Financial Statements

A year of change; accelerating growth

PG. 131-181

Primary Statements

Notes to the Financial Statements

Consolidated Income Statement

for the year ended 31 May 2022

	Note	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Continuing operations			
Trading revenue		**982.0**	846.9
Introducing partner commissions		**(9.7)**	(9.6)
Net trading revenue	3	**972.3**	837.3
Betting duty and financial transaction taxes		**(2.5)**	(0.9)
Interest income on client funds		**3.5**	2.1
Interest expense on client funds		**(2.7)**	(1.8)
Other operating income		**8.6**	7.0
Net operating income		**979.2**	843.7
Operating costs	4	**(499.2)**	(390.5)
Net credit losses on financial assets	28	**(2.7)**	(3.0)
Operating profit		**477.3**	450.2
Gain on disposal of associates		**4.1**	–
Loss on disposal of subsidiaries		**–**	(0.4)
Fair value gain on convertible loan note		**9.3**	–
Share of loss after tax from associates	32	**(2.3)**	–
Finance income	7	**3.4**	2.1
Finance costs	8	**(14.8)**	(5.9)
Profit before tax		**477.0**	446.0
Tax expense	9	**(80.9)**	(77.4)
Profit for the year from continuing operations		**396.1**	368.6
Profit for the year from discontinued operations	31	**107.8**	3.3
Profit for the year and attributable to owners of the parent		**503.9**	371.9
Earnings per ordinary share for profit from continuing operations:			
Basic	10	**92.9p**	99.8p
Diluted	10	**92.1p**	99.0p
Earnings per ordinary share for profit attributable to owners:			
Basic	10	**118.2p**	100.7p
Diluted	10	**117.2p**	99.9p

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

Consolidated Statement of Comprehensive Income

for the year ended 31 May 2022

	Year ended 31 May 2022		Year ended 31 May 2021	
	£m	£m	£m	£m
Profit for the year attributable to owners of the parent		**503.9**		371.9
Other comprehensive income:				
Items that may be subsequently reclassified to the income statement:				
Changes in the fair value of financial assets held at fair value through other comprehensive income, net of tax	**(4.0)**		(1.3)	
Foreign currency translation gain/(loss) attributable to continuing operations	**67.4**		(17.7)	
Foreign currency translation (loss) attributable to discontinued operations	**(3.0)**		(3.2)	
Other comprehensive income/(loss) for the year, net of tax		**60.4**		(22.2)
Total comprehensive income attributable to owners of the parent		**564.3**		349.7
Total comprehensive income attributable to owners of the parent arising from:				
Continuing operations		**459.5**		349.6
Discontinued operations		**104.8**		0.1
		564.3		349.7

Consolidated Statement of Financial Position

at 31 May 2022

	Note	31 May 2022 £m	31 May 2021 £m
Assets			
Non-current assets			
Goodwill	15	**604.7**	107.3
Intangible assets	13	**292.1**	32.7
Property, plant and equipment	12	**36.6**	38.6
Financial investments	14	**134.8**	127.6
Financial assets pledged as collateral	14	**25.3**	61.1
Investment in associates	32	**14.8**	–
Deferred income tax assets	9	**17.5**	12.9
		1,125.8	380.2
Current assets			
Cash and cash equivalents		**1,246.4**	655.2
Trade receivables	16	**469.5**	490.9
Financial investments	14	**200.9**	127.4
Financial assets pledged as collateral	14	**35.1**	26.0
Other assets	17	**14.2**	30.3
Prepayments		**23.2**	12.6
Other receivables		**9.8**	5.5
		1,999.1	1,347.9
Assets classified as held for sale		**1.2**	–
TOTAL ASSETS		**3,126.1**	1,728.1
Liabilities			
Non-current liabilities			
Borrowings	18	**–**	98.8
Debt securities in issue	18	**297.2**	–
Lease liabilities	19	**13.0**	16.4
Deferred income tax liabilities	9	**67.2**	0.8
		377.4	116.0
Current liabilities			
Trade payables	20	**571.2**	357.5
Other payables	21	**119.5**	108.2
Lease liabilities	19	**8.9**	6.7
Income tax payable	9	**20.5**	6.4
		720.1	478.8
Liabilities directly associated with assets classified as held for sale		**0.8**	–
TOTAL LIABILITIES		**1,098.3**	594.8
Equity			
Share capital and share premium	23	**125.8**	125.8
Translation reserve		**117.6**	53.2
Merger reserve		**590.0**	81.0
Other reserves	24	**8.4**	12.8
Retained earnings		**1,186.0**	860.5
TOTAL EQUITY		**2,027.8**	1,133.3
TOTAL EQUITY AND LIABILITIES		**3,126.1**	1,728.1

The consolidated financial statements on pages 131 to 181 were approved by the Board of Directors on 20 July 2022 and signed on its behalf by:

