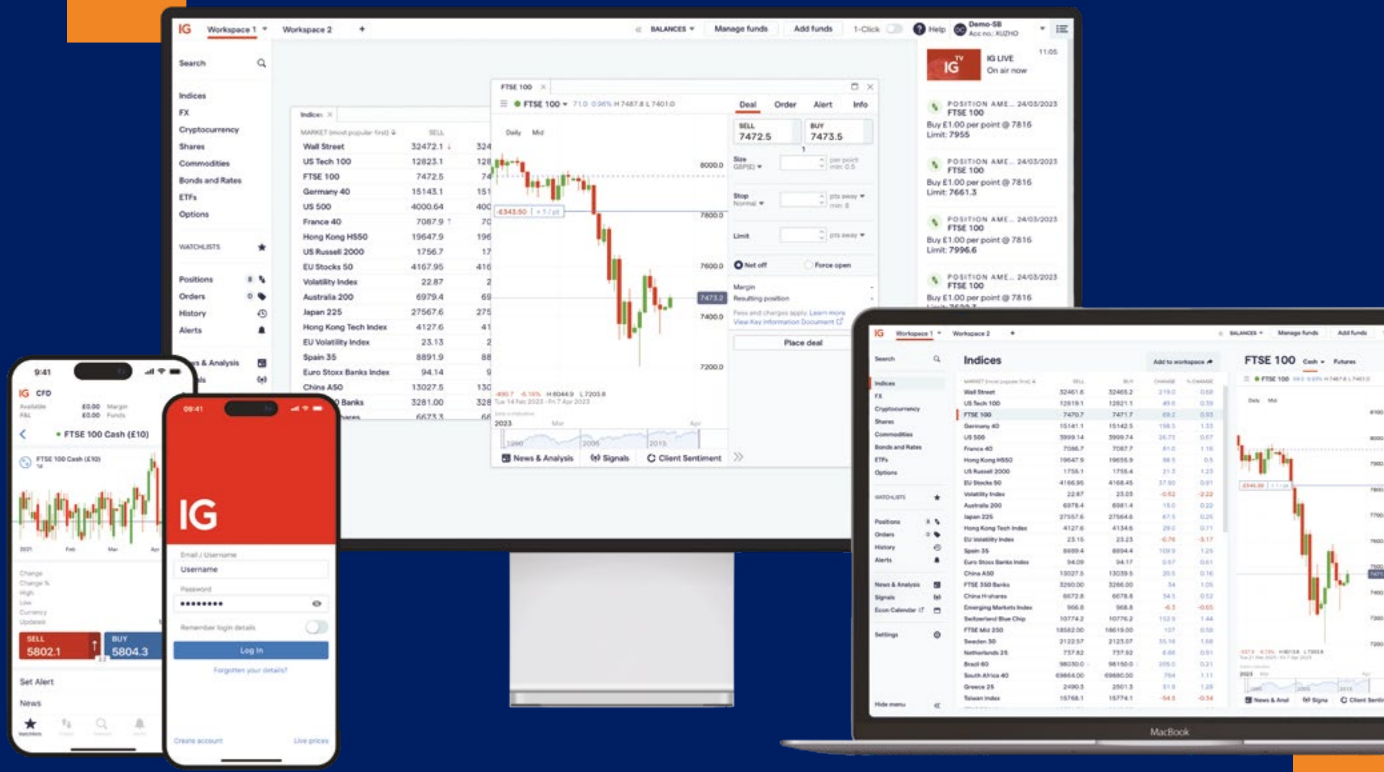
Financial Statements



Financial Statements

Consolidated Income Statement
for the year ended 31 May 2023

	Note	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Continuing operations			
Trading revenue		**949.7**	982.0
Introducing partner commissions		**(7.9)**	(9.7)
Net trading revenue	3	**941.8**	972.3
Betting duty and financial transaction taxes		**(10.4)**	(2.5)
Interest income on client funds		**81.8**	3.5
Interest expense on client funds		**(1.0)**	(2.7)
Other operating income		**11.2**	8.6
Net operating income		**1,023.4**	979.2
Operating costs	4	**(583.8)**	(499.2)
Net credit losses on financial assets	29	**(1.1)**	(2.7)
Operating profit		**438.5**	477.3
Finance income	7	**30.2**	3.4
Finance costs	8	**(16.2)**	(14.8)
Gain on disposal of associates		**–**	4.1
Share of loss after tax from associates	33	**(2.6)**	(2.3)
Fair value gain on convertible loan note		**–**	9.3
Profit before tax		**449.9**	477.0
Tax expense	9	**(86.2)**	(80.9)
Profit for the year from continuing operations		**363.7**	396.1
Profit for the year from discontinued operations	32	**1.3**	107.8
Profit for the year attributable to owners of the parent		**365.0**	503.9
Earnings per ordinary share for profit from continuing operations:			
Basic	10	**86.9p**	92.9p
Diluted	10	**86.1p**	92.1p
Earnings per ordinary share for profit attributable to owners of the parent:			
Basic	10	**87.2p**	118.2p
Diluted	10	**86.4p**	117.2p

Financial Statements continued

Consolidated Statement of Comprehensive Income
for the year ended 31 May 2023

	Year ended 31 May 2023		Year ended 31 May 2022	
	£m	£m	£m	£m
Profit for the year		**365.0**		503.9
Other comprehensive income				
Items that may be subsequently reclassified to the Consolidated Income Statement:				
Changes in the fair value of financial assets held at fair value through other comprehensive income, net of tax	**(11.9)**		(4.0)	
Foreign currency translation gain attributable to continuing operations	**3.2**		67.4	
Foreign currency translation loss attributable to discontinued operations	**–**		(3.0)	
Other comprehensive (loss)/income for the year, net of tax		**(8.7)**		60.4
Total comprehensive income for the year		**356.3**		564.3
Total comprehensive income attributable to owners of the parent arising from:				
Continuing operations		**355.0**		459.5
Discontinued operations		**1.3**		104.8
		356.3		564.3

Consolidated Statement of Financial Position
as at 31 May 2023

	Note	**31 May 2023 £m**	31 May 2022 £m
Assets			
Non-current assets			
Goodwill	12	**611.0**	604.7
Intangible assets	13	**276.5**	292.1
Property, plant and equipment	14	**36.1**	36.6
Financial investments	15	**379.6**	134.8
Financial assets pledged as collateral	15	**–**	25.3
Investment in associates	33	**12.5**	14.8
Other investments		**1.2**	–
Prepayments		**0.3**	–
Deferred income tax assets	9	**23.2**	17.5
		1,340.4	1,125.8
Current assets			
Cash and cash equivalents	16	**798.5**	1,246.4
Trade receivables	17	**570.4**	469.5
Financial investments	15	**226.8**	200.9
Financial assets pledged as collateral	15	**–**	35.1
Other assets	18	**15.0**	14.2
Prepayments		**25.3**	23.2
Other receivables		**10.0**	9.8
Income tax receivable	9	**8.8**	–
		1,654.8	1,999.1
Assets classified as held for sale		**–**	1.2
TOTAL ASSETS		**2,995.2**	3,126.1

	Note	**31 May 2023 £m**	31 May 2022 £m
Liabilities			
Non-current liabilities			
Debt securities in issue	19	**297.6**	297.2
Other payables		**1.2**	–
Lease liabilities	20	**13.3**	13.0
Deferred income tax liabilities	9	**60.8**	67.2
		372.9	377.4
Current liabilities			
Trade payables	21	**478.0**	571.2
Other payables	22	**116.2**	119.5
Lease liabilities	20	**7.4**	8.9
Income tax payable	9	**6.1**	20.5
		607.7	720.1
Liabilities directly associated with assets classified as held for sale		**–**	0.8
TOTAL LIABILITIES		**980.6**	1,098.3
Equity			
Share capital and share premium	24	**125.8**	125.8
Translation reserve		**120.8**	117.6
Merger reserve		**590.0**	590.0
Other reserves	25	**(16.9)**	8.4
Retained earnings		**1,194.9**	1,186.0
TOTAL EQUITY		**2,014.6**	2,027.8
TOTAL EQUITY AND LIABILITIES		**2,995.2**	3,126.1

The Consolidated Financial Statements on pages 132–180 were approved by the Board of Directors on 19 July 2023 and signed on its behalf by:

Charles A. Rozes
Chief Financial Officer

Registered Company number: 04677092

Financial Statements continued

Consolidated Statement of Changes in Equity

for the year ended 31 May 2023

	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 1 June 2021		–	125.8	53.2	81.0	12.8	860.5	1,133.3
Profit for the year and attributable to owners of the parent		–	–	–	–	–	503.9	503.9
Other comprehensive income/(loss) for the year		–	–	64.4	–	(4.0)	–	60.4
Total comprehensive income/(loss) for the year		–	–	64.4	–	(4.0)	503.9	564.3
Tax recognised directly in equity on share-based payments	9	–	–	–	–	–	0.5	0.5
Equity dividends paid	11	–	–	–	–	–	(186.2)	(186.2)
Employee Benefit Trust purchase of own shares	25	–	–	–	–	(6.7)	–	(6.7)
Transfer of vested awards from the share-based payment reserve	25	–	–	–	–	(7.3)	7.3	–
Equity-settled employee share-based payments	26	–	–	–	–	13.6	–	13.6
Issue of ordinary share capital for the acquisition of tastytrade		–	–	–	509.0	–	–	509.0
At 31 May 2022		–	125.8	117.6	590.0	8.4	1,186.0	2,027.8
At 1 June 2022		**–**	**125.8**	**117.6**	**590.0**	**8.4**	**1,186.0**	**2,027.8**
Profit for the year and attributable to owners of the parent		**–**	**–**	**–**	**–**	**–**	**365.0**	**365.0**
Other comprehensive (loss)/income for the year		**–**	**–**	**3.2**	**–**	**(11.9)**	**–**	**(8.7)**
Total comprehensive income/(loss) for the year		**–**	**–**	**3.2**	**–**	**(11.9)**	**365.0**	**356.3**
Tax recognised directly in equity on share-based payments	9	**–**	**–**	**–**	**–**	**–**	**1.0**	**1.0**
Equity dividends paid	11	**–**	**–**	**–**	**–**	**–**	**(188.1)**	**(188.1)**
Share buyback		**–**	**–**	**–**	**–**	**(2.1)**	**(176.6)**	**(178.7)**
Employee Benefit Trust purchase of own shares	25	**–**	**–**	**–**	**–**	**(14.6)**	**–**	**(14.6)**
Transfer of vested awards from the share-based payment reserve	25	**–**	**–**	**–**	**–**	**(7.6)**	**7.6**	**–**
Equity-settled employee share-based payments	26	**–**	**–**	**–**	**–**	**13.3**	**–**	**13.3**
Share-based payments converted to cash-settled liabilities		**–**	**–**	**–**	**–**	**(2.4)**	**–**	**(2.4)**
At 31 May 2023		**–**	**125.8**	**120.8**	**590.0**	**(16.9)**	**1,194.9**	**2,014.6**

Financial Statements continued

Consolidated Statement of Cash Flows

for the year ended 31 May 2023

	Note	**Year ended 31 May 2023 £m**	Year ended 31 May 2022 £m
Operating activities			
Cash generated from operations[1]	30	**221.4**	810.6
Interest received on client funds		**75.8**	3.5
Interest paid on client funds		**(1.0)**	(2.7)
Income taxes paid		**(116.6)**	(99.2)
Net cash flows generated from operating activities		**179.6**	712.2
Investing activities			
Interest received		**25.6**	3.2
Net cash flow to investment in associates		**–**	(1.9)
Purchase of property, plant and equipment		**(11.6)**	(8.5)
Payments to acquire and develop intangible assets		**(14.6)**	(9.0)
Net proceeds from disposal of subsidiaries	32	**1.8**	143.3
Net proceeds from disposal of investments in associates		**0.2**	24.5
Net cash flow from financial investments		**(225.8)**	(57.1)
Net cash flow to acquire subsidiaries		**(4.8)**	(193.5)
Net cash flows used in investing activities		**(229.2)**	(99.0)
Financing activities			
Interest paid		**(12.2)**	(11.0)
Financing fees paid		**(3.2)**	(5.4)
Interest paid on lease liabilities		**(0.5)**	(0.6)
Repayment of principal element of lease liabilities		**(7.1)**	(7.5)
Drawdown on term loan		**–**	150.0
Repayment of term loans		**–**	(250.0)
Net proceeds from issue of debt securities		**–**	299.2
Payments made for share buyback		**(175.2)**	–
Equity dividends paid to owners of the parent	11	**(188.1)**	(186.2)
Employee Benefit Trust purchase of own shares		**(14.6)**	(6.7)
Net cash flows used in financing activities		**(400.9)**	(18.2)
Net (decrease)/increase in cash and cash equivalents		**(450.5)**	595.0
Cash and cash equivalents at the beginning of the year		**1,246.4**	655.2
Impact of movement in foreign exchange rates		**(0.7)**	(3.8)
Cash and cash equivalents at the end of the year	16	**795.2**	1,246.4

1 Cash generated from operations includes cash generated from both continuing and discontinued operations and excludes net interest on client funds

Notes to the Financial Statements

1. General information and basis of preparation

General information

The Financial Statements of IG Group Holdings plc and its subsidiaries (together the Group) for the year ended 31 May 2023 were authorised for issue by the Board on 19 July 2023 and the Consolidated Statement of Financial Position was signed on the Board's behalf by Charles Rozes. IG Group Holdings plc is a public company limited by shares, which is listed on the London Stock Exchange and incorporated and domiciled in England and Wales. The address of the registered office is Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA.

Basis of preparation

(a) Compliance with International Financial Reporting Standards (IFRS)

The Group Financial Statements have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. There were no unendorsed standards effective for the year ended 31 May 2023 affecting these consolidated Group Financial Statements.

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities at fair value through other comprehensive income and fair value through profit and loss.

The accounting policies which have been applied in preparing the Group Financial Statements for the year ended 31 May 2023 are disclosed in note 2.

(b) Critical accounting estimates and judgements

The preparation of these Financial Statements in conformity with UK-adopted International Accounting Standards requires the Group to make judgements and estimates that affect the application of accounting policies and the amounts reported for assets and liabilities as at the reporting date, and the amounts reported for revenue and expenses during the year. The nature of estimates and judgements means that actual outcomes could differ from those estimates and judgements.

In the Directors' opinion, the accounting estimates or judgements that have the most significant impact on the presentation or measurement of items recorded in the Group Financial Statements are the following:

Recoverable amount of US cash-generating unit (CGU) (estimate) – The Group has estimated the recoverable amount of its US CGU, which includes goodwill of £509.2 million (31 May 2022: £502.8 million) and other acquisition-related intangibles. Key assumptions used in the value-in-use calculations include management cash flow forecasts, the discount rate and the long-term growth rate. The recoverable amount of the US CGU is sensitive to a reasonably possible change in some of these assumptions. Further information regarding the assumptions and their associated sensitivities is provided in note 12.

(c) New accounting standards and interpretations

There were no new standards, amendments or interpretations issued and made effective during the current year which have had a material impact on the Group. The Group 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 amendments to IFRSs that are effective for annual reporting periods beginning on or after 1 January 2023. These include amendments published to IFRS 16 – Leases, IFRS 3 – Business Combinations, IAS 12 – Income Taxes, IAS 37 – Contingent Liabilities and IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. The Group has assessed the impact of these amendments and expects they will not have a material impact, when adopted, on the Group Financial Statements.

(d) Segmental information

The Group's segmental information is disclosed in a manner consistent with the basis of internal reporting provided to the Chief Operating Decision Maker (CODM) regarding components of the Group. The Group has identified the CODM as the Executive Directors of IG Group Holdings plc, who regularly review this management information to assess the performance and allocate resources to the reportable segments. The CODM uses total revenue as the primary measure of performance of the various segments of the Group. Further information regarding alternative performance measure has been provided in note 3.

(e) Foreign currencies

The functional currency of each entity in the Group is consistent with the primary economic environment in which the entity operates. 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 entity's functional currency exchange rate prevailing at the balance sheet date. Gains and losses arising on revaluation are taken to trading revenue in the Consolidated Income Statement. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

The Group's presentational currency is sterling. In the Group Financial Statements, the assets and liabilities of the Group's overseas operations are translated into sterling at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year. Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at closing rate. Exchange differences arising from the translation of overseas operations are recognised in other comprehensive income and the translation reserve. On disposal of an overseas operation, exchange differences previously recognised in other comprehensive income are recycled to the Consolidated Income Statement as income or expense.

1. General information and basis of preparation continued

(f) Going concern

The Directors have prepared the Group Financial Statements on a going concern basis which requires the Directors to have a reasonable expectation that the Group has adequate resources to continue in operational existence for a period of at least 12 months from the date of approval of the Group Financial Statements.

The Group meets its day-to-day working capital requirements through its available liquid assets and debt facilities. The Group's liquid assets exclude all monies held in segregated client money accounts. In assessing whether it is appropriate to adopt the going concern basis in preparing the Group Financial Statements, the Directors have considered the resilience of the Group, taking account of its liquidity position and cash generation, the adequacy of capital resources, the availability of external credit facilities and the associated financial covenants, and stress-testing of liquidity and capital adequacy that considers the principal risks faced by the business.

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 Group Financial Statements. The Board, following the review by the Audit Committee, has a reasonable expectation that the Group has adequate resources for that period, and confirm that they consider it appropriate to adopt the going concern basis in preparing the Group Financial Statements.

(g) Business acquisition

On 29 March 2023, the Group acquired the entire share capital of Small Exchange, Inc. (Small Exchange). The results of Small Exchange have been consolidated in the Group since the date of acquisition. Where necessary, comparative information is presented in US dollars alongside sterling. Further details are disclosed in note 31.

(h) Reclassification of comparatives

To ensure consistency with the current period, comparative figures have been reclassified where the presentation of the Consolidated Financial Statements has been changed. The adjustments are:

(i) Interest received on client funds of £81.8 million (31 May 2022: £3.5 million) and interest paid on client funds of £1.0 million (31 May 2022: £2.7 million) have been presented as separate line items in the Consolidated Statement of Cash Flows, as well as in note 30 cash flow information.

(ii) The ordering of the financial statement line items in the Consolidated Income Statement has been updated in the current year, to reflect a more appropriate presentation given changes in the business. As a result of changing interest rates, finance income (31 May 2023: £30.2 million; 31 May 2022: £3.4 million) and finance costs (31 May 2023: £16.2 million; 31 May 2022: £14.8 million) have become more significant. Accordingly, these line items are now presented immediately below the operating profit line.

2. Significant accounting policies

The accounting policies and interpretations adopted in the preparation of the Group Financial Statements are consistent with those followed in the preparation of the Group Financial Statements for the year ended 31 May 2022, except the following accounting policies adopted due to new transactions in the year:

- Equity arising from transactions with shareholders (Share capital)
- Notional pooling arrangement (Cash and cash equivalents)

Basis of consolidation

Subsidiaries

The Group Financial Statements consolidate the financial results of IG Group Holdings plc and the entities it controls (its subsidiaries) as listed in note 34.

