and fair values

Cash and cash equivalents and amounts due from related parties are classified as financial assets and amounts due to related parties are classified as financial liabilities The carrying value of financial assets and liabilities is not different from their fair value

Nature and extent of risks arising from financial instruments

The principal activities of the Company outlined in the Directors' Report give rise to exposure to financial risks in the ordinary course of business These risks are managed on a Group-wide basis and are disclosed and described in detail in the financial statements of IG Group Holdings plc

The Company does not trade and does not hold any substantial financial instruments and hence has immaterial exposure to market risk

Foreign currency risk

Foreign currency exposures arise in the normal course of business and are managed on a Group-wide basis as disclosed in the Group financial statements The Company does not have any foreign currency exposure

Interest rate risk

Interest rate risk exposures arising from trading activities are managed on a Group-wide basis as disclosed in the Group financial statements

The interest rate risk profile of the Company's financial assets and liabilities as at the statement of financial position was as follows

	2011	*2010*
	£	*£*
Floating rate		
Cash and cash equivalents	810	810
	810	810

No sensitivity analysis is presented for interest rate risk as the impact of reasonably possible market movements on the Company's revenue and equity are not significant

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure without taking account of any collateral held or other credit enhancements such as personal guarantees The maximum exposure to credit risk at the reporting date was

	2011	*2010*
	£	*£*
Amounts due from group companies	597	597
Cash and cash equivalents	810	810
	1,407	1,407

Notes to the Financial Statements

at 31 May 2011

9. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities Liquidity risk is managed centrally for the whole Group by the Risk department as disclosed in the Group financial statements Funds are available throughout the Group to meet the liquidity requirements of each Company and funds are transferred around the Group as required

In the directors' opinion the Group has sufficient funds available to meet all operational requirements in the event of a large market movement Liquidity management is also dependent on group credit risk management

Operational risk

The Group directors are responsible for managing operational risk on a Group-wide basis Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks outlined above The Group's exposure to these risks is disclosed in the Group financial statements The Company's exposure to operational risk is not considered by the directors to be significant

10. Subsequent events

There have been no significant events since the year-end

11. Ultimate parent undertaking and controlling party

The immediate parent undertaking is IG Markets Limited

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

IG Group Holdings plc is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 May 2011 The consolidated financial statements of IG Group Holdings plc are available from Cannon Bridge House, 25 Dowgate Hill, London EC4R 2YA