Charles Rozes
Chief Financial Officer
Registered Company number: 04677092

Consolidated Statement of Changes in Equity

for the year ended 31 May 2022

	Note	Share capital £m	Share premium £m	Translation reserve £m	Merger Reserve £m	Other reserves £m	Retained earnings £m	Total £m
At 1 June 2020		–	125.8	74.1	81.0	13.3	641.7	935.9
Profit for the year and attributable to owners of the parent		–	–	–	–	–	371.9	371.9
Other comprehensive loss for the year		–	–	(20.9)	–	(1.3)	–	(22.2)
Total comprehensive (loss)/income for the year		–	–	(20.9)	–	(1.3)	371.9	349.7
Tax recognised directly in equity on share-based payments	9	–	–	–	–	–	0.2	0.2
Equity dividends paid	11	–	–	–	–	–	(159.7)	(159.7)
Employee Benefit Trust purchase of own shares	24	–	–	–	–	(0.2)	–	(0.2)
Transfer of vested awards from the share-based payment reserve		–	–	–	–	(6.4)	6.4	–
Equity-settled employee share-based payments	25	–	–	–	–	7.4	–	7.4
At 31 May 2021		–	125.8	53.2	81.0	12.8	860.5	1,133.3
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	24	**–**	**–**	**–**	**–**	**(6.7)**	**–**	**(6.7)**
Transfer of vested awards from the share-based payment reserve		**–**	**–**	**–**	**–**	**(7.3)**	**7.3**	**–**
Equity-settled employee share-based payments	25	**–**	**–**	**–**	**–**	**13.6**	**–**	**13.6**
Issue of ordinary share capital for the acquisition of tastytrade	30	**–**	**–**	**–**	**509.0**	**–**	**–**	**509.0**
At 31 May 2022		**–**	**125.8**	**117.6**	**590.0**	**8.4**	**1,186.0**	**2,027.8**

Consolidated Statement of Cash Flows

for the year ended 31 May 2022

	Note	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Operating activities			
Cash generated from operations[1]	29	**811.4**	573.5
Income taxes paid		**(99.2)**	(83.0)
Net cash flows generated from operating activities		**712.2**	490.5
Investing activities			
Interest received		**3.2**	1.5
Net cash flow to investment in associates		**(1.9)**	–
Purchase of property, plant and equipment		**(8.5)**	(9.1)
Payments to acquire and develop intangible assets		**(9.0)**	(6.9)
Net proceeds from disposal of subsidiaries		**143.3**	–
Net proceeds from disposal of investments in associates		**24.5**	–
Net cash flow from financial investments		**(57.1)**	(118.2)
Net cash flow to acquire subsidiaries		**(193.5)**	–
Net cash flows used in investing activities		**(99.0)**	(132.7)
Financing activities			
Interest paid		**(11.0)**	(5.0)
Financing fees paid		**(5.4)**	(1.3)
Interest paid on lease liabilities		**(0.6)**	(0.6)
Repayment of principal element of lease liabilities		**(7.5)**	(5.2)
Drawdown on term loan		**150.0**	–
Repayment of term loans		**(250.0)**	–
Net proceeds from issue of debt securities		**299.2**	–
Equity dividends paid to owners of the parent		**(186.2)**	(159.7)
Employee Benefit Trust purchase of own shares		**(6.7)**	(0.2)
Net cash flows used in financing activities		**(18.2)**	(172.0)
Net increase in cash and cash equivalents		**595.0**	185.8
Cash and cash equivalents at the beginning of the year		**655.2**	486.2
Impact of movement in foreign exchange rates		**(3.8)**	(16.8)
Cash and cash equivalents at the end of the year		**1,246.4**	655.2

1 Cash generated from operations include cash generated from both continuing and discontinued operations. Refer to note 31 for cash flows of discontinued operations.

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 2022 were authorised for issue by the Board of Directors on 20 July 2022 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)

On 31 December 2020, IFRS as adopted by the European Union was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Group transitioned to UK-adopted International Accounting Standards in the Group Financial Statements on 1 June 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

The Group's 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 2022 affecting these Consolidated Financial Statements.

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) 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 2022 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 use of certain critical accounting estimates that affect the amounts reported for assets and liabilities as at the reporting date, and the amounts reported for revenue and expenses during the period. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

The nature of estimates and judgements means that actual outcomes could differ from those estimates. 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 Financial Statements are the following:

Fair value and useful economic lives of intangible assets acquired (estimate) – the Group has recognised intangible assets of £263.5 million upon acquisition of tastytrade, Inc. (tastytrade) based on estimates of fair values at the acquisition date of 28 June 2021. The fair values of intangible assets are based upon a number of factors including management's best estimates of future performance and estimates of an appropriate discount rate. The identified intangible assets are amortised over their remaining useful economic lives, which are also based on management's best estimates of the periods over which value from the intangible asset is generated. Further information outlining the valuation methodologies and the significant assumptions, together with sensitivities, is provided in note 30.