Subsidiaries are consolidated from the date on which the Group obtains control, up until the date on which control ceases. Control is achieved where the Group has existing rights that give it the ability to direct the activities that affect the Group's returns and exposure, or rights to variable returns from the entity. The results, cash flows and final positions of the subsidiaries used in the preparation of the financial statements are prepared for the same reporting year as the parent company and are based on consistent accounting policies. Where necessary, adjustments are made to the results of subsidiaries to align the accounting policies used with those used by the Group. All inter-company transactions, balances, income and expenses between the Group entities, including unrealised profits arising from them, are eliminated on consolidation.

Business combinations

Business combinations are accounted for using the acquisition method. On acquisition, the identifiable assets, liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. The cost of an acquisition is measured at the fair value of consideration transferred, including an estimate of any contingent or deferred consideration. Contingent or deferred consideration is remeasured at each balance sheet date with periodic changes to the estimated liability recognised in the Consolidated Income Statement. Acquisition-related costs are expensed as they are incurred.

Goodwill is initially measured as the excess of the consideration transferred over the fair values of identifiable net assets. If this consideration is lower than the fair values of identifiable net assets acquired, the difference is credited to the Consolidated Income Statement in the year of acquisition.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Financial Statements continued
Notes to the Financial Statements continued

2. Significant accounting policies continued

Investment in associates and joint ventures

Associates are entities for which the Group has significant influence, but not control or joint control. Investments in associates are accounted for under the equity method of accounting after initially being recognised at cost. The investment is adjusted for the Group's share of the profit or loss after tax of the associate which is recognised from the date that significant influence begins, up until the date that significant influence ceases.

Joint ventures are entities for which the Group has joint control. Investments in joint ventures are accounted for under the equity method of accounting after initially being recognised at cost. The investment is adjusted for the Group's share of the profit or loss of the joint venture which is recognised from the date that joint control begins, up until the date that joint control ceases.

Investments in associates and joint ventures are assessed for impairment indicators at the end of each reporting date. If such indicators exist, the recoverable amount is estimated to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying value of the investment is reduced to its recoverable amount. Impairment losses are immediately expensed in the Consolidated Income Statement.

Revenue recognition

Trading revenue includes revenue arising from each of the Group's four revenue generation models: OTC derivatives, exchange traded derivatives, stock trading, and investments.

Revenue is shown net of sales taxes. Trading revenue is reported before introducing partner commission, betting duties and financial transaction taxes, which are disclosed as an expense in arriving at net operating income. Net trading revenue represents trading revenue after adjusting for introducing partner commission.

OTC derivatives

Revenue from OTC derivatives represents:

i) fees paid by clients for spread, commission and funding charges in respect of the opening, holding and closing of financial spread bets, contracts for difference or options contracts, together with gains and losses for the Group arising on client trading activity; less

ii) fees paid by the Group in spread, commissions and funding charges arising in respect of hedging the risk associated with the client trading activity and the Group's currency exposures, together with gains and losses incurred by the Group arising on hedging activity.

Open client and hedging positions are fair valued daily, with gains and losses arising on this valuation recognised in revenue. The policies and methodologies associated with the determination of fair value are disclosed in note 28.

Revenue from OTC derivatives is recognised on a trade-date basis.

Exchange traded derivatives

Revenue from exchange traded derivatives represents:

i) fee and commission income earned through facilitation of client trades; and

ii) payment for order flow generated from execution partners who accept trades from client securities transactions.

In addition to transaction fees, revenue from exchange traded derivatives also includes gains or losses arising from the change in fair value of the Group's market-making activity on its multilateral trading facility.

Revenue from exchange traded derivatives is recognised on a trade-date basis.

Stock trading

Revenue from stock trading represents fees and commission earned from client trades and the administration of client assets. Revenue is recognised in full on the date of the trade being placed or the fee being charged.

Investments

Revenue from investments represents management fees, which are earned as a percentage of assets under management. These are recognised over the period in which the service is provided.

Interest income and expense

Interest income and expense is accrued on a time basis, by reference to the principal amount outstanding and at the applicable interest rate.

Interest income and expense on client funds held with banks and clearing brokers are included in net operating income, which is consistent with the nature of the Group's operations.

Finance income and costs

All interest income and costs other than interest income and expense on client funds, are disclosed within finance income and costs. Further details are disclosed in note 7 and note 8 respectively.

Dividends

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

Employee benefits

Pension obligations

The Group operates defined contribution schemes. Contributions are charged to the Consolidated Income Statement when they become payable according to the rules of the schemes. Once the contributions have been paid, the Group has no legal or constructive obligations to pay further contributions.

2. Significant accounting policies continued

Bonus schemes

The Group recognises an accrual and an expense for bonuses based on formulae that consider specific financial and non-financial measures. Liabilities for the Group's cash-settled portion of the Sustained Performance Plan are recognised as variable remuneration over the relevant service period and are remeasured at each balance sheet date until settlement.

Termination benefits

Termination benefits are payable when an employment contract is terminated by the Group. The Group recognises termination benefits when the Group can no longer withdraw the offer of those benefits.

Leases

The Group's leases are recognised as right-of-use asset with a corresponding lease liability from the lease commencement date.

Leasing arrangements can contain both lease and non-lease components. The Group has elected to separate out the non-lease component and to account for these separately from the right-of-use asset.

The lease liability is initially measured as the net present value of the following payments:

- Fixed payments less any lease incentives
- Variable lease payments dependent on an index or rate initially measured as at the commencement date
- Amounts payable by the Group under residual guarantees
- Payments of penalties for terminating the lease

Lease payments are discounted at the Group's estimated secured incremental borrowing rate. This represents the cost to borrow funds in order to obtain a similar valued right-of-use asset in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising:

- Lease liability at initial recognition
- Lease payments made at or before the commencement date less any lease incentives received
- Initial direct costs
- Restoration costs

Right-of-use assets are depreciated over the duration of the lease term.

Lease payments for low-value assets or with a period of 12 months or less are recognised on a straight-line basis as an expense in the Consolidated Income Statement.

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 accounting profit as reported in the Consolidated Income Statement because taxable profit excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates in the respective jurisdictions that have been enacted or substantively enacted by the balance sheet 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 of other assets and liabilities (other than in a business combination) in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group 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 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 Consolidated 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 within 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 Group intends to settle its current tax assets and liabilities on a net basis.

Financial Statements continued

Notes to the Financial Statements continued

2. Significant accounting policies continued

Property, plant and equipment

Property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses. Cost comprises the aggregate amount paid and the fair value of any other consideration given to acquire the asset, including costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value based upon estimated useful lives. Estimated residual value and useful lives are reviewed annually and residual values are based on prices prevailing at the balance sheet date. Depreciation is charged on a straight-line basis over the expected useful lives as follows:

Leasehold improvements	– over the lease term of up to 15 years
Office equipment, fixtures and fittings	– over 5 years
Computer and other equipment	– over 2, 3 or 5 years
Right-of-use asset	– over the lease term of up to 15 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable, at which point they are written down immediately to their recoverable amount. The amount of write-down is immediately charged to the Consolidated Income Statement.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on derecognition is determined as the difference between the sale proceeds and carrying amount of the asset, and is immediately recognised in the Consolidated Income Statement.

Goodwill

Goodwill is stated at cost less any accumulated impairment losses, with the carrying value being reviewed for impairment at least annually, and whenever events or changes in circumstances indicate that the carrying value may be impaired.

Goodwill is recognised as an asset and is allocated to CGUs by management for purposes of impairment testing. A CGU represent the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where the recoverable amount of a CGU is less than its carrying amount, including goodwill, an impairment loss is recognised in the Consolidated Income Statement.

The carrying amount of goodwill allocated to a CGU is taken into account when determining the gain or loss on disposal of a business unit, or of an operation within it.

Intangible assets

Intangible assets are carried at cost less accumulated amortisation and impairment losses.

Intangible assets acquired separately from a business are carried initially at cost. An intangible asset acquired as part of a business combination, such as a trade name or customer relationship, is recognised at fair value and identified separately from goodwill if the asset is separable or arises from contractual or other legal rights and its fair value can be measured reliably. Development expenditure is recognised as an intangible asset only after all the following criteria are met:

- The project's assets are identifiable and under the Group's control
- The costs in relation to the project can be accurately measured
- The project's technical feasibility and commercial viability can be demonstrated
- The availability of adequate technical and financial resources
- Management's intention to complete the project has been confirmed
- Probable future economic benefit has been established

Research and development expenditure on internally developed intangible assets, which do not meet these criteria is taken to the Consolidated Income Statement in the year in which it is incurred.

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

Internally developed software	– over 3 to 5 years
Software and licences	– over the contract term of up to 5 years
Trade names	– 2 to 15 years
Customer relationships	– 9 years
Non-compete arrangements	– 5 years
Domain names	– over 10 years

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate the carrying value may not be recoverable.

2. Significant accounting policies continued

Impairment of non-financial assets

When impairment testing is required, the carrying amounts of the Group's non-financial assets are reviewed to determine whether there is any indication of impairment. If any such indication exists (or at least annually for goodwill), the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs.

The recoverable amount is the higher of fair value less selling costs and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate. This rate reflects current market assessments of the time value of money, as well as the risks specific to the asset to the extent the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised as an expense in the Consolidated Income Statement immediately.

An assessment is made at each balance sheet date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated and previously recognised impairment losses are reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately, although impairment losses relating to goodwill may not be reversed.

Financial instruments

Classification, recognition and measurement

The Group determines the classification of its financial instruments at initial recognition in accordance with the following categories outlined under IFRS 9 – Financial Instruments and re-evaluates this designation annually. The classification of financial assets takes into consideration the Group's business model for managing those financial assets and the nature of their contractual cash flows. When financial instruments are recognised initially, they are measured at fair value. In the case of financial assets and financial liabilities not at fair value through profit or loss, the fair value of these assets and liabilities is measured net of directly attributable transaction costs. Financial instruments are disclosed in note 28 of the Group Financial Statements.

(a) Financial assets and liabilities measured at fair value through profit or loss

Financial assets and liabilities measured at fair value through profit or loss are financial assets and liabilities that are not classified and measured at amortised cost or as fair value through other comprehensive income. The financial assets and liabilities included in this category are the financial derivative open positions included in trade receivables (due from brokers), money market funds, trade payables (excluding amounts due to clients) and other investments. The Group uses derivative financial instruments in order to hedge derivative exposures arising from open client positions, which are also classified as fair value through profit or loss.

All financial instruments at fair value through profit or loss are carried at fair value with gains or losses recognised in trading revenue in the Consolidated Income Statement.

(b) 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 amount 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 Group's financial assets measured at amortised cost comprise trade receivables (other than amounts due from brokers), other receivables, cash and cash equivalents and fixed term deposits that are categorised under financial investments.

Interest on financial assets measured at amortised cost is included in finance income using the effective interest rate method. The effective interest rate is either the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses unless the asset is credit impaired. The calculation includes all fees and spreads paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

(c) Financial assets measured at fair value through other comprehensive income

Financial assets measured at fair value through other comprehensive income are assets that are held to collect the contractual cash flows and to be sold. The contractual terms of these 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 non-current assets unless the financial asset matures or management intend to dispose of them within 12 months of the end of the reporting period. The Group's fair value through other comprehensive income financial assets are financial investments (other than fixed term deposits) and financial assets pledged as collateral.

2. Significant accounting policies continued

Unrealised gains or losses, other than loss allowances for expected credit losses, arising from financial assets measured at fair value through other comprehensive income are reported in equity (in the fair value through other comprehensive income reserve) and in other comprehensive income, until such assets are sold, collected or otherwise disposed of.

On disposal of a financial asset, the accumulated unrealised gain or loss included in equity is recycled to the Consolidated Income Statement for the period and reported in gains/losses from FVOCI reserve on disposal of financial assets. Gains and losses on disposal are determined using the fair value of the asset at the date of derecognition.

Interest on financial assets is included in finance income and calculated using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider expected credit losses unless the asset is credit impaired. The calculation includes all fees and spreads paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts.

UK Government securities held by the Group where brokers have the right to rehypothecate the assets are separately recognised as 'financial assets pledged as collateral' on the Statement of Financial Position.

(d) Financial liabilities

The Group's financial liabilities include trade payables, lease liabilities, debt securities in issue and other payables. These are initially recognised at fair value less transaction fees. They are subsequently measured at amortised cost using the effective interest method, excluding the open derivative element of trade payables, which is measured at fair value through profit or loss. The interest expense is calculated at each reporting period by applying the effective interest rate, and the resulting charge is reflected in finance costs in the Consolidated Income Statement.

(e) Determination of fair value

Financial instruments arising from client positions, financial derivative included in trade receivables (due from brokers), trade payables (excluding amounts due to clients), money market funds, financial investments (other than fixed term deposits) and financial assets pledged as collateral are stated at fair value. They are disclosed according to the valuation hierarchy required by IFRS 13 – Fair Value Measurement. Fair values are predominantly determined by reference to third-party market values (bid prices for long positions and offer prices for short positions) as detailed below:

- Level 1: valued using unadjusted quoted prices in active markets for identical financial instruments
- Level 2: 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 Group to its clients or used by the Group to hedge its market risk does not exist
- Level 3: valued using techniques that incorporate information other than observable market data that is significant to the overall valuation

Impairment of financial assets

The impairment charge in the Consolidated Income Statement includes a loss allowance reflecting the change in expected credit losses. Expected credit losses are recognised for trade receivables, cash and cash equivalents, other receivables, financial investments and financial assets pledged as collateral. Expected credit losses are calculated as the difference between the contractual cash flows that are due to the Group and the cash flows that the Group 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 Group applies the simplified approach for trade receivables and other receivables where the revenue associated with these receivables is recognised in accordance with IFRS 15 Revenue from Contracts with Customers. The Group applies the general approach for all other financial assets. Financial assets that have not experienced a significant increase in credit risk are categorised as Stage 1 and 12-month expected credit losses are recognised; 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 the 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 they have an external credit rating of investment grade. If no external credit rating is available, reference is made to the Group's internal credit risk 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 Group determines that a default occurs when a payment is 90 days past due for all assets, except for receivables from clients where it uses 120 days. This is aligned with the Group's risk management practices.

2. Significant accounting policies continued

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 Group 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 Consolidated Income Statement.

Derecognition of financial assets and liabilities

A financial asset or liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expired.

(a) Financial assets

A financial asset is derecognised when the right to receive cash flows from the asset has expired; or the Group 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 Group has transferred its right to receive cash flows from the asset and either has transferred substantially all the risks and rewards of the asset, or has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its right 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 Group'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.

(b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, 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, whereby the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

Offsetting financial instruments

Assets or liabilities resulting from gains or losses on financial derivatives are carried at fair value. Amounts due from or to clients are offset with the net amount reported in the Consolidated Statement of Financial Position. Similarly, amounts due from and to brokers are offset, also presented net on the Consolidated Statement of Financial Position. Amounts are offset where 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 Group or the counterparty.

Trade payables and receivables

Trade payables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions result in an amount payable by the Group.

Trade receivables represent balances with counterparties and clients where the combination of cash held on account and the valuation of financial derivative open positions results in an amount due to the Group. Trade receivables balances also include commissions and required deposits due from the Group's broker-dealer counterparties.

For trade receivables under IFRS 15 Revenue from Contracts with Customers that do not contain a significant financing element, the Group has applied the simplified approach 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, adjusted for forward-looking information. Trade receivables are written off when there is objective evidence of non-collectability or when an event of default occurs. For all other trade receivables, the general approach has been applied for measuring impairment.

Other assets

Other assets represent rights to cryptocurrency assets controlled by the Group. The Group offers financial derivatives with cryptocurrency as an underlying asset. The Group purchases and sells cryptocurrency assets as part of its hedging activity associated with offering for products.

The Group holds cryptocurrency assets for trading in the ordinary course of its business, effectively acting as a commodity broker-dealer in respect of the underlying cryptocurrency asset because the salient features of these assets are, in economic terms, consistent with certain commodities under IAS 2 Inventories, 3(b). The assets are recognised on trade date and measured at fair value less costs to sell, with changes in valuation being recorded in the Consolidated Income Statement in the period in which they arise. Cryptocurrency assets are not financial instruments, and they are categorised as non-financial assets.

The Group also act as a broker for the custody and trade of cryptocurrency related assets. The Group does not provide custody or safeguarding services in relation to these assets. Customers are instead required to contract directly with a third party custodian for the custody of their cryptocurrency assets. The cryptocurrency assets where the Group acts as a broker are not recognised on the Consolidated Statement of Financial Position.

Other receivables

Other receivables are the financial assets which give rise to payments on specified dates that are solely payments of principal amount and interest on the principal amount outstanding. They are assets that have not been designated as fair value through profit or loss. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant.

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Notes to the Financial Statements continued

2. Significant accounting policies continued

For other receivables under IFRS 15 Revenue from Contracts with Customers that do not contain a significant financing element, the Group applies a simplified approach for measuring impairment, similar to that of trade receivables.

Prepayments

Prepayments are assets with fixed or determinable payments made in advance for services or goods. They do not qualify as financial assets and are amortised over the period in which the economic benefit is expected to be consumed.

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits which may be accessed within 90 days without penalty. Cash equivalents are 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. This includes money market funds.

The Group holds money on behalf of clients in accordance with the client money rules of the UK Financial Conduct Authority (FCA) and other regulatory bodies. Such monies are classified as either cash and cash equivalents or segregated client funds in accordance with the relevant regulatory requirements or legal protections attached to the monies.

The Group deposits a certain amount of its own cash into segregated client money accounts as buffers to prevent shortfalls. As the Group retains rights to these balances, they are recognised on the Statement of Financial Position within trade receivables. These buffer balances do not meet the criteria for cash and cash equivalents.

The majority of the Group's cash balances are held with investment-grade banks. The Group 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 Group assesses the expected credit losses on cash and cash equivalents on a forward-looking basis and whether there has been a significant increase in credit risk since initial recognition.

Money market funds are mutual funds that invest in a diversified range of money market instruments, such as government owned instruments and short-term debt from highly credit rated counterparties. Money market funds are presented within cash and cash equivalents as they are short-term highly liquid investments that are readily convertible into known amounts of cash, they are subject to an insignificant risk of changes in value and they can be withdrawn without penalty.

Segregated client funds are held in segregated client money accounts which are held off-balance sheet. The Group's ability to control these funds is restricted by local client money regulations. Furthermore, the Group is not exposed to credit risk in the event of insolvency of the financial institutions in which the funds are held, nor is the Group able to use these funds for its own operations.

Client funds are held by the Group under a Title Transfer Collateral Arrangement (TTCA) by which a client agrees that full ownership of such monies is unconditionally transferred to the Group. Title transfer funds are accordingly recognised with cash and cash equivalents with a corresponding liability to clients within trade payables.

