04763327

ITS Market Solutions Limited

Report and financial statements

31 May 2009

ITS Market Solutions Limited

Registered No: 04768327

Directors
P G Hetherington
A R MacKay

Secretary
G Abbi

Auditors
Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers
Lloyds TSB Bank plc
10 Gresham Street
London EC2V 7AE

Solicitors
Linklaters
One Silk Street
London EC2Y 8HQ

Registered Office
Friars House
157-168 Blackfriars Road
London SE1 8EZ

Directors' report

Corporate and social responsibility

The Company is committed to ensuring that interaction with key stakeholders and the wider environment is managed responsibly. The Company's approach to corporate and social responsibility is managed on a Group wide basis as disclosed in the financial statements of IG Group Holdings plc.

Events since the balance sheet date

There have been no significant events since the balance sheet date.

Auditors

A resolution to reappoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming annual general meeting.

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed above. Having made enquiries of fellow directors and of the Company's auditors, each of the directors confirms that:

- to the best of each director's knowledge and belief, there is no information (that is information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be

Statement of Directors' Responsibilities in Respect of the Financial Statements

The directors are responsible for preparing the financial statements in accordance with applicable United Kingdom law and those International Financial Reporting Standards (IFRS) as adopted by the European Union.

The directors are required to prepare financial statements for each financial year which present fairly the financial position of the Company and the financial performance and cash flows of the Company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors, and then apply them consistently;

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;

Independent auditor's report

to the members of ITS Market Solutions Limited

INDEPENDENT AUDITOR'S 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 2009 which comprise the Balance Sheet, Cash Flow Statement and the related notes 1 to 10. 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.

This report is made solely to the company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement 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 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.

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.

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 2009;
- 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

Independent auditor's 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

ITS Market Solutions Limited

Balance Sheet

at 31 May 2009

Notes to the financial statements

at 31 May 2009

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

The financial statements of ITS Market Solutions Limited ("the Company") for the year ended 31 May 2009 were authorised for issue by the board of directors on 13 January 2010 and the balance sheet signed on the board's behalf by P G Hetherington.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as they apply to the financial statements of the Company for the year ended 31 May 2009 and applied in accordance with the provisions of the Companies Act 2006. 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 2009. 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 balance sheet 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.

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.

Notes to the financial statements

at 31 May 2009

2. Accounting policies (continued)

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

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

Equity shares

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.

Notes to the financial statements

at 31 May 2009

2. Accounting policies (continued)

Recent accounting developments

IFRIC interpretations effective for the year ended 31 May 2009 but are not relevant to the Company:

IFRIC 12 "Service concession arrangements"

IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

Standards and interpretations that have been issued with an effective date after the date of these financial statements:

The Company has not applied these standards and interpretations in the preparation of these financial statements. The impact on the Company's financial statements of the future adoption of the standards and interpretations is still under review, but the Company does not expect any of these changes to have a material effect on the results or net assets of the Company in the period of initial application. The Company expects to apply the following standards from their respective effective dates.

IFRS 8 "Operating Segments" applies to accounting periods beginning after 1 January 2009. This standard replaces IAS 14 "Segment Reporting" and will not affect the results of the Company but will require a change in the disclosure of segmental information. IFRS 8 amends the current segmental reporting requirements of IAS 14 and requires "management approach" to be adopted so that segmental information is presented on the same basis as that used for internal reporting purposes.

IAS 1 (Amendments) "Presentation of Financial Statements" applies to accounting periods beginning after 1 January 2009. The amendments prohibit the presentation of items of income and expense (that is "non-owner changes in equity") in the statement of changes in equity. The amendment also sets out the additional disclosure requirements for entities making restatement or reclassifications, and clarifies the classification of items 'held for trading' in accordance with IAS 39.

IFRS 2 (Amendment) "Share-based payment" applies to accounting periods beginning after 1 January 2009. This amendment clarifies that vesting conditions are service and performance conditions only. It also specifies that all cancellations should receive the same accounting treatment whether cancelled by the entity or by other parties.

IAS 32 (Amendment) "Financial Instruments: Presentation" and IAS 1(Amendment) "Presentation of Financial Statements – Puttable Instruments and Instruments with obligations arising on Liquidation" applies to accounting periods beginning after 1 January 2009.

IAS 27 (Revised) "Consolidated and separate financial statements" applies to accounting periods beginning after 1 July 2009. The revised standard requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. An amendment to the standard that applies to accounting periods beginning after 1 January 2009 clarifies the interaction of IFRS 5 and IAS 30 with regards to investments in subsidiary operations.

IFRS 3 (Revised) "Business Combinations" applies to accounting periods beginning after 1 July 2009. The revised standard includes significant changes to how the acquisition method is applied to business combinations.

IFRS 5 (Amendment) "Non-current assets held-for-sale and discontinued operations" applies to accounting periods beginning after 1 July 2009. The amendment clarifies the disclosure requirements where the partial sale of a subsidiary results in a loss of control.

IAS 36 (Amendment) "Impairment of assets" applies to accounting periods beginning after 1 January

Notes to the financial statements

at 31 May 2009

2. Accounting policies (continued)

Recent accounting developments (continued)

IAS 38 (Amendment) "Intangible Assets" applies to accounting periods beginning after 1 January 2009. The amendment allows the recognition of a prepayment only in the event that payment has been made in advance of obtaining right of access to goods or receipt of services.

IAS 19 (Amendment) "Employee benefits" applies to accounting periods beginning after 1 January 2009. The amendment clarifies certain accounting and valuation of defined benefit plans and alters the distinction of short term and long term employee benefits.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement" applies to accounting periods beginning after 1 January 2009. The amendment clarifies certain definitions and aligns the example of a segment (for inter-segment hedging) with IFRS 8.

IFRIC 16 "Hedges of a Net Investment in a Foreign Operation" applies to accounting periods beginning

Notes to the financial statements

at 31 May 2009

2. Accounting policies (continued)

Recent accounting developments (continued)

IFRIC 13 "Customer loyalty programmes" applies to accounting periods beginning after 1 July 2008.

IFRIC 15 "Agreements for the Construction of Real Estate" applies to accounting periods beginning after 1 January 2009.

IFRIC 17 "Distributions of Non-cash Assets to Owners" applies to accounting periods beginning after 1 January 2009.

IFRIC 18 "Transfer of Assets from Customers" applies to asset transfers after 1 July 2009.

3. Income statement

The Company has not traded or incurred any expenses and has consequently made neither profit nor loss in the year, and therefore no income statement has been prepared.

Audit fees of £2,500 (2008: £2,500) are borne by a fellow subsidiary undertaking.

Notes to the financial statements

at 31 May 2009

7. Equity share capital

	2009	*2008*
	£	*£*
Authorised:		
100,000 ordinary share of £1 each	100,000	100,000
60,000 A ordinary shares of £1 each	60,000	60,000
40,000 B ordinary shares of £1 each	40,000	40,000
	200,000	200,000
Allotted and called and paid up:		
60,000 A ordinary shares of £1 each	60,000	60,000
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

Notes to the financial statements

at 31 May 2009

10. Financial instruments (continued)

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 balance sheet date was as follows:

	2009	*2008*
	£	*£*
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

Notes to the financial statements

at 31 May 2009

10. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities.

Exposure to 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.