Recoverable amount of US (tastytrade) cash-generating unit (CGU) (estimate) – the Group has estimated the recoverable amount of its US (tastytrade) CGU, which includes goodwill of £502.8 million and other acquisition-related intangibles resulting from the tastytrade acquisition. 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 (tastytrade) 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 15.

(c) New accounting standards and interpretations

There were no new standards, amendments or interpretations issued during the period 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 minor amendments to IFRSs that are effective from 1 January 2022 and 1 January 2023. These include amendments published to IAS 12 – Income Taxes, IAS 37 – Provisions and Contingent Liabilities and Contingent Assets. The Group is in process of assessing the impact of these amendments. There have also been amendments published to IAS 1 – Presentation of Financial Statements. However, the Group expects they will have an insignificant effect, when adopted, on the Consolidated Financial Statements of the Group.

1. General information and basis of preparation continued

(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 net trading revenue as the primary measure of performance of the various segments of the Group. Reportable segments that do not meet the quantitative thresholds required by IFRS 8 are aggregated.

(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 Income Statement. Non-monetary assets and liabilities carried at fair value and denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

The Group's presentational currency is sterling. In the Group Financial Statements, the assets and liabilities of 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 translation reserve. On disposal of an overseas operation, exchange differences previously recognised in other comprehensive income are recycled to the Income Statement as income or expense.

(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 Financial Statements.

In assessing whether it is appropriate to adopt the going concern basis in preparing the Financial Statements, the Directors have considered the resilience of the 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 takes into account 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 Financial Statements.

(g) Business acquisitions

The Group acquired tastytrade, Inc. and its subsidiaries (tastytrade) on 28 June 2021. The results of tastytrade have been consolidated within the Group since the date of acquisition. Where necessary, comparative information is presented in US dollar alongside sterling. Further details are disclosed in note 30.

As part of the acquisition of tastytrade, the Group acquired an investment in Small Exchange, Inc. (Small Exchange). In addition, at acquisition date, the Group recognised a convertible loan note with Zero Hash Holdings Limited (Zero Hash) at a fair value of $12.0 million. This was subsequently remeasured to $24.2 million prior to conversion to an equity shareholding in September 2021 and recognised as an investment in associate on the Statement of Financial Position.

(h) Disposals

On 1 March 2022, the Group completed the disposal of its North American Derivatives Exchange, Inc operations (Nadex) and its investment in Small Exchange.

The profits of Nadex have been separated from the profits of the Group's continuing operations for the year and shown as discontinued operations, with the comparative period restated accordingly. The Nadex operations were not classified as a disposal group as at 31 May 2021 and the Consolidated Statement of Financial Position has not been restated from that published in the FY21 Group Annual Report. Further details relating to the sale are disclosed in note 31.

Notes to the Financial Statements continued

1. General information and basis of preparation continued

Small Exchange does not meet the criteria for discontinued operations. The Group's share of losses prior to disposal and the Group's gain from the disposal are recognised within continuing operations.

(i) Reclassification of comparatives

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

(i) Goodwill of £604.7 million (31 May 2021: £107.3 million) has been separated out from intangible assets and presented as a separate line item in the Consolidated Statement of Financial Position.

(ii) Merger reserve of £590.0 million (31 May 2021: £81.0 million) has been separated out from other reserves and presented as a separate line item in the Consolidated Statement of Financial Position.

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 2021, with the exception of changes in policy on presentation as outlined in note 1, and the following accounting policies adopted due to new transactions in the year:

- Investment in associates and joint ventures
- Debt securities in issue
- Non-current assets (or disposal groups) and discontinued operations
- Money market funds

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 33.

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 Group 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 Financial Statements of subsidiaries to align the accounting policies used with those used by other members of 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 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 Income Statement in the year of acquisition.

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

Investments 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 and other comprehensive income net of 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 and other comprehensive income of the joint venture which is recognised from the date that joint control begins, up until the date that joint control ceases.

2. Significant accounting policies continued

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 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.

OTC derivatives

Revenue from the OTC derivatives business 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 27.

Exchange traded derivatives

Revenue from exchange traded derivatives represents:
(i) fee and commission income earned through facilitation of client trades
(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 transactions in the stock. 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.

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.

Finance income and expense on client funds

Interest income and expense on client funds held with banks and execution partners is accrued on a time basis, by reference to the principal amount outstanding and at the applicable interest rate are included in operating income. This is consistent with the nature of the Group's operations.

Interest income and interest expense on firm cash and client funds that are not held in segregated client money accounts are disclosed within finance income and finance costs, respectively.

Dividends

Dividends declared but not yet distributed to the Company's shareholders are recognised as a liability in the Group's Financial Statements 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 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.