Fixed term deposits do not meet the criteria of cash and cash equivalents under IAS 7 – Statement of Cash Flows as they have a maturity of longer than three months. Furthermore, the Group is unable to withdraw these deposits before their respective maturity date. Therefore, these are categorised as financial investments.

The Group has a notional multi-currency pooling arrangement (the Pool), where there is no legally enforceable right to offset the amounts due to the Pool against the amounts due from the Pool across different currencies, nor is there an intention for settlement to take place on a net basis, the Group shows a gross presentation for these balances on the Consolidated Statement of Financial Position. The balance due to the Pool is included in other payables. Please refer to note 22 for further details of this arrangement.

Other payables

Non-derivative financial liabilities are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method if the time value of money is significant.

Provisions

Provisions are recognised when the Group 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.

Contingent liabilities

Contingent liabilities, which include certain guarantees and letters of credit pledged as collateral security, and contingent liabilities related to legal proceedings or regulatory matters, are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote. Contingent liabilities are assessed continually to determine whether an outflow of economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the financial statements of the period in which the change in probability occurs.

Borrowings

Borrowings are initially recognised at fair value and subsequently at amortised cost using the effective interest rate method with any difference between net proceeds and the redemption value being recognised in the Consolidated Income Statement over the period of borrowings.

Financial Statements continued
Notes to the Financial Statements continued

2. Significant accounting policies continued

Debt securities in issue

Debt securities in issue are recognised initially at fair value. Subsequently, debt securities are measured at amortised cost, with any difference between net proceeds and the redemption value being recognised in the Consolidated Income Statement over the lifetime of the security using the effective interest rate method. Transaction fees are recognised on the Consolidated Statement of Financial Position, and amortised over the expected life of the security.

Share capital

(a) Classification of shares as debt or equity

When shares are issued, any component that creates a financial liability for the Group is presented as a liability on the Consolidated Statement of Financial Position; 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 Consolidated Income Statement.

Equity instruments issued by the Company are recorded as the proceeds are 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.

(b) Own shares held in Employee Benefit Trusts

Shares held in Employee Benefit Trusts for the purposes of employee share schemes are classified as a deduction from shareholders' equity and are recognised at cost. Consideration received for the sale of such shares is recognised in equity, with any difference between the proceeds from the sale and the cost being taken to reserves. No gain or loss is recognised in the Consolidated Income Statement on the purchase, sale, issue or cancellation of equity shares.

(c) Share-based payments

The Company operates four employee share plans: a Share-Incentive Plan, a Sustained Performance Plan, a Medium-term Incentive Plan and a Long-term Incentive Plan. For market-based vesting conditions, the cost of these awards is measured at fair value calculated using option pricing models and are recognised as an expense in the Consolidated Income Statement on a straight-line basis over the vesting period based on the Company's estimate of the number of shares that will vest.

For non-market-based vesting conditions, the cumulative expense is calculated representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions determining the number of equity instruments that will ultimately vest. The movement in cumulative expense since the previous balance sheet date is recognised in the Consolidated Income Statement as part of operating expenses, with a corresponding credit to equity.

The grant by the Company of options over its equity instruments to employees of the subsidiary undertakings in the Group is treated as a capital contribution. The fair value of the employee services received is recognised over the vesting period as an increase in the investment in subsidiary undertakings, with a corresponding credit to equity. Upon awards vesting, the cost of awards is transferred from the share-based payments reserve into retained earnings.

(d) Equity arising from transactions with shareholders

Upon entering into a contract with a bank or broker which includes an obligation for that bank or broker to acquire the Company's own shares, a financial liability is recognised at the present value of the amount payable to the bank or broker, taking into consideration the contractual terms of the broker agreement, with a corresponding debit to the share buyback reserve, which is included within other reserves. Following initial recognition, the financial liability is measured in accordance with the Group's existing accounting policies for financial liabilities. The amount recognised in the share buyback reserve is reduced by the consideration paid for the purchase of own shares and transferred to retained earnings. The amount of the Group's issued share capital is reduced by the nominal value of the shares repurchased and transferred to the capital redemption reserve, which forms part of other reserves.

Where the contract to repurchase shares expires prior to completing the repurchase, and incomplete delivery of the shares has taken place, the remaining balance recognised in the share buyback reserve is reversed along with the remaining financial liability. Any consideration paid to acquire own shares which exceeds the amount initially recognised is a transaction related cost and recognised directly in equity.

3. Segmental analysis

The Executive Directors are the Group's Chief Operating Decision Maker (CODM). Management has determined the reportable segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group manages market risk and a number of other activities on a group-wide portfolio basis and accordingly a large proportion of costs are incurred centrally. These central costs are not allocated to individual segments for decision-making purposes for the CODM, and, accordingly, these costs have not been allocated to segments. Additionally, the Group's assets and liabilities are not allocated to individual segments and not reported as such for decision making purposes to the CODM. Therefore, the segmental analysis does not include a measure of profitability, nor a complete segmented balance sheet, as this would not reflect the information which is received by the CODM on a regular basis.

The CODM are presented a view of total revenue split by product. Total revenue is an alternative performance measure which comprises of net trading revenue and net interest on client funds. In the prior year, the CODM were presented with a view of net trading revenue split by product. This change is due to net interest on client funds being a more significant source of revenue for the year ended 31 May 2023. The presentation for prior year comparatives has been updated to reflect this.

Financial Statements continued

Notes to the Financial Statements continued

3. Segmental analysis continued

Total revenue by reportable segment

Net trading revenue represents trading revenue that the Group generates from client trading activity after deducting introducing partner commissions. Net interest on client funds represents interest earned on segregated client money balances after deducted interest paid in relation to the same balances. These two balances collectively make up total revenue earned for the Group. The CODM uses total revenue as the primary measure of performance of the various segments of the Group. The CODM considers business performance from a product perspective, split into OTC derivatives, exchange traded derivatives, stock trading and investments and net interest on client funds. The products shown in the segmental analysis are aggregated where these products are economically similar in nature.

The segmental breakdown of total revenue is as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
OTC derivatives	**782.0**	817.3
Exchange traded derivatives	**137.1**	121.2
Stock trading and investments	**22.7**	33.8
Net trading revenue	**941.8**	972.3
Net interest on client funds	**80.8**	0.8
Total revenue from continuing operations[1]	**1,022.6**	973.1
Total revenue from discontinued operations[1]	**–**	9.4

1 Please refer to Appendix 1 for reconciliation to the Consolidated Income Statement

The CODM also considers business performance based on geographical location. This geographical split reflects the location of the office that manages the underlying client relationship.

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Net trading revenue by geography		
UK	**322.0**	365.3
Japan	**99.3**	98.5
Australia	**99.8**	96.2
Singapore	**68.8**	74.1
EMEA Non-EU	**55.3**	53.5
Emerging markets	**39.5**	43.2
UK, APAC & Emerging markets	**684.7**	730.8
US	**140.9**	128.6
EU	**116.2**	112.9
Net trading revenue	**941.8**	972.3
Net interest on client funds – US	**50.4**	1.9
Net interest on client funds – Other	**30.4**	(1.1)
Total revenue from continuing operations	**1,022.6**	973.1
Total revenue from discontinued operations	**–**	9.4

The Group does not derive more than 10% of revenue from any one single client. In relation to prior year comparative information, the UK geographic segment, and the OTC derivatives segment, includes a £5.8 million foreign exchange gain arising from financing of the tastytrade acquisition in prior year. No such gains have been recognised in the current year.

Financial Statements continued
Notes to the Financial Statements continued

3. Segmental analysis continued

The segmental breakdown of non-current assets excluding financial investments, financial assets pledged as collateral and deferred income tax assets, based on geographical location is as follows:

	31 May 2023 £m	31 May 2022 £m
US	770.7	795.1
UK	152.6	133.8
EU	5.7	5.5
EMEA Non-EU	4.7	7.3
Australia	0.4	0.8
Japan	1.9	0.8
Singapore	0.3	–
Emerging markets	0.1	3.4
Total non-current assets	**936.4**	946.7

4. Operating costs

	Note	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Employee-related expenses			
Fixed remuneration		193.0	151.5
Variable remuneration		55.6	62.7
		248.6	214.2
Advertising and marketing		93.5	87.2
Premises-related costs		10.8	9.1
IT, market data and communications		51.9	45.1
Trading related costs		38.7	32.5
Legal and professional costs		25.8	19.6
Regulatory fees		8.5	12.9
Depreciation and amortisation	13,14	61.6	56.5
Other costs		44.4	22.1
Total operating costs from continuing operations		**583.8**	499.2
Total operating costs from discontinued operations		**0.2**	9.9

Trade related costs of £38.7 million as at 31 May 2023 (31 May 2022: £32.5 million), which were previously presented in the other costs line, are now presented as a separate line item. This presentation better reflects the nature of these costs.

Included in premises-related costs is £0.6 million relating to short-term operating leases which do not meet the criteria to be capitalised as right-of-use assets (year ended 31 May 2022: £0.5 million).

5. Auditors' remuneration

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Audit fees		
Parent	1.3	1.2
Subsidiaries	1.4	1.1
Total audit fees	2.7	2.3
Audit related fees		
Services supplied pursuant to legislation	0.6	0.6
Total audit related fees	0.6	0.6
Non-audit fees		
Other services	0.2	0.3
Total non-audit fees	0.2	0.3

Audit related fees include services that are specifically required of the Group's auditors through legislative or regulatory requirements, controls assurance engagements required of the auditors by the regulatory authorities in whose jurisdiction the Group operates and other audit related assurance services.

Financial Statements continued

Notes to the Financial Statements continued

6. Staff costs

Staff costs for the year, including Directors, were as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Wages and salaries, performance-related bonus and share-based payment awards	**214.9**	185.1
Social security costs	**23.2**	20.2
Other pension costs	**10.5**	8.9
Total staff costs from continuing operations	**248.6**	214.2
Total staff costs from discontinued operations	**–**	4.5

The Group does not operate any defined benefit pension schemes. Other pension costs includes employee-nominated payments to defined contribution schemes and Company contributions.

The Directors' remuneration for the years ended 31 May 2023 and 31 May 2022 is set out in the Directors' Remuneration Report on page 89.

The average monthly number of employees, including Directors, split into the key activity areas was as follows:

	Year ended 31 May 2023	Year ended 31 May 2022
Marketing	**362**	315
Sales and client management	**426**	439
Technology and change management	**1,119**	977
Trading and operations	**342**	321
Support functions	**416**	372
	2,665	2,424

The Group has changed the categorisation of functions by which it splits employees in order to better reflect the activities carried out. The comparative number of average employees has been restated based on this new categorisation. The total number of average employees remains unchanged.

7. Finance income

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Bank interest receivable	**7.5**	1.5
Interest receivable on cash held at brokers	**5.9**	0.8
Interest receivable on financial investments	**9.1**	0.4
Interest receivable on money market funds	**7.6**	0.3
Other interest	**0.1**	0.4
	30.2	3.4

8. Finance costs

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Interest and fees on debt securities	**10.0**	5.3
Term loan interest and fees	**–**	3.5
Revolving credit facility interest and fees	**2.7**	1.6
Interest and fees on sale and repurchase agreements	**0.2**	–
Interest payable to brokers	**2.2**	2.7
Interest payable on lease liabilities	**0.5**	0.6
Bank interest payable	**0.6**	1.1
	16.2	14.8

9. Taxation

Tax on profit on ordinary activities

Tax charged in the Consolidated Income Statement:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Current income tax		
UK corporation tax	**75.1**	79.1
Non-UK corporation tax	**24.3**	39.3
Adjustment in respect of prior years	**(6.1)**	(6.1)
Total current income tax	**93.3**	112.3
Deferred income tax		
Origination and reversal of temporary differences	**(7.4)**	(1.6)
Adjustment in respect of prior years	**0.8**	(1.0)
Impact of change in tax rates on deferred tax balances	**(0.1)**	0.3
Total deferred income tax	**(6.7)**	(2.3)
Total tax expense	**86.6**	110.0
Total tax expense attributable to:		
Continuing operations	**86.2**	80.9
Discontinued operations	**0.4**	29.1
Tax not charged to Consolidated Income Statement		
Tax recognised in other comprehensive income	**(6.2)**	0.5
Tax recognised directly in equity	**(1.0)**	(0.5)

Reconciliation of the total tax expense

The standard UK corporation tax rate for the year ended 31 May 2023 is 20%[1] (31 May 2022: 19%). Taxation outside the UK is calculated at the rates prevailing in the relevant jurisdictions. The tax expense in the Consolidated Income Statement for the year can be reconciled as set out below:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Profit before taxation		
From continuing operations	**449.9**	477.0
From discontinued operations	**1.7**	136.9
Total profit before tax	**451.6**	613.9
Profit multiplied by the UK standard rate of corporation tax of 20%[1] (31 May 2022: 19.0%)	**90.3**	116.7
Higher taxes on overseas earnings	**3.4**	7.9
Adjustment in respect of prior years	**(5.3)**	(8.2)
Expenses not deductible for tax purposes	**1.6**	0.8
Patent Box deduction	**(3.2)**	(7.0)
Impact of change in tax rates on deferred tax balances	**(0.1)**	0.3
Recognition and utilisation of losses previously not recognised	**(0.4)**	(1.2)
Current year losses not recognised as deferred tax assets	**0.3**	0.7
Total tax expense attributable to:	**86.6**	110.0
Continuing operations	**86.2**	80.9
Discontinued operations	**0.4**	29.1

1 Blended UK corporation tax rate, being 10 months of 19% and 2 months of 25%.

The effective tax rate for the year is 19.2% (31 May 2022: 17.9%).

The UK substantively enacted a corporation tax rate of 25% (effective from 1 April 2023) on 24 May 2021. This will impact the Group's future tax charge accordingly. The deferred tax assets and liabilities have been assessed at the tax rates that are expected to apply when the related asset is realised or liability settled.

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Notes to the Financial Statements continued

9. Taxation continued

Deferred income tax assets

	31 May 2023 £m	31 May 2022 £m
Tax losses available for offset against future profits	**3.8**	3.7
Temporary differences arising on share-based payments	**4.8**	3.7
Temporary differences arising on fixed assets	**1.1**	2.1
Other temporary differences	**13.5**	8.0
	23.2	17.5

Deferred income tax liabilities

	31 May 2023 £m	31 May 2022 £m
Temporary differences arising on business combinations	**(57.6)**	(62.9)
Temporary differences arising on fixed assets	**(0.2)**	(0.2)
Other temporary differences	**(3.0)**	(4.1)
	(60.8)	(67.2)

Deferred income tax recovery

	31 May 2023 £m	31 May 2022 £m
Deferred tax assets to be recovered within 12 months	**4.4**	5.4
Deferred tax assets to be recovered after 12 months	**18.8**	12.1
	23.2	17.5

Deferred income tax settlement

	31 May 2023 £m	31 May 2022 £m
Deferred tax liabilities to be settled within 12 months	**(7.4)**	(7.7)
Deferred tax liabilities to be settled after 12 months	**(53.4)**	(59.5)
	(60.8)	(67.2)

The recognised deferred tax asset reflects the extent to which it is considered probable that future taxable profits can be offset against the tax losses carried forward.

Share-based payment awards have been charged to the income statement but are not allowable as a tax deduction until the awards exercise. The excess of the expected tax relief in future years over the amount charged to the income statement is recognised as a credit directly to equity.

Unrecognised deferred tax assets

	31 May 2023		
	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date
Overseas trading losses	**16.1**	**4.1**	**N/A**
UK capital losses	**23.5**	**5.9**	**N/A**
	39.6	**10.0**	

	31 May 2022		
	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date
Overseas trading losses	14.6	3.9	N/A
UK capital losses	23.5	5.9	N/A
	38.1	9.8	

The Group has an unrecognised deferred tax asset of £10.0 million (31 May 2022: £9.8 million) in respect of prior and current year losses, the recoverability of which is dependent on sufficient taxable profits of the entities.

The movement in the deferred income tax assets included in the Consolidated Statement of Financial Position is as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
At the beginning of the year	**17.5**	12.9
Amounts arising on acquisitions in the year	**–**	7.4
Tax (charged) to the income statement	**(0.3)**	(2.2)
Tax credited to other comprehensive income	**6.2**	–
Tax credited directly to equity	**0.6**	(0.3)
Impact of movement in foreign exchange rates	**–**	–
Reallocations between deferred tax assets and liabilities	**(0.8)**	(0.3)
At the end of the year	**23.2**	17.5

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Notes to the Financial Statements continued

9. Taxation continued

The movement in the deferred income tax liability included in the Consolidated Statement of Financial Position is as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
At the beginning of the year	**(67.2)**	(0.8)
Amounts arising on acquisitions in the year	**(0.6)**	(66.1)
Tax credited to the income statement	**7.0**	4.5
Tax charged to other comprehensive income	**–**	(0.5)
Impact of movement in foreign exchange rates	**(0.8)**	(4.6)
Reallocations between deferred tax assets and liabilities	**0.8**	0.3
At the end of the year	**(60.8)**	(67.2)

Factors affecting the tax charge in future years

Factors that may affect the Group's future tax charge include the geographic location of the Group's earnings, the tax rates in those locations, changes in tax legislation, the recognition of previously unrecognised tax losses and the resolution of open tax issues. The Group's future tax charge may also be impacted by changes in the Group's business activities, client composition and regulatory status, which could impact the Group's exemption from the UK Bank Corporation Tax Surcharge.

The calculation of the Group'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 Group's estimation of future profitable income, transfer pricing and of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority. The Group operates in a number of jurisdictions worldwide, and tax laws in those jurisdictions are themselves subject to change.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group does not account for deferred tax on top-up taxes and therefore, there was no impact on the recognition and measurement of deferred tax balances as a result of the legislation being substantively enacted.

The Group determines its tax liability by taking into account its tax risks and it makes provision for those matters where it is probable that a tax liability will arise. Tax payable may ultimately be materially more or less than the amount already accounted for.

10. Earnings per ordinary share

Basic earnings per share is calculated by dividing the profit for the year attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year, excluding shares held as own shares in the Group's Employee Benefit Trusts and shares repurchased and cancelled under the share buyback programme. Diluted earnings per share is calculated using the same profit figure as that used in basic earnings per share and by adjusting the weighted average number of ordinary shares assuming the vesting of all outstanding share scheme awards.