Notes to the Financial Statements continued

2. Significant accounting policies continued

Bonus schemes

The Group recognises an accrual and an expense for bonuses based on formulae that take into consideration specific financial and non-financial measures. Liabilities for the Group's cash-settled portion of the Sustained Performance Plan are recognised as an employee benefit expense over the relevant service period and 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 a right-of-use asset with a corresponding lease liability from the date at which the asset is available for use.

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,
- Any lease payments made at or before the commencement date less any lease incentives received,
- Any 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.

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 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.

2. Significant accounting policies continued

Deferred tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the Income Statement, except when it relates to items credited or charged directly to equity or other comprehensive income, in which case the deferred tax is also dealt with in equity or other comprehensive income.

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

Non-current assets (or disposal groups) held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if the carrying amount is expected to be recovered through a sale transaction rather than through continuing use, and provided that the sale is highly probable. The assets are measured at the lower of their carrying amount and fair value less costs to sell, except for financial assets which are measured at fair value. Where the fair value less costs to sell is lower than the carrying amount, an impairment is recognised. Any subsequent increases in fair value less costs to sell which are not in excess of previously recognised impairment losses are recognised in the Income Statement.

Non-current assets are not depreciated or amortised while they are classified as held for sale and the assets held for sale are separately presented from other assets on the Statement of Financial Position. Liabilities associated with assets held for sale are presented separately from other liabilities on the Statement of Financial Position.

A discontinued operation is a component that has been disposed or classified as held for sale, and represents a separate major line of business or geographical area of operations. The results of discontinued operations are presented separately in the Income Statement with comparatives restated.

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.

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 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 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.

Notes to the Financial Statements continued

2. Significant accounting policies continued

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 technical feasibility and commercial viability can be demonstrated,
- The availability of adequate technical and financial resources and an intention to complete the project have been confirmed, and
- Probable future economic benefit has been established.

Development expenditure on internally developed intangible assets, excluding internal software development costs, which do not meet these criteria is taken to the Income Statement in the year in which it is incurred.

Intangible assets with a finite life are amortised over their expected useful lives, as follows:

Internally developed software	→ straight-line basis over 3 to 5 years
Software and licences	→ straight-line basis over the contract term of up to 5 years
Trade names	→ straight-line basis over 2 to 15 years
Customer relationships	→ straight-line basis over 9 years
Non-compete arrangements	→ straight-line basis over 5 years
Domain names	→ straight-line basis 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. In addition, the carrying value of capitalised development expenditure is reviewed before being brought into use.

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 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 and re-evaluates this designation annually. 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/or liabilities is measured net of directly attributable transaction costs. Financial instruments are disclosed in note 27 of the Financial Statements.

2. Significant accounting policies continued

(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). 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 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 receivables, cash and cash equivalents and fixed term deposits that are categorised under financial investments.

Fixed term deposits do not meet the criteria of cash and cash equivalents under IAS 7 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 as stated above.

Interest on term deposits 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 or 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 investment 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.

Unrealised gains or losses, other than loss allowances for expected credit losses, arising from financial investments 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 investments are sold, collected or otherwise disposed of.

On disposal of an investment, the accumulated unrealised gain or loss included in equity is recycled to the Income Statement for the period and reported in other income. Gains and losses on disposal are determined using the fair value of the investment at the date of derecognition.

Interest on financial investments is included in finance income 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.

(d) Financial liabilities

The Group's financial liabilities include trade payables, lease liabilities, borrowings 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 derivative element of trade payables – amounts due from brokers, which is measured at fair value through profit or loss and recognised as part of trade receivables as detailed in (a) above. 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 Income Statement.

Notes to the Financial Statements continued

2. Significant accounting policies continued

(e) Determination of fair value

Financial instruments arising from open client positions, financial derivative open positions included in trade receivables (due from brokers), 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 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 Contract 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.

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 Income Statement.

Derecognition of financial assets and liabilities

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

(a) Financial assets

A financial asset is derecognised 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.

2. Significant accounting policies continued

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.

(c) Offsetting financial instruments

Assets or liabilities resulting from gains or losses on open positions are carried at fair value. Amounts due from or to clients and amounts due from and to brokers are offset, with the net amount reported in the 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 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.

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.

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. For all other trade receivables, the general approach has been applied for measuring impairment. The expected lifetime credit loss is recognised at initial recognition of the financial asset, with the loss allowance calculated by reference to an ageing debt profile, 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.

Other assets

Other assets represent rights to cryptocurrency assets controlled by the Group. The Group offers various cryptocurrency-related products that can be traded on its platform. The Group purchases and sells cryptocurrency assets as part of its hedging activity.

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 Income Statement in the period in which they arise. Cryptocurrency assets are not financial instruments and they are categorised as non-financial assets.

Other receivables

Other receivables are 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.

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 as 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.

Notes to the Financial Statements continued

2. Significant accounting policies continued

Cash and cash equivalents

Cash comprises of cash on hand and demand deposits which may be accessed within 90 days without penalty. Cash equivalents comprise of 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 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 if there has been a significant increase in credit risk since initial recognition. At 31 May 2022, the Group held £236.7 million (31 May 2021: £161.3 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.