	Year ended 31 May 2023	Year ended 31 May 2022
Earnings attributable to owners of the parent (£m)	**365.0**	503.9
Weighted average number of shares		
Basic	**418,693,685**	426,289,898
Dilutive effect of share-based payments	**3,869,357**	3,614,236
Diluted	**422,563,042**	429,904,134

	Year ended 31 May 2023	Year ended 31 May 2022
Basic earning per ordinary share	**87.2p**	118.2p
→ Attributable to continuing operations	**86.9p**	92.9p
→ Attributable to discontinued operations	**0.3p**	25.3p
Diluted earning per ordinary share	**86.4p**	117.2p
→ Attributable to continuing operations	**86.1p**	92.1p
→ Attributable to discontinued operations	**0.3p**	25.1p

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Notes to the Financial Statements continued

11. Dividends paid and proposed

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Final dividend for FY22 at 31.24 pence per share (FY21: 30.24p)	**133.2**	130.3
Interim dividend for FY23 at 13.26 pence per share (FY22: 12.96p)	**54.9**	55.9
	188.1	186.2

The final dividend for the year ended 31 May 2023 of 31.94 pence per share was proposed by the Board on 19 July 2023 and has not been included as a liability at 31 May 2023. This dividend will be paid on 19 October 2023, following approval at the Company's AGM, to those members on the register at the close of business on 22 September 2023.

12. Goodwill

The movement in the goodwill balance for the year is as follows:

	31 May 2023 £m	31 May 2022 £m
At the beginning of the year	**604.7**	107.3
Additions – business acquisition	**–**	462.4
Disposals	**–**	(13.4)
Impact of foreign exchange movement	**6.3**	48.4
At the end of the year	**611.0**	604.7

Goodwill has been allocated for impairment testing purposes to cash-generating units (CGU) as follows:

	31 May 2023 £m	31 May 2022 £m
US	**509.2**	502.8
UK	**100.9**	100.9
South Africa	**0.8**	0.9
Australia	**0.1**	0.1
	611.0	604.7

Goodwill arose as follows:

- US – from the acquisition of tastytrade on 28 June 2021
- UK – from the reorganisation of the UK business on 5 September 2003
- South Africa – from the acquisition of Ideal CFDs on 1 September 2010
- Australia – from the acquisition of the non-controlling interest in IG Australia Pty Limited in the year ended 31 May 2006

Impairment testing

The Group's goodwill balance has been subject to a full impairment assessment and there has not been any impairment recognised for the above CGUs (31 May 2022: £nil). For the purposes of the Group's impairment testing of goodwill, the carrying amount of each CGU is compared to the estimated recoverable amount of the relevant CGU and any deficits are considered impairments requiring recognition in the year.

The carrying amount of a CGU includes only those assets that can be attributed directly to it, or allocated on a reasonable and consistent basis.

The estimated recoverable amount for each CGU was determined using the value-in-use (VIU) method. For all CGUs, the recoverable amount was higher than the carrying value. The Group's largest goodwill balance is associated with the US CGU.

Key assumptions used in the calculation of the recoverable amount of the US CGU

The key assumptions for the VIU calculations are those regarding the future cash flow projections, long-term growth rate and the discount rates.

Future cash flow projections:

The future cash flow projections cover a period of four years, reflecting the period over which the Board strategically assess performance. A declining growth rate of 16.0%–6.0% was used to extrapolate the final year of the four-year forecast period for a further three years. The terminal value was calculated based on the seventh year. The growth rate for the years five to seven was applied as the US business is not expected to reach a steady state growth rate by the end of year four.

The cash flow projections are based on the most recent four year plan and take into account historical performance, together with the Group's views on future achievable growth relating to growth of market share and increased client acquisition. Key assumptions are the projected annual growth of net trading revenue and cost growth, which impacts the EBITDA margin. Net trading revenue growth is driven by increasing client numbers based on assumptions relating to acquisition, conversion and retention of clients. EBITDA margin is based on net trading revenue, interest on client money and cost assumptions. Interest on client money is based on our expectation of future longer term interest rates and increases in total client money balances as the underlying client base increases during the forecasted period.

12. Goodwill continued

Revenue related costs are forecasted to increase over the four-year period in line with revenue projections and cost growth reflects higher marketing expenditure and continued investment in technology. The cashflow projections also take into account assumptions relating to working capital requirements and capital expenditure.

The forecasts do not include revenues arising from tastytrade's planned expansion outside of the US market.

Long term-growth:

The regional long-term growth is used to extrapolate the cash flows to perpetuity for each CGU. The forecast period of four years is extrapolated for a further three years using a declining growth rate, reducing the rate down to a long-term growth rate of 2.0% (31 May 2022: 2.0%) which has been applied to derive a terminal value based on the cash flows in year seven.

Discount rate:

The discount rate used to calculate the recoverable amount of the US CGU is based on a post-tax weighted average cost of capital (WACC). The discount rate depends on a number of inputs reflecting the current market assessment of the time value of money, determined by external market information, and inputs relating to the risks associated with the cash flows which are subject to management's judgement.

A pre-tax discount rate is derived from a post-tax WACC. At the date of the 2023 impairment assessment the pre-tax discount rate applied to the seven-year cash flow period and thereafter, to determine the recoverable amount is 19.6%. For the 2022 impairment assessment, if the four-year cash flows were extrapolated for three years in line with the current year methodology, a discount rate of 19.8% would have been applied. The year on year movement in the discount rate is as a result of the impact of rising interest rates being offset by a reduction in entity specific risk premiums included in the discount rate.

The recoverable amount determined for a seven-year cash flow period for 31 May 2023 and 31 May 2022 would be the same as that determined for a four-year cash flow period with an adjusted pre-tax discount rate applied.

Sensitivity to changes in key assumptions

The recoverable amount at 31 May 2023 exceeds the carrying amount of the cash-generating unit by £27.0 million. The assessment excludes the projected future cash flows arising from tastytrade's planned expansion outside the US market. Were the projected cash flows from international expansion included this would add headroom.

The impact of sensitivities to reasonable changes in a single variable and the change required to reduce headroom to nil are shown in the following table:

Assumption	Sensitivity applied	Reduction in recoverable amount £m	Impairment £m	Changes required to reduce headroom to nil
Net trading revenue growth	(5.0)%	**(104.7)**	**(77.7)**	**1.2% underperformance**
EBITDA margin	(10.0)%	**(85.1)**	**(58.1)**	**3.2% underperformance**
Discount rate	0.5%	**(29.3)**	**(2.3)**	**0.6% increase**
Long-term growth rate	(0.5)%	**(17.9)**	**–**	**0.8% reduction**

Key assumptions used in the calculation of the recoverable amount of CGUs excluding the US CGU

Future cash flow projections:

The future cash flow projections cover a period of four years, reflecting the period over which the Board strategically assess performance. Projected revenue is based on assumptions relating to client acquisition and trading activity, and assumptions on interest earned on client funds. Projected costs are based on assumptions relating to revenue-related costs, including trading and client transaction fees, and structural costs. Projected profitability takes into account historical performance and the Group's knowledge of the current market, together with the Group's views on the future achievable growth.

Regional long-term growth:

Regional long-term growth is used to extrapolate the cash flows to perpetuity for each CGU. After a management forecast period of four years, a long-term growth rate of 2.0% (31 May 2022: 2.0%) has been applied to the cash flows to derive a terminal value.

Discount rates:

The discount rates used to calculate the recoverable amount of each CGU are based on a post-tax WACC which is specific to each geographical region. The discount rate depends on a number of inputs reflecting the current market assessment of the time value of money, determined by external market information, and inputs relating to the risks associated with the cash flow of each individual CGU which are subject to management's judgement. The post-tax WACC is grossed up to a pre-tax discount rate. The pre-tax discount rate applied to calculate the recoverable amount of each CGU is as follows:

	31 May 2023	31 May 2022
UK	**14.0%**	12.0%
South Africa	**21.0%**	18.0%
Australia	**16.0%**	13.0%

Sensitivity to changes in key assumptions excluding the US CGU

The VIU calculation has been subject to a sensitivity analysis reflecting reasonable changes in individual key assumptions. For all goodwill balances, there is sufficient headroom in the recoverable amount of the CGU based on the assumptions made, and there is no reasonably likely scenario under which material impairment could be expected to occur based on the testing performed.

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13. Intangible assets

	Customer relationships £m	Trade names £m	Non-compete agreements £m	Internally developed software £m	Domain names £m	Software and licences £m	Total £m
Cost							
At 1 June 2021	–	–	–	44.3	33.4	31.2	108.9
Additions	–	–	–	6.1	–	2.9	9.0
Additions – business acquisition	163.5	56.9	28.8	14.3	–	–	263.5
Disposals – discontinued operations	–	–	–	(0.6)	–	(0.7)	(1.3)
Other disposals	–	–	–	(1.5)	–	–	(1.5)
Impact of movement in foreign exchange rates	15.9	5.5	2.8	1.5	3.6	0.2	29.5
At 31 May 2022	179.4	62.4	31.6	64.1	37.0	33.6	408.1
At 1 June 2022	**179.4**	**62.4**	**31.6**	**64.1**	**37.0**	**33.6**	**408.1**
Additions	**–**	**–**	**–**	**7.0**	**–**	**7.6**	**14.6**
Additions – business acquisition (Small Exchange)	**–**	**–**	**–**	**8.0**	**–**	**–**	**8.0**
Disposals	**–**	**–**	**–**	**(2.8)**	**–**	**(11.7)**	**(14.5)**
Impact of movement in foreign exchange rates	**2.3**	**0.8**	**0.4**	**0.1**	**0.1**	**–**	**3.7**
At 31 May 2023	**181.7**	**63.2**	**32.0**	**76.4**	**37.1**	**29.5**	**419.9**
Accumulated amortisation							
At 1 June 2021	–	–	–	32.3	17.2	26.7	76.2
Charge during the year	16.8	3.6	5.5	6.8	3.5	3.0	39.2
Disposal – discontinued operations	–	–	–	(0.4)	–	(0.5)	(0.9)
Other disposals	–	–	–	(1.5)	–	–	(1.5)
Impact of movement in foreign exchange rates	0.7	0.1	0.3	0.2	1.6	0.1	3.0
At 31 May 2022	17.5	3.7	5.8	37.4	22.3	29.3	116.0
At 1 June 2022	**17.5**	**3.7**	**5.8**	**37.4**	**22.3**	**29.3**	**116.0**
Charge during the year	**17.3**	**4.4**	**6.6**	**7.1**	**3.7**	**3.2**	**42.3**
Disposals	**–**	**–**	**–**	**(2.8)**	**–**	**(11.7)**	**(14.5)**
Impact of movement in foreign exchange rates	**(0.2)**	**(0.1)**	**(0.1)**	**(0.1)**	**0.1**	**–**	**(0.4)**
At 31 May 2023	**34.6**	**8.0**	**12.3**	**41.6**	**26.1**	**20.8**	**143.4**
Net book value – 31 May 2022	161.9	58.7	25.8	26.7	14.7	4.3	292.1
Net book value – 31 May 2023	**147.1**	**55.2**	**19.7**	**34.8**	**11.0**	**8.7**	**276.5**

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14. Property, plant and equipment

	Leasehold improvements £m	Office equipment, fixtures and fittings £m	Computer and other equipment £m	Right-of-use assets £m	Total £m
Cost					
At 1 June 2021	23.6	6.7	49.1	34.5	113.9
Additions	0.1	0.1	8.3	8.4	16.9
Additions – business acquisition	0.8	0.1	1.3	0.7	2.9
Disposals – discontinued operations	–	–	(3.4)	(0.8)	(4.2)
Other disposals	–	(0.1)	(0.6)	(5.6)	(6.3)
Classified as assets held for sale	(0.7)	–	–	(1.5)	(2.2)
Impact of movement in foreign exchange rates	0.3	0.3	0.6	0.9	2.1
At 31 May 2022	24.1	7.1	55.3	36.6	123.1
At 1 June 2022	**24.1**	**7.1**	**55.3**	**36.6**	**123.1**
Additions	**0.4**	**0.4**	**10.8**	**8.9**	**20.5**
Additions – business acquisition	**0.2**	**0.5**	**–**	**–**	**0.7**
Disposals	**(0.6)**	**(0.2)**	**(2.1)**	**(4.4)**	**(7.3)**
Impact of movement in foreign exchange rates	**–**	**(0.2)**	**(0.4)**	**(0.3)**	**(0.9)**
At 31 May 2023	**24.1**	**7.6**	**63.6**	**40.8**	**136.1**
Accumulated depreciation					
At 1 June 2021	18.5	5.3	38.3	13.2	75.3
Charge for the year	1.9	1.0	7.8	7.6	18.3
Disposal – discontinued operations	–	–	(2.5)	(0.2)	(2.7)
Other disposals	–	(0.1)	(0.5)	(3.3)	(3.9)
Classified as assets held for sale	(0.3)	–	–	(0.7)	(1.0)
Impact of movement in foreign exchange rates	0.3	–	0.1	0.1	0.5
At 31 May 2022	20.4	6.2	43.2	16.7	86.5
At 1 June 2022	**20.4**	**6.2**	**43.2**	**16.7**	**86.5**
Charge for the year	**1.7**	**0.5**	**8.5**	**8.0**	**18.7**
Disposals	**(0.5)**	**(0.2)**	**(1.4)**	**(2.2)**	**(4.3)**
Impact of movement in foreign exchange rates	**(0.1)**	**(0.4)**	**(0.2)**	**(0.2)**	**(0.9)**
At 31 May 2023	**21.5**	**6.1**	**50.1**	**22.3**	**100.0**
Net book value – 31 May 2022	3.7	0.9	12.1	19.9	36.6
Net book value – 31 May 2023	**2.6**	**1.5**	**13.5**	**18.5**	**36.1**

15. Financial investments and financial assets pledged as collateral

	31 May 2023 £m	31 May 2022 £m
UK Government securities	**606.4**	351.1
Term deposits	**–**	45.0
	606.4	396.1
Split as:		
Non-current portion	**379.6**	160.1
Current portion	**226.8**	236.0
	606.4	396.1

The Group held £372.3 million UK Government securities as at 31 May 2023 (31 May 2022: £289.9 million) to satisfy margin requirements.

Prior to 1 January 2022, the Group had to meet its liquid asset buffer requirement under the previous BIPRU12 regime by holding gilts. From 1 January 2022, this was replaced by a new regime within the Investment Firm Prudential Regime rules. The Group is now able to meet its basic liquid asset requirement and a liquid asset threshold requirement with a broader range of assets.

Following the introduction of the Uncleared Margin Rules (UMR) which came into effect in September 2022, the Group is required to pledge collateral, which is held in segregated custody accounts, to meet the initial margin requirements of certain brokers. Previously initial margin requirements were met with a combination of cash and UK Government securities held in unsegregated accounts. As a result of this change, the UK Government securities held by the Group has increased. The business model for holding UK Government Securities is unchanged and so the Group continues to recognise and measure the assets as fair value through other comprehensive income. Additionally, as at 31 May 2023, the Group holds £35.0 million of financial assets which are not recognised on balance sheet as collateral from certain brokers to satisfy the requirements of UMR.

16. Cash and cash equivalents

	31 May 2023 £m	31 May 2022 £m
Cash at bank	**627.4**	808.9
Money market funds	**171.1**	437.5
	798.5	1,246.4

The Group's Swiss banking subsidiary, IG Bank S.A., is required to protect customer deposits under the FINMA Privileged Deposit Scheme. At 31 May 2023, IG Bank S.A. was required to hold £34.8 million (31 May 2022: £35.1 million) in satisfaction of this requirement. This amount, which represents restricted cash, is included in the cash at bank balance above.

The amount of segregated client funds held at 31 May 2023 was £2,303.9 million (31 May 2022: £2,577.9 million). Included within these balances is £232.5 million (31 May 2022: £236.7 million) of segregated client funds for customers of the Group's Japanese subsidiary, IG Securities Limited. Under local Japanese law, the Group is liable for any credit losses suffered by clients on the segregated client money balance. These amounts are held off-balance sheet due to the Group being unable to use these client funds. The interest received on segregated client funds is included within net operating income.

Reconciliation to Consolidated Statement of Cash Flows

	Note	31 May 2023 £m	31 May 2022 £m
Cash and cash equivalents		**798.5**	1,246.4
Amounts due to the Pool	22	**(3.3)**	–
Balances as per statement of cash flows		**795.2**	1,246.4

17. Trade receivables

	31 May 2023 £m	31 May 2022 £m
Amounts due from brokers	**486.6**	381.0
Own funds in client money	**79.4**	85.5
Amounts due from clients	**4.4**	3.0
	570.4	469.5

Amounts due from brokers represent balances with brokers and execution partners where the combination of cash held on account and the valuation of financial derivative open positions, or unsettled trade receivables, results in an amount due to Group.

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17. Trade receivables continued

Own funds in client money represent the Group's own cash held in segregated client funds, in accordance with the UK's Financial Conduct Authority (FCA) CASS rules and similar rules of other regulators in whose jurisdiction the Group operates and includes £24.7 million (31 May 2022: £7.6 million) to be transferred to the Group on the following business day.

Amounts due from clients arise when a client's total funds held with the Group are insufficient to cover any trading losses incurred by the client or when a client utilises a trading credit limit. Amounts due from clients are stated net of an allowance for impairment.

18. Other assets

Other assets are cryptocurrency assets and rights to cryptocurrency assets, which are controlled by the Group for the purpose of hedging the Group's exposure to clients' cryptocurrency trading positions. The Group holds rights to cryptocurrency assets on exchange and in vaults as follows:

	31 May 2023 £m	31 May 2022 £m
Exchange	1.5	1.8
Vaults	13.5	12.4
	15.0	14.2

Other assets are measured at fair value less costs to sell. Other assets are level 2 assets in accordance with the fair value hierarchy (note 28).

19. Debt securities in issue

In FY22 the Group issued £300.0 million 3.125% senior unsecured bonds due in 2028. The issued debt has been recognised at fair value less transaction fees. As at 31 May 2023, £1.7 million unamortised arrangement fees are recognised on the Statement of Financial Position (31 May 2022: £2.0 million).

The Group also has access to a £350.0 million revolving credit facility, which has increased as a result of two accordions to the existing revolving credit facility being signed in FY23. The Group has the option to request an increase in the revolving credit facility size to £400.0 million. The Group also had the option to request a maturity extension of one year, which was exercised in FY23. The revolving credit facility will now mature in October 2025. In addition, the Group has the option to extend the maturity for a further year, subject to borrower request and lender consent.

Under the terms of the revolving credit facility agreement, the Group is required to comply with financial covenants covering maximum levels of leverage and debt to equity. The Group has complied with all covenants throughout the year.

20. Lease liabilities

The liability represents the obligation to make payments relating to leasing of premises. The table below shows the maturity analysis of these lease liabilities as at the balance sheet date.

	31 May 2023 £m	31 May 2022 £m
Future minimum payments due:		
Within one year	7.4	8.9
After one year but not more than five years	9.9	13.2
After more than five years	3.4	0.6
	20.7	22.7

In addition to the £20.7 million lease liability (31 May 2022: £22.7 million), the Group has £0.4 million lease commitments under non-cancellable operating leases which are not capitalised as right-of-use assets (31 May 2022: £0.3 million) which have been expensed during the year in the Consolidated Income Statement.

Refer to note 29 for a maturity analysis of the undiscounted cash flows for non-cancellable leases.

21. Trade payables

	31 May 2023 £m	31 May 2022 £m
Client funds		
UK	253.9	359.0
US	56.1	34.1
EU	55.4	71.6
EMEA Non-EU	49.0	48.8
Singapore	1.1	1.5
Japan	4.9	4.4
Total client funds	420.4	519.4
Issued turbo warrants	2.7	1.5
Amounts due to brokers	48.6	28.0
Amounts due to clients	6.3	22.3
	478.0	571.2

Client funds reflects the Group's liability for client monies which are recognised on balance sheet in cash and cash equivalents.

21. Trade payables continued

Amounts due to brokers represents balances where the value of unsettled positions, or the value of open derivatives positions held in accounts which are not covered by an enforceable netting agreement, results in an amount payable by the Group.

Amounts due to clients represent balances that will be transferred from cash and cash equivalents into segregated client funds on the following business day in accordance with the UK's Financial Conduct Authority CASS rules and similar rules of other regulators in whose jurisdiction the Group operates.

22. Other payables

	31 May 2023 £m	31 May 2022 £m
Non-current		
Other payables	**1.2**	–
	1.2	–
Current		
Accruals	**109.4**	112.6
Payroll taxes, social security and other taxes	**3.5**	6.9
Amounts due to the Pool	**3.3**	–
	116.2	119.5

The notional pooling arrangement balance above relates to the notional multi-currency pooling arrangement established with the Group's bank during the current year in order to better manage the funding requirements of the foreign operating subsidiaries of the Group. The Pool allows the Group's subsidiaries to draw down on funds in any denomination required for operational purposes, as long as overall the Pool has sufficient funds across all the different currencies.

23. Contingent liabilities and provisions

In the ordinary course of business, the Group is subject to legal and regulatory risks in a number of jurisdictions which may result in legal claims or regulatory action against the Group. Through the Group's ordinary course of business there are ongoing legal proceedings and engagements with regulatory authorities. Where possible, an estimate of the potential financial impact of these legal proceedings is made using management's best estimate, but where the most likely outcome cannot be determined no provision is recognised.

The Group is subject to a group of claims that could have a financial impact of approximately £20.5 million as at 31 May 2023 (31 May 2022: £20.6 million). There have been no significant developments during the year and it is still not possible to determine whether any amounts will be payable to the clients. As a result, no provision has been recognised.

The Group has received notice of a class action served against one of its operating entities during the financial year ended 31 May 2023. There has been no significant development since the claim was served and it is not possible to determine amounts that could be payable to the clients. As a result, no provision has been recognised.

Under the terms of the agreement with the Group's clearing broker for its operations in the US, Apex Clearing Corporation, the Group guarantees the performance of its customers in meeting contracted obligations. In conjunction with the clearing broker, the Group seeks to control the risks associated with its customer activities by requiring customers to maintain collateral in compliance with various regulatory and internal guidelines. Compliance with the various guidelines is monitored daily and, pursuant to such guidelines, the customers may be required to deposit additional collateral, or reduce positions where necessary.

The Group does not expect there to be other contingent liabilities that would have material adverse impact on the Group Financial Statements. The Group had no material provisions as at 31 May 2023 (31 May 2022: £nil).

24. Share capital and share premium

	Number of shares	Share capital £m	Share premium account £m
Allotted and fully paid			
(i) Ordinary shares (0.005p)			
At 31 May 2021	370,299,455	–	125.8
Issued during the year	61,275,000	–	–
At 31 May 2022	**431,574,455**	**–**	**125.8**
Issued during the year	**–**	**–**	**–**
Shares bought back and immediately cancelled	**(22,626,613)**	**–**	**–**
At 31 May 2023	**408,947,842**	**–**	**125.8**
(ii) Deferred redeemable shares (0.001p)			
At 31 May 2022	65,000	–	–
At 31 May 2023	**65,000**	**–**	**–**
(iii) Redeemable preference shares (£1.00)			
At 31 May 2022	40,000	–	–
At 31 May 2023	**40,000**	**–**	**–**

24. Share capital and share premium continued

In prior year, the Group issued 61,000,000 shares as part of the total consideration for the acquisition of tastytrade Inc. The shares were issued on 28 June 2021 and upon issue the total value of the shares was £509.4 million, based on the closing share price on 28 June 2021. The issue of shares was determined to qualify for merger relief under section 612 of the Companies Act 2006, and the amount in excess of the nominal value of the ordinary shares was recognised in the merger reserve, along with issue costs of £0.4 million which were directly attributable to the issue of the shares.

On 21 July 2022, the Group announced a share buyback programme with a maximum aggregate market value equivalent to £150.0 million, to be completed in two tranches of £75.0 million each. It was also announced that all shares repurchased as part of the programme would be cancelled. The first tranche commenced on 21 July 2022 and completed on 12 October 2022, with the purchase and cancellation of 9,613,152 shares. The second tranche commenced on 25 October 2022 completed on 20 March 2023, with the purchase and cancellation of 9,635,113 shares.

On 25 January 2023, the Board approved an additional share buyback programme of up to £50.0 million. This commenced on 1 April 2023 and as at 31 May 2023 has resulted in the purchase and cancellation of 3,571,441 shares.

As at 31 May 2023 the Group has repurchased 22,819,706 shares, with an aggregate nominal value of £1,140.99, for total consideration of £176.6 million (including related costs of £0.8 million). As at 31 May 2023 the Group had 193,093 shares repurchased but not cancelled.

During FY22, 275,000 ordinary shares with an aggregate nominal value of £13.75 were issued to the Employee Benefit Trust to satisfy the exercise of Sustained Performance Plan and Long-term Incentive Plan awards for consideration of £13.75. No shares were issued in the current year. Except as the ordinary shareholders have agreed or may otherwise agree, on winding up of the Company, the balance of assets available for distribution, after the payment of all of the Company's creditors and subject to any special rights attaching to other classes of shares, are distributed among the shareholders according to the amounts paid up on shares by them.

Deferred redeemable share

These shares carry no entitlement to dividends and no voting rights.

Redeemable preference shares

The preference shares are entitled to a fixed non-cumulative dividend of 8.0% paid in preference to any other dividend. Redemption is only permissible in accordance with capital distribution rules or on the winding up of the Company. The holders are entitled to £1 per share plus, if the Company has sufficient distributable reserves, any accrued or unpaid dividends. The preference shares have no voting rights, except that they are entitled to vote should the Company fail to pay any amount due on redemption of the shares. The effective interest rate on these shares is 8.0% (31 May 2022: 8.0%). The preference shares are no longer required as part of the Group's capital structure so approval for redemption was granted by the Board on 18 May 2023.

During FY23, there have been no changes to the Group's deferred redeemable shares and redeemable preference shares (31 May 2022: none).

25. Other reserves

	Share-based payments reserve £m	Own shares held in Employee Benefit Trusts £m	FVOCI reserve £m	Share buyback reserve £m	Total other reserves £m
At 1 June 2021	14.5	(1.6)	(0.1)	–	12.8
Employee Benefit Trust purchase of shares	–	(6.7)	–	–	(6.7)
Transfer of vested awards from share-based payment reserve	(7.3)	–	–	–	(7.3)
Equity-settled employee share-based payments	13.6	–	–	–	13.6
Exercise of employee share awards	(2.3)	2.3	–	–	–
Change in value of financial assets held at fair value through other comprehensive income	–	–	(4.0)	–	(4.0)
At 31 May 2022	18.5	(6.0)	(4.1)	–	8.4
At 1 June 2022	**18.5**	**(6.0)**	**(4.1)**	**–**	**8.4**
Share buyback	**–**	**–**	**–**	**(2.1)**	**(2.1)**
Employee Benefit Trust purchase of shares	**–**	**(14.6)**	**–**	**–**	**(14.6)**
Transfer of vested awards from share-based payment reserve	**(7.6)**	**–**	**–**	**–**	**(7.6)**
Equity-settled employee share-based payments	**13.3**	**–**	**–**	**–**	**13.3**
Exercise of employee share awards	**(11.3)**	**11.3**	**–**	**–**	**–**
Change in value of financial assets held at fair value through other comprehensive income	**–**	**–**	**(11.9)**	**–**	**(11.9)**
Share-based payments converted to cash settled liabilities	**(2.4)**	**–**	**–**	**–**	**(2.4)**
At 31 May 2023	**10.5**	**(9.3)**	**(16.0)**	**(2.1)**	**(16.9)**

25. Other reserves continued

The share-based payments reserve relates to the estimated cost of equity-settled employee share plans based on a straight-line basis over the vesting period. The fair value through other comprehensive income reserve includes unrealised gains or losses in respect of financial investments, net of tax.

The share buyback relates to the amount due to the intermediary bank for the repurchase of its own shares.

Own shares held in Employee Benefit Trusts

The movements in own shares held in Employee Benefit Trusts in respect of employee share plans during the year were as follows:

	Year ended 31 May 2023 Number	Year ended 31 May 2022 Number
At the beginning of the year	**659,929**	872,272
Subscribed for and purchased during the year	**2,112,631**	1,012,130
Exercise and sale of own shares held in trust	**(1,439,639)**	(1,224,473)
At the end of the year	**1,332,921**	659,929

The Group has a UK-resident Employee Benefit Trust which holds shares in the Company to satisfy awards under the Group's HMRC-approved Share incentive Plan. At 31 May 2023, 147,895 ordinary shares (31 May 2022: 161,918) were held in the Trust. The market value of the shares at 31 May 2023 was £1.0 million (31 May 2022: £1.2 million).

The Group has a Jersey-resident Employee Benefit Trust which holds shares in the Company to satisfy awards under the Long-term Incentive Plan and Sustained Performance Plan. At 31 May 2023 the Trust held 1,171,960 ordinary shares (31 May 2022: 488,094). The market value of the shares at 31 May 2023 was £7.9 million (31 May 2022: £3.5 million).

The Group has an Australian-resident Employee Equity Plan Trust which holds shares in the Company to satisfy awards under a SIP. At 31 May 2023, 13,066 ordinary shares (31 May 2022: 9,917) were held in the Trust. The market value of the shares at 31 May 2023 was £0.1 million (31 May 2022: £0.1 million).

26. Employee share plans

The Company operates four employee share plans; a Sustained Performance Plan (SPP), a Long-term Incentive Plan (LTIP), a Share Incentive Plan (SIP) and a Medium-term Incentive Plan (MTIP). The LTIP, MTIP and SIP are equity-settled. The SPP awarded prior to 31 May 2021 was fully equity-settled. The SPP awarded after 31 May 2021 has changed such that 30% of the award for the Executive Directors is settled in cash, and does not meet the criteria to be recognised as either a cash-settled share-based payment or an equity-settled share-based payment.

Sustained performance plan

The SPP award was introduced in the year ended 31 May 2014 for the Group's Executive Directors and other selected senior employees. The Remuneration Committee approves any awards made under the plan and is responsible for setting the policy for the operation of the SPP, agreeing performance targets and participation.

The legal grant of awards under the SPP occurs post the relevant performance period. At the outset of the financial year the Remuneration Committee approves, and communicates to the participants, performance conditions and a pre-defined maximum monetary award in terms of multiple of salary. The grant of awards, in the form of equity-settled par value options, is based upon three performance conditions: relative Total Shareholder Return (TSR), earnings per share (EPS) and operational non-financial performance (NFP). The last award that can be granted under the current SPP plan will be in August 2023. After this point the current SPP will expire as per the terms of the structure of the plan.

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26. Employee share plans continued

The following table shows the movement of options in the SPP, the additional awards issued and dividends accrued for the year ended 31 May 2023:

Award date	Performance period (year ended)	Share price at award	Expected full vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Exercised during the year Number	Dividend accrued during the year Number	At the end of the year Number
04-Aug-14	31 May 2014	609.90	01–Aug–25	11,851	–	–	(4,318)	442	7,975
06-Aug-15	31 May 2015	742.55	01–Aug–25	13,187	–	–	(4,778)	496	8,905
02-Aug-16	31 May 2016	868.65	01–Aug–25	53,215	–	–	(18,804)	2,020	36,431
01-Aug-17	31 May 2017	626.50	01–Aug–25	51,606	–	–	(20,071)	1,851	33,386
07-Aug-18	31 May 2018	893.00	01–Aug–25	183,260	–	–	(70,497)	6,623	119,386
06-Aug-19	31 May 2019	559.20	01–Aug–25	147,469	–	–	(54,476)	5,461	98,454
06-Aug-20	31 May 2020	734.00	01–Aug–25	939,253	–	–	(330,852)	35,744	644,145
06-Aug-20	–	734.00	01–May–22	–	–	–	–	–	–
06-Aug-20	31 May 2021	734.00	30–Jun–22	35,616	–	–	(37,200)	1,584	–
06-Aug-20	–	734.00	01–May–23	2,179	–	–	(2,569)	390	–
05-Aug-21	31 May 2022	911.50	01–Aug–25	1,326,780	–	(13,110)	(242,073)	63,516	1,135,113
10-Jan-22	–	829.50	30–Jun–23	15,390	–	–	–	–	15,390
10-Jan-22	–	829.50	30–Jun–24	12,990	–	–	–	–	12,990
04-Aug-22	–	818.00	30–Sep–23	–	7,230	–	(3,615)	–	3,615
04-Aug-22	31 May 2023 31 May 2024	818.00	30–Sep–24	–	3,605	–	–	–	3,605
08-Aug-22	31 May 2023	822.00	01–Aug–27	–	1,799,194	(176,250)	–	63,762	1,686,706
11-Aug-22	31 May 2023	834.00	11–Aug–25	–	26,976	–	–	–	26,976
30-Sep-22	31 May 2023	763.50	30–Sep–25	–	25,539	–	–	–	25,539
Total				2,792,796	1,862,544	(189,360)	(789,253)	181,889	3,858,616

The average share price at exercise of options during the year was 811.43 pence. The exercise price of all SPP awards is 0.005 pence and the weighted average remaining contractual life of share options as at 31 May 2023 was 2.14 years (31 May 2022: 3.11 years).

The SPP awards for the year ended 31 May 2023 will be granted in August 2023 following the approval of actual performance against targets set by the Remuneration Committee. A ten-day share price averaging period, that commences after the Company's closed period, is utilised to convert the notional value awarded into a number of options.

The table below details the number of options expected to be awarded for the year ended 31 May 2023, based on the year-end share price:

Expected award date	Closing share price at 31 May 2023	Expected full vesting date	Awards expected for the year ending 31 May 2023 Number
3 Aug 2023	672.0p	1 Aug 2027	1,332,538

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26. Employee share plans continued

Long-term Incentive Plan

The LTIP is made available to senior management who are not invited to participate in the SPP. Awards under the LTIP are nominal cost options, which vest after three years, conditional upon continued employment at the vesting date. There are no other performance targets instead, for awards granted in 2022, the remuneration committee have decided to apply a performance underpin which would take account of the underlying financial and non-financial performance of the participant and/or any relevant group member, over the vesting period.

The maximum number of LTIP awards that can vest under the awards made are:

Award date	Share price at award	Expected vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Dividend equivalent awarded during the year Number	Exercised during the year Number	At the end of the year Number
7 Aug 2018	893.00p	7 Aug 2021	2,435	–	–	–	(2,435)	–
6 Aug 2019	559.20p	6 Aug 2022	377,719	–	(8,538)	70,214	(439,395)	–
6 Aug 2020	734.00p	6 Aug 2023	324,104	–	(21,637)	–	–	302,467
5 Aug 2021	911.50p	5 Aug 2024	355,295	–	(32,337)	–	–	322,958
4 Aug 2022	818.00p	4 Aug 2025	–	619,707	(46,201)	–	–	573,506
Total			1,059,553	619,707	(108,713)	70,214	(441,830)	1,198,931

The exercise price of all options awarded under the LTIP is 0.005 pence and the weighted average remaining contractual life of share options as at 31 May 2023 was 1.41 years (31 May 2022: 1.16 years).

Medium-term Incentive Plan

The MTIP was made available to certain employees within the Group. Awards under the MTIP were nominal cost options, which vest after 15 months, conditional upon continued employment at the vesting date. There were no other performance targets. The exercise price of all options awarded under the MTIP was 0.005 pence.

On 5 November 2022 the awards under this scheme vested. There were no new awards granted to any employee under the MTIP in the current year. The table below shows the movement in the awards during the current period:

Award date	Share price at award	Expected vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Dividend equivalent awarded during the year Number	Exercised during the year Number	At the end of the year Number
5 Aug 2021	911.50p	5 Nov 2022	195,519	–	(8,670)	18,503	(200,546)	4,806

Share-Incentive Plan

SIP awards are made available to all UK, Australian and US employees. The terms of the award are approved by the Remuneration Committee.

The UK and Australian awards invite all employees to purchase up to £1,800/A$3,000 (31 May 2022: £1,800/A$3,000) of partnership shares, with the Company matching on a one-for-one (31 May 2022: one-for-one) basis. All matching shares vest after three years as long as the employee remains employed with the Group for the term of the award. Shares awarded under the scheme are held in trust in accordance with local tax authority rules. Employees are entitled to receive dividends on the partnership and matching shares held in trust for as long as they remain employees.

26. Employee share plans continued

The US award invites employees to invest a maximum of 5% of their salary to the award. Employees are invited to purchase shares in IG Group Holdings plc at a discount of 15% to the scheme price, being the lower of: (i) the opening share price; or (ii) the closing share price for the period.

The maximum number of matching shares that can vest based on the SIP awards made are:

Country of award	Award date	Share price at award	Expected vesting date	At the beginning of the year Number	Awarded during the year Number	Lapsed during the year Number	Exercised during the year Number	At the end of the year Number
UK	6 Aug 2019	559.20p	6 Aug 2022	53,124	–	(1,594)	(51,530)	–
Australia	15 Jul 2019	597.00p	15 Jul 2022	1,792	–	–	(1,792)	–
UK	6 Aug 2020	734.00p	6 Aug 2023	49,119	–	(6,008)	(2,420)	40,691
Australia	15 Jul 2020	740.79p	15 Jul 2023	2,997	–	(444)	(444)	2,109
UK	5 Aug 2021	911.50p	5 Aug 2024	47,769	–	(5,155)	(1,583)	41,031
Australia	15 Jul 2021	851.50p	15 Jul 2024	3,989	–	(380)	(380)	3,229
UK	3 Aug 2022	814.00p	3 Aug 2025	–	60,702	(2,679)	(2,203)	55,820
Australia	15 Jul 2022	707.00p	15 Jul 2025	–	6,904	(1,044)	–	5,860
Total				158,790	67,606	(17,304)	(60,352)	148,740

Of the above SIP awards exercised during the year ended 31 May 2023, the average weighted share price at exercise was:

Country of award	Award date	Weighted average share price at exercise
UK	6 Aug 2019	556.00p
Australia	15 Jul 2019	614.12p
UK	6 Aug 2020	751.60p
Australia	15 Jul 2020	825.70p
UK	5 Aug 2021	910.50p
Australia	15 Jul 2021	827.89p
UK	4 Aug 2022	815.26p
Australia	15 Jul 2022	707.00p

The weighted average exercise price of the SIP awards exercised during the year ended 31 May 2023 is 810.56p.