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. At 31 May 2022, the Group's cash and cash equivalents balance included £437.5 million (31 May 2021: £nil) of money market funds.

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 2022, IG Bank S.A. was required to hold £35.1 million (31 May 2021: £36.5 million) in satisfaction of this requirement. This amount, which represents restricted cash, is included in cash and cash equivalents.

Segregated client funds are held in segregated client money accounts which restrict the Group's ability to control the monies and accordingly are held off-balance sheet. The amount of segregated client funds held at 31 May 2022 was £2,577.9 million (31 May 2021: £2,710.3 million). The return received on managing segregated client funds is included within net operating income.

Title transfer 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 held on the Statement of Financial Position with a corresponding liability to clients within trade payables.

Other payables

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

Provisions

Provisions are recognised when the 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.

2. Significant accounting policies continued

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 Income Statement over the period of borrowings.

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 Income Statement over the lifetime of the security using the effective interest rate method. Transaction fees are recognised on the 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 of the Group is presented as a liability on the balance sheet; measured initially at fair value net of transaction costs and subsequently at amortised cost until extinguished on conversion or redemption. Dividends paid are charged as an interest expense in the Income Statement.

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

(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 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 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 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.

Notes to the Financial Statements continued

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 shown below 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.

Net trading revenue by reportable segment

Net trading revenue represents trading revenue that the Group generates from client trading activity after deducting introducing partner commissions. The CODM uses net trading 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 and stock trading and investments. The segmental analysis shown below by product aggregates the different geographical locations given the products are economically similar in nature. Revenue from OTC derivatives is derived from the UK, EU, EMEA – Non-EU, Australia, Singapore, Japan, Emerging Markets and the US. Exchange traded derivatives revenue derives from tastytrade and the Spectrum business located in the US and the EU, whereas stock trading and investments revenue derives from the UK and Australia. The segmental analysis does not include a measure of profitability, nor a segmented Statement of Financial Position, as this would not reflect the information which is received by the CODM.

The segmental breakdown of net trading revenue is as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Net trading revenue by product:		
OTC derivatives	**817.3**	790.3
Exchange traded derivatives	**121.2**	8.3
Stock trading and investments	**33.8**	38.7
Total net trading revenue from continuing operations	**972.3**	837.3
Net trading revenue from discontinued operations	**9.4**	16.1

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

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. Net trading revenue represents an allocation of the total net trading revenue that the Group generates from client trading activity.

3. Segmental analysis continued

	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Net trading revenue by geography:		
UK	**365.3**	346.8
US	**128.6**	15.1
EU	**112.9**	108.0
Japan	**98.5**	68.7
Australia	**96.2**	128.0
Singapore	**74.1**	75.3
EMEA – Non-EU	**53.5**	60.6
Emerging markets	**43.2**	34.8
Total net trading revenue	**972.3**	837.3

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

The Group does not derive more than 10% of revenue from any one single client. The UK geographic segment, and the OTC derivatives segment, includes a £5.8 million gain (31 May 2021: £7.9 million loss) arising from financing of the tastytrade acquisition, as set out in note 30.

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:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
UK	**133.8**	129.1
US	**795.1**	30.0
EU	**5.5**	6.6
EMEA – Non-EU	**7.3**	5.5
Australia	**0.8**	1.3
Japan	**0.8**	4.9
Emerging Markets	**3.4**	1.2
Total non-current assets	**946.7**	178.6

4. Operating costs

	Note	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Employee-related expenses:			
Fixed remuneration		**151.5**	126.9
Variable remuneration		**62.7**	50.6
		214.2	177.5
Advertising and marketing		**87.2**	67.4
Premises-related costs		**9.1**	6.3
IT, market data and communications		**45.1**	30.7
Legal and professional costs		**19.6**	31.8
Regulatory fees		**12.9**	9.2
Depreciation and amortisation	12,13	**56.5**	24.8
Other costs		**54.6**	42.8
Total operating costs		**499.2**	390.5

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

Included in premises-related costs is £0.5 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 2021: £0.1 million).

Notes to the Financial Statements continued

5. Auditors' remuneration

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Audit fees		
Parent	**1.2**	0.7
Subsidiaries	**1.1**	0.7
Total audit fees	**2.3**	1.4
Audit related fees		
Services supplied pursuant to legislation	**0.6**	0.6
Other audit related assurance services	**–**	0.1
Total audit related fees	**0.6**	0.7
Non-audit fees		
Other services	**0.3**	0.1
Total non-audit fees	**0.3**	0.1

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.

6. Staff costs

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

	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Wages and salaries, performance-related bonus and equity-settled share-based payment awards	**185.1**	152.4
Social security costs	**20.2**	17.4
Other pension costs	**8.9**	7.7
	214.2	177.5

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

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 2022 and 31 May 2021 is set out in the Directors' Remuneration Report on page 83.