26. Employee share plans continued

Accounting for share schemes

The expense recognised in the Consolidated Income Statement in respect of share-based payments was £13.3 million (31 May 2022: £13.7 million).

The fair value of the equity-settled share-based payments to employees is determined at the date at which a shared understanding of the terms and conditions of the arrangement is reached between the Company and the participants. The weighted average fair value of the equity-settled awards granted or deemed as such under IFRS 2 during the year was £22.5 million (31 May 2022: £15.3 million). For SIP awards the fair value is determined to be the share price at the grant date without making an adjustment for expected future dividends, as award recipients are entitled to dividends over the vesting period. For LTIP and MTIP awards the fair value is determined to be the share price at grant date without making an adjustment for the expected future dividends as dividend equivalents are awarded on options granted under the LTIP.

For potential SPP awards made under the TSR criteria, fair value is calculated using an option pricing model prepared by advisers. For the SPP awards made under the EPS and NFP operational measures, the fair value is determined by taking the share price at deemed grant date less the present value of expected future dividends for the duration of the performance period. Dividend equivalents accrue under the SPP on awarded but not yet vested options post the performance period. Dividend equivalents cease to accrue on unexercised options after the vesting date.

The inputs below were used to determine the fair value of the TSR element of the SPP award:

Deemed date of grant	8 August 2022
Share price at grant date (pence)	822
Expected life of awards (years)	0.81
Risk-free sterling interest rate (%)	2.06
IG Group Holdings plc expected volatility (%)	25.82

IG Group Holdings plc's expected volatility is based on historical TSR volatility of IG Group Holdings plc measured daily over a period prior to the date of grant and commensurate with the remaining performance period. The weighted average fair values for outstanding awards across all schemes are as follows:

	At the beginning of the year	Awarded during the year	Lapsed during the year	Exercised during the year	At the end of the year
Year ended 31 May 2023	**683.09p**	**881.44p**	**859.71p**	**610.54p**	**759.11p**
Year ended 31 May 2022	618.63p	760.27p	807.52p	641.61p	683.09p

27. Related party transactions

The Directors and other members of management classified as persons discharging management responsibility in accordance with the Market Abuse Regulation are considered to be the key management personnel of the Group in accordance with IAS 24 Related Party Disclosures. The Directors' Remuneration Report discloses all benefits and share-based payments earned during the year and the preceding year by the Executive Directors. The total compensation for key management personnel was as follows:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Short-term employee benefits	**10.4**	6.8
Termination benefits	**0.1**	–
Share-based payments	**9.2**	10.6
	19.7	17.4

The average number of key management personnel during the year was eleven (year ended 31 May 2022: twelve). Included within short-term employee benefits are pension charges of £0.2 million (year ended 31 May 2022: £nil).

The Group incurred short-term office rental costs in relation to office space leased from key management personnel totalling £0.3 million in 31 May 2023 (31 May 2022: £0.3 million).

The Group has a 9.81% shareholding and 25% voting rights in Zero Hash Holdings Limited (Zero Hash) which is accounted for as investment in associate on the Group's balance sheet. Zero Hash facilitates cryptocurrency trading for clients of tastytrade, Inc. and recognised £0.1 million revenue from Zero Hash (year ended 31 May 2022: £0.6 million).

There were no other related party transactions which had a material impact on the Group Financial Statements. The Group had no transactions with its Directors other than those disclosed in the Directors' Remuneration Report.

28. 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.

As at 31 May 2023	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets						
Cash and cash equivalents	16	171.1	627.4	–	798.5	798.5
Financial investments	15	–	–	606.4	606.4	606.4
Trade receivables – amounts due from brokers	17	(95.6)	582.2	–	486.6	486.6
Trade receivables – own funds in client money	17	–	79.4	–	79.4	79.4
Trade receivables – amounts due from clients	17	–	4.4	–	4.4	4.4
Other receivables		–	10.0	–	10.0	10.0
Other investments		1.2	–	–	1.2	1.2
		76.7	1,303.4	606.4	1,986.5	1,986.5
Financial liabilities						
Trade payables – client funds	21	88.7	(509.1)	–	(420.4)	(420.4)
Trade payables – issued turbo warrants	21	(2.7)	–	–	(2.7)	(2.7)
Trade payables – amounts due to brokers	21	(39.5)	(9.1)	–	(48.6)	(48.6)
Trade payables – amounts due to clients	21	–	(6.3)	–	(6.3)	(6.3)
Debt securities in issue	19	–	(297.6)	–	(297.6)	(228.8)
Lease liabilities	20	–	(20.7)	–	(20.7)	(20.7)
Amounts due to the Pool	22	–	(3.3)	–	(3.3)	(3.3)
Other payables – accruals	22	–	(109.4)	–	(109.4)	(109.4)
Other borrowings	22	–	(1.2)	–	(1.2)	(1.2)
		46.5	(956.7)	–	(910.2)	(841.4)

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28. Financial instruments continued

As at 31 May 2022	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets						
Cash and cash equivalents	16	437.5	808.9	–	1,246.4	1,246.4
Financial assets pledged as collateral	15	–	–	60.4	60.4	60.4
Financial investments	15	–	45.0	290.7	335.7	335.7
Trade receivables – amounts due from brokers	17	(159.3)	540.3	–	381.0	381.0
Trade receivables – own funds in client money	17	–	85.5	–	85.5	85.5
Trade receivables – amounts due from clients	17	–	3.0	–	3.0	3.0
Other receivables		–	9.8	–	9.8	9.8
		278.2	1,492.5	351.1	2,121.8	2,121.8
Financial liabilities						
Trade payables – client funds	21	117.4	(636.8)	–	(519.4)	(519.4)
Trade payables – issued turbo warrants	21	(1.5)	–	–	(1.5)	(1.5)
Trade payables – amounts due to brokers	21	(1.0)	(27.0)	–	(28.0)	(28.0)
Trade payables – amounts due to clients	21	–	(22.3)	–	(22.3)	(22.3)
Debt securities in issue	19	–	(297.2)	–	(297.2)	(269.6)
Lease liabilities	20	–	(22.7)	–	(22.7)	(22.7)
Other payables – accruals	22	–	(112.6)	–	(112.6)	(112.6)
		114.9	(1,118.6)	–	(1,003.7)	(976.1)

Money market funds of £171.1 million (31 May 2022: £437.5 million) have been reclassified from amortised cost to fair value through profit and loss. Accordingly, the prior year comparative balances have been restated to reflect this classification.

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Notes to the Financial Statements continued

28. Financial instruments continued

Financial instrument valuation hierarchy

The hierarchy of the Group's financial instruments carried at fair value is as follows:

As at 31 May 2023	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets				
Cash and cash equivalents	**171.1**	**–**	**–**	**171.1**
Trade receivables – amounts due from brokers	**(3.2)**	**(92.4)**	**–**	**(95.6)**
Financial investments	**606.4**	**–**	**–**	**606.4**
Other investments	**–**	**–**	**1.2**	**1.2**
Financial liabilities				
Trade payables – amounts due to brokers	**(10.4)**	**(29.1)**	**–**	**(39.5)**
Trade payables – client funds	**12.3**	**76.4**	**–**	**88.7**
Trade payables – issued turbo warrants	**–**	**(2.7)**	**–**	**(2.7)**

As at 31 May 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets				
Cash and cash equivalents	437.5	–	–	437.5
Trade receivables – amounts due from brokers	9.2	(168.5)	–	(159.3)
Financial assets pledged as collateral	60.4	–	–	60.4
Financial investments	290.7	–	–	290.7
Financial liabilities				
Trade payables – amounts due to brokers	–	(1.0)	–	(1.0)
Trade payables – client funds	14.1	103.3	–	117.4
Trade payables – issued turbo warrants	–	(1.5)	–	(1.5)

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. This category includes the Group's open-exchange traded hedging positions. The quoted market price used for financial assets held by the Group is the period end bid price.
- 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 used by the Group to hedge its market risk does not exist. This category includes the Group's open non-exchange traded hedging positions. This comprises shares, foreign currency and foreign currency options. The fair values used in the valuation of these products are sometimes brokered values and may occur after the close of a market but before the measurement date. The effects of discounting are generally insignificant for these Level 2 financial instruments.
- Level 3 assets are valued using techniques that incorporate information other than observable market data that is significant to the overall valuation.

There have been no changes to the fair value hierarchy or the valuation techniques for any of the Group's financial instruments held at fair value in the year (31 May 2022: none). There were no transfers between Level 1 and Level 2 fair value measurements, and no transfers into or out of Level 3 fair value measurements for years ended 31 May 2023 and 31 May 2022.

Fair value of financial assets and liabilities measured at amortised cost

The fair value of the Group's financial assets and liabilities measured at amortised cost approximates their carrying amount, with the exception of debt securities in issue.

Items of income, expense, gains or losses

All of the Group's gains and losses arising from financial assets and liabilities classified as fair value through the profit and loss are included in net trading revenue for the years ended 31 May 2023 and 31 May 2022, except for change in the fair value of the Group's investment in CBOE Digital Intermediate Holdings LLC and balances held in money market funds.

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Notes to the Financial Statements continued

28. Financial instruments continued

Offsetting financial assets and liabilities

The following financial assets and liabilities have been offset and are subject to enforceable netting agreements.

					Gross amounts not offset		
As at 31 May 2023	Note	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset £m	Net amounts of financial instruments £m	Financial instruments £m	Collateral pledged or received £m	Net amounts subject to offsetting arrangements £m
Financial assets							
Trade receivables – amount due from/(to) brokers	17	**1,254.3**	**(767.7)**	**486.6**	**–**	**(35.0)**	**451.6**
Total		**1,254.3**	**(767.7)**	**486.6**	**–**	**(35.0)**	**451.6**
Financial liabilities							
Trade payables – amounts due (to)/from brokers	21	**(816.3)**	**767.7**	**(48.6)**	**–**	**48.6**	**–**
Trade payables – client funds	21	**(509.1)**	**88.7**	**(420.4)**	**–**	**–**	**(420.4)**
Total		**(1,325.4)**	**856.4**	**(469.0)**	**–**	**48.6**	**(420.4)**

					Gross amounts not offset		
As at 31 May 2022	Note	Gross amounts of recognised financial instruments £m	Gross amounts of recognised financial instruments offset £m	Net amounts of financial instruments £m	Financial instruments £m	Collateral pledged or received £m	Net amounts subject to offsetting arrangements £m
Financial assets							
Trade receivables – amount due from/(to) brokers	17	1,187.3	(806.3)	381.0	–	–	381.0
Total		1,187.3	(806.3)	381.0	–	–	381.0
Financial liabilities							
Trade payables – amounts due (to)/from brokers	21	(834.3)	806.3	(28.0)	–	–	(28.0)
Trade payables – client funds	21	121.3	(640.7)	(519.4)	–	–	(519.4)
Total		(713.0)	165.6	(547.4)	–	–	(547.4)

Amounts due from brokers and client funds have been presented net to reflect the impact of offsetting. Prior year comparatives of amounts due from broker have been reclassified from gross amounts of recognised financial instruments into gross amounts of recognised financial instruments offset to align with an updated presentation for offsetting. The gross amounts of recognised financial instruments relating to trade receivables – amounts due from brokers, and the amount offset, has increased by £68.0 million, and the gross amounts of recognised financial instruments relating to trade payables – amounts due from brokers, and the amount offset, has increased by £738.3 million.

The Group is entitled to offset amounts due from brokers on a broker account level by currency. Collateral at brokers represent UK Government Gilt Securities listed with brokers to meet the broker's requirements. Client funds represents balances with clients where the cash held on balance sheet and the valuation of open derivative positions result in an amount due to clients.

29. Financial risk management

Financial risks arising from financial instruments are analysed into market, credit, concentration and liquidity risks. Details of how risks are managed are provided in the risk management section on page 48.

Market risk

Market risk disclosures are analysed into the following categories:

- Non-trading interest rate risk
- Price and foreign currency risk, which is further analysed between the impact on financial investments held at fair value through other comprehensive income and the impact on the Group's year-end net trading book position. The Group's foreign currency exposure on its financial assets and liabilities denominated in currencies other than the reporting currency is included in the trading book.

Non-trading interest rate risk

The interest rate risk profile of the Group's financial assets and liabilities as follows:

	Within 1 year		Between 2 and 5 years		More than 5 years		Total	
	31 May 2023 £m	31 May 2022 £m	**31 May 2023 £m**	31 May 2022 £m	**31 May 2023 £m**	31 May 2022 £m	**31 May 2023 £m**	31 May 2022 £m
Fixed rate								
Financial assets pledged as collateral	**–**	35.1	**–**	25.3	**–**	–	**–**	60.4
Financial investments	**226.8**	200.9	**379.6**	134.8	**–**	–	**606.4**	335.7
Debt securities in issue	**–**	–	**–**	–	**(297.6)**	(297.2)	**(297.6)**	(297.2)
Other payables	**–**	–	**–**	–	**(1.2)**	–	**(1.2)**	–
Floating rate								
Cash and cash equivalents	**798.5**	1,246.4	**–**	–	**–**	–	**798.5**	1,246.4
Trade receivables – amounts due from brokers	**486.6**	381.0	**–**	–	**–**	–	**486.6**	381.0
Trade receivables – own funds in client money	**79.4**	85.5	**–**	–	**–**	–	**79.4**	85.5
Trade payables – amounts due to brokers	**(48.6)**	(28.0)	**–**	–	**–**	–	**(48.6)**	(28.0)
Amounts due to the Pool	**(3.3)**	–	**–**	–	**–**	–	**(3.3)**	–
	1,539.4	1,920.9	**379.6**	160.1	**(298.8)**	(297.2)	**1,620.2**	1,783.8

Non-trading interest rate risk sensitivity analysis – fixed rate

Interest on financial instruments classified as fixed rate is fixed until the maturity of the instrument. The level of future fixed interest receivable in each year would be similar to that received in the current year and is considered immaterial to the Group's profit for the year.

29. Financial risk management continued

Non-trading interest rate risk sensitivity analysis – floating rate

Interest on financial instruments classified as floating rate is repriced at intervals of less than one year. Trade receivables and payables include client and broker balances upon which interest is paid or received based upon market rates.

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 Group's profit before tax for the year is shown below. The impact is symmetrical for an increase in interest rates.

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
(Decrease)/increase in profit before tax		
Cash and cash equivalents	**(8.0)**	(12.5)
Trade receivables – amounts due from brokers	**(4.9)**	(0.9)
Trade receivables – own funds in client money	**(0.8)**	0.9
Trade payables – amounts due to brokers	**0.5**	(0.3)

Additionally, given the current interest rate environment, the Group is exposed to interest rate risk in relation to interest income earned on segregated client money balances which are not recognised on the Consolidated Statement of Financial Position. Interest rate sensitivity analysis has been performed by considering the impact of a 1% decrease in the base rate that these balances are linked to. The impact on the Group's profit before tax is shown below.

Impact:	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Decrease in profit before tax		
Interest income on client funds	**(36.7)**	(34.2)

Price risk

The Group is exposed to investment securities price risk because financial investments and financial assets pledged as collateral held by the Group are priced based on closing market prices published by the UK Debt Management Office.

The table below summarises the impact of decreases in the value of financial investments on the Group's other comprehensive income. The analysis is based on the assumption that the yield curve of financial investments moved upwards by 1% with all other variables held constant:

Impact:	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Decrease in FVOCI reserve (equity)	**(10.3)**	(2.9)

The Group is also exposed to price and foreign currency risk in relation to its net trading book position. The Group accepts some residual market risk to facilitate instant execution of client trades but does not take proprietary positions for the purposes of speculative gain. The Group manages the market risk it faces in providing its services to clients by internalising client flow (allowing individual client trades to offset one another) and hedging when the residual exposures reach predefined limits. The Group's Risk Management Framework is set out on page 48 of the Annual Report.

The Group's market risk policy includes Board-approved notional market risk limits (KRIs) which set out the Group's appetite and the extent to which the Group is willing to be exposed to this residual market risk. Product market risk limits control the maximum (long or short) residual exposure the Group can hold before hedging externally. Predefined limits are set and regularly reviewed in accordance with a limits framework which references client trading volumes, market liquidity, volatility and expected shortfall results for each underlying market.

Alongside these notional limits the Group employs a range of risk measurement techniques including Value at Risk (VaR), Expected Shortfall and Stress-Testing models which are used to quantify potential market risk and client credit risk losses against all products. These measures cover all products offered to clients and are monitored on an hourly basis, with breaches investigated and reported to the Chief Risk Officer and senior stakeholders in each line of defence on a daily basis. These measures quantify the potential uncertainty in relation to the Group's current exposure by estimating the potential impact of a negative change in the value of each underlying financial market the Group is exposed to. The VaR model uses a 99% confidence interval over one day and one year's historical price data for all markets as inputs to determine the risk factors to apply to the portfolio exposures. VaR has limitations as it is reliant on historical data only and estimates potential future losses on this basis. Additionally, VaR does not quantify the potential losses outside of the 99% confidence level – the tail risk. To overcome these limitations the Group also measures and monitors Expected Shortfall and Stress Testing results alongside VaR results as part of its overall risk management strategy. Expected Shortfall measures the Group's expected losses outside of the 99% confidence level (average losses in the 1% tail), while Stress Testing models potential losses in extreme but plausible events. Stress Testing covers a range of scenarios including future known economic and political events, market or region-specific scenarios and potential macro systemic shocks, which references the 20-year price returns for all markets at the 99.9th percentile confidence interval.

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29. Financial risk management continued

The Group's end of day market risk VaR for the year is shown in table below:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Market risk as at 31 May	**14.0**	5.0
Average market risk (daily)	**13.4**	3.6
Maximum market risk (daily)	**21.8**	13.1
Minimum market risk (daily)	**9.5**	1.3

Foreign currency risk

The Group faces foreign currency exposures on financial assets and liabilities denominated in currencies other than the functional currency of its subsidiaries. In the normal course of business, the Group hedges these exposures along with its trading book positions.

In FY22, the Group recognised a £5.8 million realised foreign exchange gain in net trading revenue as a result of a foreign exchange contract entered into by the Group to hedge $300 million exposure arising from the cash consideration in relation to the acquisition of tastytrade.

Credit risk

The principal sources of credit risk to the Group's business are from financial institutions and individual clients.

Amounts due from financial institutions, which are stated net of an expected credit loss of £1.0 million (31 May 2022: £nil), are all less than 30 days past due. Amounts due from clients, which are stated net of an expected credit loss of £17.1 million at 31 May 2023 (31 May 2022: £18.0 million), include both amounts less than and greater than 30 days past due.