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

	Year ended 31 May 2022	Year ended 31 May 2021
Prospect acquisition	**356**	311
Sales and client management	**257**	277
Technology	**895**	759
Operations	**545**	386
Business administration	**371**	293
	2,424	2,026

7. Finance income

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Bank interest receivable	**1.5**	0.6
Interest receivable on cash held at brokers	**0.8**	0.6
Interest accretion on financial investments	**0.4**	0.9
Interest receivable on money market funds	**0.3**	–
Other interest	**0.4**	–
	3.4	2.1

8. Finance costs

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Interest and fees on issued debt securities	**5.3**	–
Term loan interest and fees	**3.5**	2.6
Revolving credit facility interest and fees	**1.6**	0.5
Interest payable to brokers	**2.7**	1.6
Interest payable on lease liabilities	**0.6**	0.6
Bank interest payable	**1.1**	0.6
	14.8	5.9

9. Taxation

Tax on profit on ordinary activities

Tax charged in the income statement:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 (Restated)[1] £m
Current income tax:		
UK corporation tax	**79.1**	80.9
Non-UK corporation tax	**39.3**	6.4
Adjustment in respect of prior years	**(6.1)**	(6.0)
Total current income tax	**112.3**	81.3
Deferred income tax:		
Origination and reversal of temporary differences	**(1.6)**	(2.0)
Adjustment in respect of prior years	**(1.0)**	(0.4)
Impact of change in tax rates on deferred tax balances	**0.3**	(0.5)
Total deferred income tax	**(2.3)**	(2.9)
Tax expense in the Income Statement attributable to continuing operations	**80.9**	77.4
Tax expense attributable to discontinued operations	**29.1**	1.0
Tax not charged to income statement:		
Tax recognised in other comprehensive income	**0.5**	–
Tax recognised directly in equity	**(0.5)**	(0.2)

1 The FY21 comparatives have been restated to present separately the results of discontinued operations. Refer to note 31 for further details.

Notes to the Financial Statements continued

9. Taxation continued

Reconciliation of the total tax charge

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

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Profit before taxation		
From continuing operations	**477.0**	446.0
From discontinued operations	**136.9**	4.3
Total profit before tax	**613.9**	450.3
Profit multiplied by the UK standard rate of corporation tax of 19.0% (year ended 31 May 2021: 19.0%)	**116.7**	85.6
Higher taxes on overseas earnings	**7.9**	1.4
Adjustment in respect of prior years	**(8.2)**	(6.4)
Expenses not deductible for tax purposes	**0.8**	4.6
Patent Box deduction	**(7.0)**	(4.7)
Impact of change in tax rates on deferred tax balances	**0.3**	(0.5)
Recognition and utilisation of losses previously not recognised	**(1.2)**	(2.7)
Current year losses not recognised as deferred tax assets	**0.7**	1.1
Total tax expense attributable to:	**110.0**	78.4
Continuing operations	**80.9**	77.4
Discontinued operations	**29.1**	1.0

The effective tax rate for the year is 17.9% (year ended 31 May 2021: 17.4%).

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

Deferred income tax assets

	31 May 2022 £m	31 May 2021 £m
Tax losses available for offset against future profits	**3.7**	4.0
Temporary differences arising on share-based payments	**3.7**	3.1
Temporary differences arising on fixed assets	**2.1**	2.0
Other temporary differences	**8.0**	3.8
	17.5	12.9

Deferred income tax liabilities

	31 May 2022 £m	31 May 2021 £m
Temporary differences arising on business combinations	**(62.9)**	-
Temporary differences arising on fixed assets	**(0.2)**	(0.3)
Other temporary differences	**(4.1)**	(0.5)
	(67.2)	(0.8)

Deferred income tax recovery

	31 May 2022 £m	31 May 2021 £m
Deferred tax assets to be recovered within 12 months	**5.4**	3.7
Deferred tax assets to be recovered after 12 months	**12.1**	9.2
	17.5	12.9

9. Taxation continued

Deferred income tax settlement

	31 May 2022 £m	31 May 2021 £m
Deferred tax liabilities to be settled within 12 months	(7.7)	(0.3)
Deferred tax liabilities to be settled after 12 months	(59.5)	(0.5)
	(67.2)	(0.8)

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 and sufficient capital gains arising in the future.

Share-based payment awards have been charged to the income statement but are not allowable as a tax deduction until the awards vest. 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 2022			31 May 2021		
	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date	Gross unrecognised losses for tax purposes £m	Tax value of loss £m	Expiry date
Overseas trading losses	14.6	3.9	N/A	14.4	4.2	N/A
UK capital losses	23.5	5.9	N/A	23.5	5.9	N/A
	38.1	9.8		37.9	10.1	

The recoverability of unrecognised deferred tax assets is dependent on sufficient taxable profits of the entities.

The movement in the deferred income tax assets is as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
At the beginning of the year	12.9	11.5
Amounts arising on acquisitions in the year	7.4	–
Tax (charged)/credited to the Income Statement	(2.2)	3.0
Tax charged directly to equity	(0.3)	(0.6)
Impact of movement in foreign exchange rates	–	(1.0)
Reallocations between deferred tax assets and liabilities	(0.3)	–
At the end of the year	17.5	12.9

The movement in the deferred income tax liability is as follows:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
At the beginning of the year	(0.8)	(0.7)
Amounts arising on acquisitions in the year	(66.1)	–
Tax credited/(charged) to the Income Statement	4.5	(0.1)
Tax charged to other comprehensive income	(0.5)	–
Impact of movement in foreign exchange rates	(4.6)	–
Reallocations between deferred tax assets and liabilities	0.3	–
At the end of the year	(67.2)	(0.8)

Notes to the Financial Statements continued

9. Taxation continued

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. 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 ordinary equity holders 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. 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 and that vesting is satisfied by the issue of new ordinary shares.

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Earnings attributable to owners of the parent	**503.9**	371.9
Weighted average number of shares:		
Basic	**426,289,898**	369,181,516
Dilutive effect of share-based payments	**3,614,236**	3,222,900
Diluted	**429,904,134**	372,404,416

	Year ended 31 May 2022	Year ended 31 May 2021 (Restated)
Basic earnings per ordinary share	**118.2p**	110.7p
– Attributable to continuing operations	**92.9p**	99.8p
– Attributable to discontinued operations	**25.3p**	0.9p
Diluted earnings per ordinary share	**117.2p**	99.9p
– Attributable to continuing operations	**92.1p**	99.0p
– Attributable to discontinued operations	**25.1p**	0.9p

11. Dividends paid and proposed

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Final dividend for 31 May 2021 at 30.24p per share (FY20: 30.24p)	**130.3**	111.8
Interim dividend for 31 May 2022 at 12.96p per share (FY21: 12.96p)	**55.9**	47.9
	186.2	159.7

The final dividend for the year ended 31 May 2022 of 31.24 pence per share was proposed by the Board on 20 July 2022 and has not been included as a liability at 31 May 2022. This dividend will be paid on 20 October 2022, following approval at the Company's AGM, to those members on the register at the close of business on 23 September 2022.

12. 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 2020	23.0	6.9	41.8	36.2	107.9
Additions	1.0	0.1	8.0	0.3	9.4
Impact of movement in foreign exchange rates	(0.4)	(0.3)	(0.7)	(2.0)	(3.4)
At 31 May 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**
Accumulated depreciation:					
At 1 June 2020	17.2	4.8	32.6	6.9	61.5
Charge for the year	1.4	0.6	6.1	6.9	15.0
Impact of movement in foreign exchange rates	(0.1)	(0.1)	(0.4)	(0.6)	(1.2)
At 31 May 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**
Net book value – 31 May 2021	5.1	1.4	10.8	21.3	38.6
Net book value – 31 May 2022	**3.7**	**0.9**	**12.1**	**19.9**	**36.6**

Notes to the Financial Statements continued

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 2020	–	–	–	40.9	37.7	28.1	106.7
Additions	–	–	–	3.3	–	3.6	6.9
Disposals	–	–	–	–	–	(0.2)	(0.2)
Impact of movement in foreign exchange rates	–	–	–	0.1	(4.3)	(0.3)	(4.5)
At 31 May 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**
Accumulated amortisation:							
At 1 June 2020	–	–	–	27.7	15.4	24.5	67.6
Charge during the year	–	–	–	4.7	3.5	2.5	10.7
Disposals – discontinued operations	–	–	–	–	–	(0.2)	(0.2)
Impact of movement in foreign exchange rates	–	–	–	(0.1)	(1.7)	(0.1)	(1.9)
At 31 May 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**
Net book value – 31 May 2021	–	–	–	12.0	16.2	4.5	32.7
Net book value – 31 May 2022	**161.9**	**58.7**	**25.8**	**26.7**	**14.7**	**4.3**	**292.1**

14. Financial investments and financial assets pledged as collateral

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
UK Government securities	**351.1**	342.1
Term deposits	**45.0**	–
	396.1	342.1
Split as:		
Non-current portion	**160.1**	188.7
Current portion	**236.0**	153.4
	396.1	342.1

Of the UK Government securities, £289.9 million (31 May 2021: £256.0 million) is held at brokers to satisfy margin requirements. The remaining balance is held to meet regulatory liquidity requirements.