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

	Cash and cash equivalents		Trade receivables – amounts due from brokers		Trade receivables – amounts due from clients		Trade receivables – own funds in client money	
	31 May 2023 £m	31 May 2022 £m	31 May 2023 £m	31 May 2022 £m	31 May 2023 £m	31 May 2022 £m	31 May 2023 £m	31 May 2022 £m
Credit rating								
AA+ & above	**34.9**	24.1	**–**	–	**–**	–	**–**	–
AA to AA-	**88.8**	437.8	**–**	–	**–**	–	**5.7**	5.3
A+ to A-	**630.1**	730.9	**423.1**	320.0	**–**	–	**73.4**	80.0
BBB+ to BBB-	**22.7**	25.5	**33.1**	32.8	**–**	–	**0.2**	0.2
BB+ to B	**10.3**	17.6	**20.5**	1.5	**–**	–	**–**	–
Unrated	**11.7**	10.5	**9.9**	26.7	**4.4**	3.0	**0.1**	–
Total carrying amount	**798.5**	1,246.4	**486.6**	381.0	**4.4**	3.0	**79.4**	85.5

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Notes to the Financial Statements continued

29. Financial risk management continued

Loss allowance

Below is a reconciliation of the total loss allowance:

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
At the beginning of the year	**18.6**	17.0
Loss allowance for the year:		
– gross charge for the year	**5.7**	6.5
– recoveries	**(4.6)**	(3.6)
– debts written off	**(1.4)**	(1.7)
Foreign exchange	**(0.2)**	0.4
At the end of the year	**18.1**	18.6

The loss allowance has been calculated in accordance with the Group's expected credit loss model. The following table provides an overview of the Group's credit risk and the associated loss allowance for assets held at amortised cost and fair value through other comprehensive income.

	31 May 2023			
	Stage 1 12-month £m	Stage 2 Lifetime £m	Stage 3 Lifetime £m	Total £m
Credit grade				
Investment grade	**1,313.0**	**–**	**–**	**1,313.0**
Non-investment grade	**56.6**	**0.6**	**16.8**	**74.0**
Gross carrying amount	**1,369.6**	**0.6**	**16.8**	**1,387.0**
Loss allowance	**(1.0)**	**(0.3)**	**(16.8)**	**(18.1)**
Total carrying amount	**1,368.6**	**0.3**	**–**	**1,368.9**

	31 May 2022			
	Stage 1 12-month £m	Stage 2 Lifetime £m	Stage 3 Lifetime £m	Total £m
Credit grade				
Investment grade	2,213.9	–	–	2,213.9
Non-investment grade	70.2	1.0	17.6	88.8
Gross carrying amount	2,284.1	1.0	17.6	2,302.7
Loss allowance	–	(1.0)	(17.6)	(18.6)
Total carrying amount	2,284.1	–	–	2,284.1

The Group's trade receivables in stage 3 include amounts arising from IFRS 15 Revenue from Contracts with Customers which are assessed in accordance with the simplified approach.

Concentration risk

The Group's largest credit exposure to any one individual broker at 31 May 2023 was £85.8 million (A+ rated) (31 May 2022: £55.7 million (A+ rated)). The Group's largest credit exposure to any bank at 31 May 2023 was £118.6 million (A+ rated) (31 May 2022: £320.9 million (AA- rated)). The Group has no significant credit exposure to any one particular client or group of connected clients.

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Notes to the Financial Statements continued

29. Financial risk management continued

Liquidity risk

Maturities of financial liabilities

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

	31 May 2023				
	Within 1 year £m	**Between 2 and 5 years £m**	**Over 5 years £m**	**Total £m**	**Carrying amount of liability £m**
Debt securities in issue	**9.4**	**37.5**	**304.4**	**351.3**	**297.6**
Lease liabilities	**7.4**	**13.5**	**3.8**	**24.7**	**20.7**
Trade payables – client funds	**420.4**	**–**	**–**	**420.4**	**420.4**
Trade payables – amounts due to clients	**6.3**	**–**	**–**	**6.3**	**6.3**
Trade payables – amounts due to brokers	**48.6**	**–**	**–**	**48.6**	**48.6**
Trade payables – issued turbo warrants	**2.7**	**–**	**–**	**2.7**	**2.7**
Other payables – accruals	**109.4**	**–**	**–**	**109.4**	**109.4**
Other payables	**–**	**–**	**1.2**	**1.2**	**1.2**
Amount due to the Pool	**3.3**	**–**	**–**	**3.3**	**3.3**
Total	**607.5**	**51.0**	**309.4**	**967.9**	**910.2**

	31 May 2022				
	Within 1 year £m	Between 2 and 5 years £m	Over 5 years £m	Total £m	Carrying amount of liability £m
Debt securities in issue	9.4	37.6	304.7	351.7	299.2
Lease liabilities	8.9	14.6	0.6	24.1	22.7
Trade payables – client funds	519.4	–	–	519.4	519.4
Trade payables – amounts due to clients	22.3	–	–	22.3	22.3
Trade payables – amounts due to brokers	28.0	–	–	28.0	28.0
Trade payables – issued turbo warrants	1.5	–	–	1.5	1.5
Other payables – accruals	112.6	–	–	112.6	112.6
Total	702.1	52.2	305.3	1,059.6	1,005.7

In the prior year, the Group entered into a rolling credit facility agreement with its bank (please refer to note 19 for further details). In the current year, following the introduction of UMR (please see note 15 for further details) the Group entered into a sale and repurchase agreement with its bank in relation to its UK Government Gilt Securities. Both these agreements help the Group to better manage its liquidity requirements, as well as mitigate liquidity risks.

Capital management

The Group manages its capital resources in line with its capital allocation framework, which includes holding sufficient capital to meet regulatory capital requirements. The regulatory capital resources of the Group is a measure of equity, adjusted for goodwill and intangible assets, deferred tax assets, declared dividends, significant investment in financial sector entities, outstanding amount of share buyback not recognised in financial statements and prudent valuation, which at 31 May 2023 totalled £996.3 million (31 May 2022: £1,025.6 million).

The Group 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 this includes internal warning indicators as part of the Group's Board Risk Dashboard.

The Group met all externally imposed capital requirements throughout the years ended 31 May 2023 and 31 May 2022. In addition to regulatory capital requirements, the Group is required to comply with financial covenants covering a maximum leverage ratio and net debt to equity. Further details can be found in note 19.

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30. Cash flow information

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Operating activities		
Operating profit		
From continuing operations	**438.5**	477.3
From discontinued operations	**(0.2)**	–
Adjustments for:		
Depreciation and amortisation	**61.0**	57.5
Profit on disposal of assets	**0.8**	(0.3)
Interest received on client funds	**(81.8)**	(3.5)
Interest expense on client funds	**1.0**	2.7
Equity-settled share-based payments charge	**13.3**	13.6
(Increase)/decrease in trade receivables, other receivables and other assets	**(103.0)**	53.9
(Decrease)/increase in trade and other payables	**(108.2)**	209.4
Cash generated from operations	**221.4**	810.6

Interest received on client funds of £81.8 million (31 May 2022: £3.5 million) and interest paid on client funds of £1.0 million (31 May 2022: £2.7 million) have been presented as separate line items in the table above and in the Consolidated Statement of Cash Flows, in the current year. Prior year interest balances have been presented accordingly.

Liabilities arising from financing activities

	Debt securities in issue £m	Borrowings £m	Leases £m	Share buyback £m	Total £m
As at 1 June 2021	–	98.8	23.1	–	121.9
Changes to existing lease agreements	–	–	5.6	–	5.6
Lease agreements through acquisition	–	–	0.9	–	0.9
Unwinding of discount	–	–	0.6	–	0.6
Lease payments made in the year	–	–	(8.1)	–	(8.1)
Issuance of debt securities	299.2	–	–	–	299.2
Draw down of term loan	–	150.0	–	–	150.0
Repayment of term loan	–	(250.0)	–	–	(250.0)
Financing arrangement fees	(2.1)	–	–	–	(2.1)
Amortisation of fees	0.1	1.2	–	–	1.3
Impact of movement in foreign exchange rates	–	–	0.6	–	0.6
As at 31 May 2022	297.2	–	22.7	–	319.9
As at 1 June 2022	**297.2**	**–**	**22.7**	**–**	**319.9**
Shares repurchased (including costs)	**–**	**–**	**–**	**177.3**	**177.3**
Payments made for share buyback	**–**	**–**	**–**	**(175.2)**	**(175.2)**
Changes to existing lease agreements	**–**	**–**	**1.2**	**–**	**1.2**
Additions to leases	**–**	**–**	**7.3**	**–**	**7.3**
Disposal of leases	**–**	**–**	**(3.3)**	**–**	**(3.3)**
Unwinding of discount	**–**	**–**	**0.5**	**–**	**0.5**
Lease payments made in the year	**–**	**–**	**(7.6)**	**–**	**(7.6)**
Financing arrangement fees	**(0.3)**	**–**	**–**	**–**	**(0.3)**
Amortisation of fees	**0.7**	**–**	**–**	**–**	**0.7**
Impact of movement in foreign exchange rates	**–**	**–**	**(0.1)**	**–**	**(0.1)**
As at 31 May 2023	**297.6**	**–**	**20.7**	**2.1**	**320.4**

31. Business acquisition

On 29 March 2023, the Group completed the acquisition of Small Exchange, a company incorporated in the US and based in Chicago. Small Exchange is a registered Designated Contract Market with the Commodity Futures Trading Commission. Small Exchange facilitates the trading of the futures market for all types of market participants.

The acquisition has strategic benefits as it enables the Group to continue expanding its range of products and services available to retail investors and traders in the US by leveraging the trading technology of Small Exchange.

A fair value exercise has been prepared in accordance with IFRS 3 – Business Combinations. The results of this exercise are set out below, along with the fair value of the purchase consideration.

Purchase consideration

Under the terms of the purchase agreement, the Group acquired the entire voting share capital of Small Exchange and in exchange £9.6 million ($11.9 million) cash consideration was paid. The fair value of the purchase consideration was determined as £9.6 million ($11.9 million).

Identified assets and liabilities

	$m	£m
Non-current assets		
Intangible assets	9.9	8.0
Property, plant and equipment	0.9	0.7
Total non-current assets	10.8	8.7
Current assets		
Cash and cash equivalents	1.9	1.6
Prepayments	0.5	0.3
Total current assets	2.4	1.9
Current liabilities		
Other payables	(0.2)	(0.1)
Deferred revenue	(0.3)	(0.3)
Total current liabilities	(0.5)	(0.4)
Non-current liabilities		
Deferred tax liability	(0.8)	(0.6)
Total non-current liabilities	(0.8)	(0.6)
Total identifiable net assets acquired	11.9	9.6

The fair value of assets and liabilities acquired was determined based on the assumptions that reasonable market participants would use in the principal or most advantageous market. The assumptions used included a discount rate of 21.4% (post tax) and unobservable inputs applied to the cost approach for technology assets.

This approach applies the concept of replacement cost as an indicator of fair value, where an investor would pay no more for an asset than the amount the asset could be replaced for. In addition to the estimate of replacement cost, the inputs are the estimated opportunity cost which represents the lost return from investing in the development of technology, obsolescence factor which assumes replacement of technology over time considering annual level of maintenance and upgrades and remaining useful life of the asset.

From the date of acquisition, Small Exchange has contributed £0.8 million of operating losses during the year ended 31 May 2023. If the acquisition had occurred on 1 June 2022, the contribution to trading revenue and operating loss would have been £0.1 million and £6.8 million respectively. Operating loss includes the additional amortisation that would have been charged assuming that the fair value adjustments of intangible assets had been applied from 1 June 2022.

Purchase consideration outflow

	$m	£m
Cash consideration	11.9	9.6
Less: cash balance acquired	(1.9)	(1.6)
Net outflow of cash	10.0	8.0

Acquisition related costs of £0.1 million are included in legal and professional fees in operating costs in the Consolidated Income Statement and in operating cash flows in the Consolidated Statement of Cash Flows.

32. Discontinued operations

In FY22, the Group completed the sale of its operations in Nadex to Foris DAX Markets, Inc. for cash consideration of $213.7 million (£162.7 million). The financial performance and cash flow information of Nadex for the nine-month period up until the date of disposal, as well as any subsequent cash flows in relation to this sale, are reported in discontinued operations.

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32. Discontinued operations continued

Financial performance and cash flow information

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Net trading revenue	–	9.4
Other operating income	–	0.6
Operating income	–	10.0
Operating costs	(0.2)	(9.9)
Net credit losses	–	(0.1)
Operating profit	(0.2)	–
Other non-operating income	1.9	–
Profit before tax	1.7	–
Tax expense	(0.4)	–
Profit after tax	1.3	–
Gain on sale of subsidiary after tax	–	107.8
Profit from discontinued operations	1.3	107.8

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Net cash (outflow)/inflow from ordinary activities	(1.5)	1.0
Net cash inflow from investing activities	1.8	121.6[1]
Net cash outflow from financing activities	–	(0.1)
Impact of movement in foreign exchange rates	–	1.0
Net cash increase generated by discontinued operations	0.3	123.5

1 includes sales proceeds net of cash retained of £143.3 million.

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Basic earnings per ordinary share from discontinued operations	0.3p	25.3p
Diluted earnings per ordinary share from discontinued operations	0.3p	25.1p

33. Investment in associates

	31 May 2023 £m	31 May 2022 £m
At the beginning of the year	14.8	–
Additions – business acquisition	–	26.9
Additions – increase in investment in associate	–	1.9
Disposals	–	(13.1)
Share of loss after tax	(2.6)	(2.3)
Foreign exchange movement	0.3	1.4
At the end of the year	12.5	14.8

Name of entity	Principal place of business	Registered office and country of incorporation	Class of shares	% equity owned by the Group	Nature of business
Zero Hash Holdings Limited	Chicago, Illinois	1013 Centre Road, Suite 403-A, City of Wilmington, County of New Castle, 19805, US	Series C- preferred share	9.81%	Digital asset trading

34. Investments in subsidiaries

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

Name of company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
Subsidiary undertakings held directly				
IG Group Limited	Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA, United Kingdom	Ordinary shares	100%	Holding company
Subsidiary undertakings held indirectly				
IG Index Limited	Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA, United Kingdom	Ordinary shares	100%	Spread betting
IG Markets Limited		Ordinary shares	100%	CFD trading, foreign exchange and market risk management
IG Markets South Africa Limited		Ordinary shares	100%	CFD trading
Market Data Limited		Ordinary shares	100%	Data distribution
Daily FX Limited[2]		Ordinary shares	100%	Content provider
IG Knowhow Limited		Ordinary shares	100%	Software development
IG Finance 5 Limited[1]		Ordinary shares	–	Financing
IG Finance 9 Limited		Ordinary shares	100%	Financing
Financial Domaigns Registry Holdings Limited		Ordinary shares	100%	Non-trading
Deal City Limited		Ordinary shares	100%	ETF trading
IG Trading and Investments Limited		Ordinary shares	100%	Stock trading
IG Australia Pty Limited	Level 15, 55 Collins Street, Melbourne, VIC 3000, Australia	Ordinary shares	100%	CFD trading, foreign exchange and stock trading
IG Asia Pte Limited	9 Battery Road, 01-02 MYP Centre, 049910, Singapore	Ordinary shares	100%	CFD trading and foreign exchange
Kunxin Translation (Shenzhen) Co. Limited	19-B16, Shenzhen Dinghe Tower, No.100 of Fuhua 3rd Road, Fuan Community, Futian District, Shenzhen	Ordinary shares	100%	Translation services
IG Securities Limited	Izumi Garden Tower 26F, 1-6-1 Roppongi, Minato-ku,106-6026, Tokyo	Ordinary shares	100%	CFD trading and foreign exchange
IG Europe GmbH	Westhafenplatz 1, Frankfurt am Main, 60327, Germany	Ordinary shares	100%	CFD trading and foreign exchange
Spectrum MTF Operator GmbH		Ordinary shares	100%	Multilateral Trading Facility
Raydius GmbH		Ordinary shares	100%	Issuer of turbo warrants
IG Bank S.A.	42 Rue du Rhone, Geneva, 1204, Switzerland	Ordinary shares	100%	CFD trading and foreign exchange

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Notes to the Financial Statements continued

34. Investments in subsidiaries continued

Name of company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
IG Infotech (India) Private Limited	Infinity, 2nd Floor, Katha No 436, Survey No 13/1B, 12/2B, Challagatta Village, Bangalore, 560071, India	Ordinary shares	100%	Software development and support services
IG US Holdings Inc.	251 Little Falls Drive, Wilmington, Delaware, 19808, United States	Ordinary shares	100%	Holding company
Market Risk Management Inc.		Ordinary shares	100%	Non-trading
FX Publications Inc		Ordinary shares	100%	Non-trading
IG US LLC		Ordinary shares	100%	Foreign exchange trading
Fox Sub 2 Limited	57/63 Line Wall Road, Gibraltar	Ordinary shares	100%	Financing
Fox Japan Holdings		Ordinary shares	100%	Holding company
IG Limited	Office 2&3, Level 27, Currency House – Tower 2, Dubai International Financial Centre, P O Box – 506968 Dubai, United Arab Emirates	Ordinary shares	100%	CFD foreign exchange and stock trading
Brightpool Limited	Christodoulou Chatzipavlou, 221 Helios Court, 3rd floor 3036, Limassol, Cyprus	Ordinary shares	100%	Market maker
IG Markets Kenya Limited	William House, 4th Ngong Avenue, Nairobi, Nairobi West District, PO Box 40111, 00100, Kenya	Ordinary shares	100%	Non-trading
IG International Limited	Canon's Court, 22 Victoria Street, Hamilton, HM 12, Bermuda	Ordinary shares	100%	CFD trading and foreign exchange
IG Securities Hong Kong Limited	19/F, Lee Garden One, 33 Hysan Avenue Causeway Bay, Hong Kong	Ordinary shares	100%	Non-trading
tastylive, Inc.[6]	1330 W Fulton Market St, Suite 620, Chicago, IL 60607, United States	Ordinary shares	100%	Network and content provider
tastytrade, Inc.[7]		Ordinary shares	100%	Brokerage firm
tasty Software Solutions LLC[3]		Ordinary shares	100%	Software development
Small Exchange, Inc.[4]		Ordinary shares	100%	Exchange
Bad Trader LLC[5]		Ordinary shares	100%	Content provider
tastytrade Australia, Pty Limited[8]	Unit 13, 5 Gladstone Rd, Castle Hill, NSW, 2154, Australia	Ordinary shares	100%	Brokerage firm
tastytrade Canada, Inc.[9]	800–885 West Georgia Street, Vancouver BC, V6C 3H1, Canada	Ordinary shares	100%	Non-trading
Quiet Foundation, Inc.	1330 W Fulton Street, Suite 630, Chicago, IL 60607, United States	Ordinary shares	100%	Dormant
Dough LLC	19 N Sangamon St, Chicago, IL 60607, United States	Ordinary shares	100%	Dormant

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Notes to the Financial Statements continued

34. Investments in subsidiaries continued

Name of company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
tastytrade Singapore Pte. Limited[10]	#28-00, One Marina Boulevard, Singapore (018989)	Ordinary shares	100%	Non-trading

1 The subsidiary entered into Members' Voluntary Liquidation (solvent liquidation) and was handed over to liquidators on 28 May 2021.
2 This company is a newly established entity, incorporated on 20 January 2023.
3 This company is a newly established entity, incorporated on 3 November 2022.
4 The Group acquired a controlling interest in this company on 29 March 2023.
5 This company is a newly established entity, incorporated on 10 February 2023.
6 During the year the company changed its official name from tastytrade, Inc. to tastylive, Inc.
7 During the year the company changed its official name from tastyworks, Inc. to tastytrade, Inc.
8 During the year the company changed its official name from tastyworks Australia Pty Limited to tastytrade Australia Pty Limited.
9 During the year the company changed its official name from tastyworks Canada, Inc. to tastytrade Canada, Inc.
10 During the year the company changed its official name from tastyworks Singapore Pte. Limited to tastytrade Singapore Pte. Limited.

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

Employee Benefit Trusts

IG Group Holdings plc Inland Revenue Approved Share Incentive Plan (UK Trust)
IG Group Limited Employee Benefit Trust (Jersey Trust)
IG Group Employee Equity Plan Trust (Australian Trust)

35. Subsequent events

During the period from 1 June 2023 to 17 July 2023, the Group repurchased 3,386,082 ordinary shares with a nominal value if 0.005p for an aggregate purchase amount of £23.0 million (including related costs of £0.1 million), bringing the total number of shares repurchased under the share buyback programme to 26,205,788.

On 19 July, the Board approved an additional share buyback programme of £250 million. It is anticipated that the programme will commence under the existing shareholder authority granted at the 2022 AGM and will conclude under the authority proposed for approval at the 2023 AGM, following approval at the 2023 AGM.

There have been no other subsequent events that have a material impact on the Group's financial information.

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Notes to the Company Financial Statements

Company Financial Statements continued

Company Statement of Financial Position
as at 31 May 2023

	Note	31 May 2023 £m	31 May 2022 £m
Assets			
Non-current assets			
Investment in subsidiaries	6	**1,087.2**	1,076.3
Right-of-use assets	7	**3.6**	5.0
Prepayments		**0.3**	–
Other receivables	9	**298.3**	298.3
		1,389.4	1,379.6
Current assets			
Prepayments		**2.5**	2.2
Other receivables	9	**600.7**	383.1
Cash and cash equivalents		**0.9**	1.8
		604.1	387.1
TOTAL ASSETS		**1,993.5**	1,766.7

	Note	31 May 2023 £m	31 May 2022 £m
Liabilities			
Non-current liabilities			
Debt securities in issue	10	**297.6**	297.2
Lease liabilities	7	**2.2**	4.3
		299.8	301.5
Current liabilities			
Other payables	11	**189.0**	13.9
Lease liabilities	7	**2.6**	2.1
		191.6	16.0
TOTAL LIABILITIES		**491.4**	317.5
Equity			
Share capital and share premium	12	**125.8**	125.8
Merger reserve		**590.0**	590.0
Other reserves	14	**(5.9)**	7.5
Retained earnings		**792.2**	725.9
TOTAL EQUITY		**1,502.1**	1,449.2
TOTAL EQUITY AND LIABILITIES		**1,993.5**	1,766.7

The Company's profit for the year was £423.4 million (31 May 2022: profit of £375.9 million)

The Financial Statements of IG Group Holdings plc (registered number 04677092) were approved by the Board of Directors on 19 July 2023 and signed on its behalf by:

Charles A. Rozes
Chief Financial Officer

Company Financial Statements continued

Company Statement of Changes in Equity
for the year ended 31 May 2023

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 June 2021	–	125.8	81.0	7.9	528.9	743.6
Profit and total comprehensive income for the year	–	–	–	–	375.9	375.9
Equity-settled employee share-based payments	–	–	–	13.6	–	13.6
Employee Benefit Trust purchase of own shares	–	–	–	(6.7)	–	(6.7)
Transfer of vested awards from the share-based payment reserve	–	–	–	(7.3)	7.3	–
Equity dividends paid	–	–	–	–	(186.2)	(186.2)
Issue of ordinary share capital for the acquisition of tastytrade	–	–	509.0	–	–	509.0
At 31 May 2022	–	125.8	590.0	7.5	725.9	1,449.2
At 1 June 2022	**–**	**125.8**	**590.0**	**7.5**	**725.9**	**1,449.2**
Profit and total comprehensive income for the year	**–**	**–**	**–**	**–**	**423.4**	**423.4**
Equity dividends paid	**–**	**–**	**–**	**–**	**(188.1)**	**(188.1)**
Share buyback	**–**	**–**	**–**	**(2.1)**	**(176.6)**	**(178.7)**
Employee Benefit Trust purchase of own shares	**–**	**–**	**–**	**(14.6)**	**–**	**(14.6)**
Transfer of vested awards from the share-based payment reserve	**–**	**–**	**–**	**(7.6)**	**7.6**	**–**
Equity-settled employee share-based payments	**–**	**–**	**–**	**13.3**	**–**	**13.3**
Share-based payments converted to cash-settled liabilities	**–**	**–**	**–**	**(2.4)**	**–**	**(2.4)**
At 31 May 2023	**–**	**125.8**	**590.0**	**(5.9)**	**792.2**	**1,502.1**

Company Financial Statements continued

Company Statement of Cash Flows
for the year ended 31 May 2023

	Note	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Operating activities			
Cash generated from operations	8	**392.2**	203.9
Net cash flow generated from operating activities		**392.2**	203.9
Investing activities			
Loan issued to Group companies		**–**	(298.3)
Net cash flow used in investing activities		**–**	(298.3)
Financing activities			
Interest paid on lease liabilities		**(0.2)**	(0.2)
Interest and other financing costs paid		**(13.0)**	(8.4)
Repayment of principal element of lease liabilities		**(2.0)**	(1.9)
Net proceeds from the issue of debt securities		**–**	299.2
Payments made for share buyback		**(175.2)**	–
Equity dividends paid to owners of the parent		**(188.1)**	(186.2)
Employee Benefit Trust purchase of own shares		**(14.6)**	(6.7)
Net cash flow (used in)/generated from financing activities		**(393.1)**	95.8
Net (decrease)/increase in cash and cash equivalents		**(0.9)**	1.4
Cash and cash equivalents at the beginning of the year		**1.8**	0.4
Cash and cash equivalents at the end of the year		**0.9**	1.8

Company Financial Statements continued

Notes to the Company Financial Statements

1. General information and basis of preparation

General information

The Financial Statements of IG Group Holdings plc (the Company) for the year ended 31 May 2023 were authorised for issue by the Board of Directors on 19 July 2023 and Statement of Financial Position was signed on the Board's behalf by Charles Rozes. IG Group Holdings plc is a public company limited by shares, which is listed on the London Stock Exchange and incorporated in the United Kingdom and domiciled in England and Wales. The address of the registered office is Cannon Bridge House, 25 Dowgate Hill, London, EC4R 2YA.

Basis of preparation

The Financial Statements of the Company have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards. There were no unendorsed standards effective for the year ended 31 May 2023 affecting these separate Financial Statements.

The Financial Statements have been prepared under the historical cost convention and in conformity with UK-adopted International Accounting Standards require use of certain critical accounting estimates. It also require management to exercise its judgement in the process of applying the Company's accounting policies. There are no significant areas of judgement or complexity, or areas where assumptions and estimates are significant to the Company's Financial Statements.

As permitted by Section 408(1)(b), (4) of the Companies Act 2006, the individual Income Statement of the Company has not been presented in these Financial Statements. The amount of profit for the year included within the Financial Statements of the Company is £423.4 million (31 May 2022: £375.9 million). A Statement of Comprehensive Income has also not been presented in these Financial Statements. No items of other comprehensive income arose in the year (31 May 2022: £nil).

The Company's functional currency and presentational currency is sterling.

2. Significant accounting policies

The accounting policies applied are the same as those set out in note 2 of the Group Financial Statements except for the following:

Investment in subsidiaries

Subsidiaries are entities on which the Company has control. Control is achieved where the Company has existing rights that give it the ability to direct the activities that affect the Company's returns and exposure or rights to variable returns from the entity. Investments in subsidiaries are stated at cost less accumulated impairment losses.

Impairment of investment in subsidiaries

The Directors of the Company carry out an annual assessment to determine if any indication of impairment exists. If such indicators are identified, then the amount of impairment is ascertained by comparing the carrying amount of the investment in each subsidiary to its recoverable amount. The recoverable amount of a subsidiary is determined based on VIU calculations which requires the use of assumptions. The calculation of VIU incorporates cash flow projections based on financial budgets approved by management.

Dividends

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

3. Auditors' remuneration

Auditors' remuneration is disclosed within note 5 of the Group Financial Statements.

4. Directors' remuneration

Directors' remuneration is disclosed within the Director's Remuneration Report section of the Annual Report.

5. Staff costs

The Company has no employees (31 May 2022: nil).

6. Investment in subsidiaries

	31 May 2023 £m	31 May 2022 £m
Cost		
At the beginning of the year	**1,076.3**	553.3
Additions	**10.9**	1,027.1
Disposals	**–**	(504.1)
At the end of the year	**1,087.2**	1,076.3

The Company's direct and indirectly owned subsidiaries are disclosed in note 34 of the Group Financial Statements.

The investments in subsidiaries are assessed annually by the Directors of the Company, to determine if there is any indication that any of the investments might be impaired. Based on an assessment carried out, the carrying amount of the Company's investments in subsidiary is supported by the net present value of future cash flows. Therefore, no impairment was recognised during the current year.

Additions in the year also includes equity-settled share-based awards for employees of subsidiaries of £10.9 million (31 May 2022: £13.6 million).

Company Financial Statements continued
Notes to the Company Financial Statements continued

7. Leases

(i) Right-of-use asset

	31 May 2023 £m	31 May 2022 £m
Cost		
At the beginning of the year	**9.7**	9.2
Additions	**0.4**	0.5
At the end of the year	**10.1**	9.7
Accumulated depreciation		
At beginning of the year	**4.7**	3.1
Provided during the year	**1.8**	1.6
At the end of the year	**6.5**	4.7
Net book value	**3.6**	5.0

The Company's right-of-use asset represents the commercial lease for office space. The table below shows the discounted rental commitments under non-cancellable operating leases.

Future minimum payments due	31 May 2023 £m	31 May 2022 £m
Not later than one year	**2.6**	2.1
After one year but not more than five years	**2.2**	4.3
	4.8	6.4

The following table shows the maturity analysis of the undiscounted cash flows for non-cancellable leases. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

(ii) Lease liability

Future minimum payments due	31 May 2023 £m	31 May 2022 £m
Within one year	**2.6**	2.1
After one year but not more than five years	**2.5**	4.5
	5.1	6.6

8. Cash flow information

	Year ended 31 May 2023 £m	Year ended 31 May 2022 £m
Operating activities		
Operating loss	**(6.4)**	(9.0)
Dividends received	**430.0**	385.0
Lease asset depreciation	**1.8**	1.6
Increase in trade and other receivables	**(204.9)**	(169.0)
Increase/(decrease) in trade and other payables	**171.7**	(4.7)
Cash generated from operations	**392.2**	203.9

Liabilities arising from financing activities

	Debt securities in issue £m	Leases £m	Share buyback £m	Total £m
As at 1 June 2021	–	7.8	–	7.8
Issued debt securities	299.2	–	–	299.2
Financing arrangement fees	(2.1)	–	–	(2.1)
Unwind of capitalised financing fees	0.1	–	–	0.1
Lease payments made in the year	–	(2.1)	–	(2.1)
Unwinding of discount	–	0.2	–	0.2
Changes to existing lease agreements	–	0.5	–	0.5
As at 31 May 2022	297.2	6.4	–	303.6
As at 1 June 2022	**297.2**	**6.4**	**–**	**303.6**
Shares repurchased by broker (including costs)	**–**	**–**	**177.3**	**177.3**
Payments made for share buyback	**–**	**–**	**(175.2)**	**(175.2)**
Financing arrangement fees	**(0.3)**	**–**	**–**	**(0.3)**
Unwind of capitalised financing fees	**0.7**	**–**	**–**	**0.7**
Lease payments made in the year	**–**	**(2.2)**	**–**	**(2.2)**
Unwinding of discount	**–**	**0.2**	**–**	**0.2**
Changes to existing lease agreements	**–**	**0.4**	**–**	**0.4**
As at 31 May 2023	**297.6**	**4.8**	**2.1**	**304.5**

Company Financial Statements continued
Notes to the Company Financial Statements continued

9. Other receivables

	31 May 2023 £m	31 May 2022 £m
Amounts due from Group companies (current)		
– IG Markets Limited	**589.1**	370.3
– IG Index Limited	**8.6**	11.1
– Other Group companies	**3.0**	0.8
Other debtors	**–**	0.9
	600.7	383.1

All amounts above are repayable on demand and are non-interest bearing.

Under the Group's cash management framework, entities holding cash that is surplus to short-term requirements generally lend the money to IG Markets Limited. In addition to the £589.1 million due from IG Markets Limited outlined above, the Company has entered into an agreement with IG Markets Limited to provide a £298.3 million loan to be repaid as one final payment in November 2028. This is classified within non-current other receivables in the Statement of Financial Position.

10. Debt securities in issue

In FY22 the Company issued £300.0 million 3.125% senior unsecured bonds due in 2028. The issued debt has been recognised at fair value less transaction fees. As at 31 May 2023, £1.7 million unamortised arrangement fees remain on the Statement of Financial Position (31 May 2022: £2.0 million).

The Company also has access to a £350.0 million revolving credit facility, which has increased as a result of two accordions to the existing revolving credit facility being signed in FY23. The Company has the option to request an increase in the revolving credit facility size to £400.0 million. The Company also had the option to request a maturity extension of one year, which was exercised in FY23. The revolving credit facility will now mature in October 2025. In addition, the Company has the option to extend the maturity for a further year, subject to borrower request and lender consent.

Under the terms of the revolving credit facility agreement, the Company is required to comply with financial covenants covering maximum levels of leverage and debt to equity for Group at a consolidated level. The Company has complied with all covenants throughout the year.

11. Other payables

	31 May 2023 £m	31 May 2022 £m
Amounts due to Group companies		
– IG Markets Limited	**180.0**	–
– Other Group companies	**0.1**	–
Accruals and provisions	**7.1**	13.9
Other taxes and social security	**1.8**	–
	189.0	13.9

All amounts due to Group companies are repayable on demand and are non-interest bearing.

12. Share capital and share premium

Share capital and share premium is disclosed within note 24 of the Group Financial Statements.

13. Related party transactions

Transactions with related parties are as follows:

	31 May 2023 £m	31 May 2022 £m
Income		
Subsidiary – dividends	**430.0**	385.0
	430.0	385.0
Finance income		
Subsidiary	**13.2**	5.1
	13.2	5.1

Refer to note 9 and note 11 for balances outstanding in respect of related parties.

Company Financial Statements continued
Notes to the Company Financial Statements continued

14. Other reserves

	Share-based payments £m	Own shares held in Employee Benefit Trusts £m	Share buyback reserve £m	Total other reserves £m
At 1 June 2021	9.5	(1.6)	–	7.9
Equity-settled employee share-based payments	13.6	–	–	13.6
Exercise of employee share awards	(2.3)	2.3	–	–
Employee Benefit Trust purchase of shares	–	(6.7)	–	(6.7)
Transfer of vested awards from the share-based payments reserve	(7.3)	–	–	(7.3)
At 31 May 2022	**13.5**	**(6.0)**	**–**	**7.5**
At 1 June 2022	**13.5**	**(6.0)**	**–**	**7.5**
Equity-settled employee share-based payments	**13.3**	**–**	**–**	**13.3**
Exercise of employee share awards	**(11.3)**	**11.3**	**–**	**–**
Employee Benefit Trust purchase of shares	**–**	**(14.6)**	**–**	**(14.6)**
Transfer of vested awards from the share-based payments reserve	**(7.6)**	**–**	**–**	**(7.6)**
Share-based payments converted to cash-settled liabilities	**(2.4)**	**–**	**–**	**(2.4)**
Share buyback	**–**	**–**	**(2.1)**	**(2.1)**
At 31 May 2023	**5.5**	**(9.3)**	**(2.1)**	**(5.9)**

15. Directors' shareholdings

The Directors of the Company hold shares as disclosed in the Remuneration Report in the Group Annual Report.

16. Contingent liabilities, provisions and guarantees

In the ordinary course of business, the Company is required to issue guarantees on behalf of its subsidiaries. These primarily relate to guarantees provided to third party banks and hedging counterparties. Under the terms of the agreements the Company acts as guarantor for unsettled liabilities that may arise under other agreements between Group companies and financial institutions. The amounts guaranteed by the Company as at 31 May 2023 was £7.0 million (31 May 2022 £0.2 million).

17. Financial risk management

Financial risks arising from financial instruments are managed at a Group-wide level and details are in the Risk Management section of the Group Annual Report.

Credit risk

Held within other receivables are amounts receivable by the Company from related parties that are unrated. The Directors consider the Company's receivables to be recoverable as they are with Group companies and the companies have adequate resource to ensure repayment in full. Therefore, credit risk is minimal.

Liquidity risk

The tables below analyse the Company's financial liabilities into relevant maturity categories based on their contractual maturities. The amounts disclosed in the table are the contractual undiscounted cash flows. The Company is able to obtain financial support from other Group companies if this is needed. Therefore, liquidity risk is minimal.

	31 May 2023				
	Within 1 year £m	**Between 2 and 5 years £m**	**Over 5 years £m**	**Total £m**	**Carrying amount £m**
Debt securities in issue	**9.4**	**37.5**	**304.4**	**351.3**	**297.6**
Lease liabilities	**2.6**	**2.5**	**–**	**5.1**	**4.8**
Total	**12.0**	**40.0**	**304.4**	**356.4**	**302.4**

	31 May 2022				
	Within 1 year £m	Between 2 and 5 years £m	Over 5 years £m	Total £m	Carrying amount £m
Debt securities in issue	9.4	37.6	304.7	351.7	299.2
Lease liabilities	2.1	4.5	–	6.6	6.6
Total	11.5	42.1	304.7	358.3	305.8

Capital management

The capital of the Company is managed as part of the capital of the Group. Full details are contained in the Group Financial Statements in note 29.

Company Financial Statements continued

Notes to the Company Financial Statements continued

18. Subsequent events

The subsequent events of the entity are the same as those disclosed in the notes to the Group Financial Statements in note 35.

19. Dividends paid and proposed

The dividends paid and proposed by the Company are the same as those disclosed in the notes to the Group Financial Statements in note 11.