15. Goodwill

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

Cost or valuation	31 May 2022 £m	31 May 2021 £m
At the beginning of the year	**107.3**	108.1
Additions – business acquisition	**462.4**	–
Disposals	**(13.4)**	–
Impact of foreign exchange movement	**48.4**	(0.8)
At the end of the year	**604.7**	107.3

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

	31 May 2022 £m	31 May 2021 £m
US (tastytrade)	**502.8**	–
UK	**100.9**	100.9
US (Nadex)	**–**	5.3
South Africa	**0.9**	1.0
Australia	**0.1**	0.1
	604.7	107.3

Goodwill arose as follows:

- US (tastytrade) – from the acquisition of tastytrade on 28 June 2021. As part of the transaction, the Group acquired an investment in Small Exchange, which was considered an operation within the US (tastytrade) CGU. The Group sold its interest in Small Exchange during the year and a portion of the US (tastytrade) goodwill was allocated to it and disposed of.
- UK – from the reorganisation of the UK business on 5 September 2003.
- US (Nadex) – from the acquisition of Nadex previously recognised was disposed of during the year. Refer to note 31 for further details.
- 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

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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 year ended 31 May 2022 (31 May 2021: £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 US (tastytrade) CGU carrying value includes the investment in associate held in relation to Zero Hash Holdings Limited. There are no cash flows included within the future cash flow projections relating to this investment. As Zero Hash forms part of the US (tastytrade) CGU, the Group disposed of £2.2 million goodwill following partial sale of its holding in Zero Hash. Refer to note 32 for further details relating to the disposal.

The estimated recoverable amount for each CGU is based upon the value-in-use (VIU) of each CGU. For all CGUs, the estimate of the recoverable amount was higher than the carrying value.

Key assumptions used in the calculation of the recoverable amount of the CGUs

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

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 terminal growth rate of 2.0% (31 May 2021: 2.0%) has been applied to the cash flows to derive a terminal value.

Notes to the Financial Statements continued

15. Goodwill continued

Future cash flow projections:

The future cash flow projections are based on the most recent financial forecasts considered for each CGU which cover a four year period. These cash flow projections comprise of revenue, structural costs base and capital expenditure. Projected revenue is based on assumptions relating to client acquisition and trading activity, and assumptions on interest earned on client funds. The projected costs are based on assumptions relating to revenue-related costs, including trading and client transaction fees, and structural costs. The 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.

Discount rates:

The discount rates used to calculate the recoverable amount of each CGU are based on a post tax weighted average cost of capital (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 2022	31 May 2021
US (tastytrade)	**17.5%**	–
UK	**12.0%**	10.0%
US (Nadex)	**–**	12.0%
Australia	**13.0%**	12.0%
South Africa	**18.0%**	15.0%

Sensitivity to changes in key assumptions

The VIU calculations have been subject to a sensitivity analysis reflecting reasonable changes in individual key assumptions. The most significant goodwill balance recognised by the Group relates to the US (tastytrade) CGU. The table below shows the reduction in the recoverable amount and where relevant the associated potential impairment arising from reasonable changes in key assumptions used in the US (tastytrade) impairment testing:

		US (tastytrade)	
Assumption	Sensitivity applied	Reduction in recoverable amount £m	Impairment £m
Long-term growth rate	0.5% decrease	**27.7**	**Nil**
EBITDA	20% decrease	**185.4**	**70.4**
Discount rates	1% increase (post-tax)	**72.6**	**Nil**

The assumptions that would result in the recoverable amount equalling the carrying value of the US (tastytrade) CGU are:

Long-term growth rate	(0.5)%
EBITDA margin	13% underperformance
Discount rates	19.8%

For all other goodwill balances, there is sufficient headroom in the recoverable amount of the CGU based on the assumptions made, and there is not considered to be any reasonably likely scenario under which material impairment could be expected to occur based on the testing performed.

16. Trade receivables

	31 May 2022 £m	31 May 2021 £m
Amounts due from brokers	**381.0**	424.3
Own funds in client money	**85.5**	63.3
Amounts due from clients	**3.0**	3.3
	469.5	490.9

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.

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 £7.6 million (31 May 2021: £9.2 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.

17. Other assets

Other assets are cryptocurrency assets and rights to cryptocurrency assets, which are owned and 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 2022 £m	31 May 2021 £m
Exchange	**1.8**	13.8
Vaults	**12.4**	16.5
	14.2	30.3

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 27).

18. Borrowings and debt securities in issue

In June 2021, the Group drew down on a £150.0 million term loan to finance the tastytrade acquisition, taking the total committed term loan facilities to £250.0 million.

The Group subsequently performed a debt refinancing exercise and implementation of a long term funding structure, which was completed in November 2021. The refinancing involved the following:

- Issue of £299.2 million 3.125% senior unsecured bonds due in 2028
- A new £300.0 million committed revolving credit facility, with an initial maturity of three years
- Repayment and cancellation of the Group's existing £125.0 million revolving credit facilities and £250.0 million term loan facilities

The issued debt has been recognised at fair value less transaction fees. As at 31 May 2022, £2.0 million unamortised arrangement fees are recognised on the Statement of Financial Position, with £1.0 million unamortised fees relating to the repaid term loans expensed to the Income Statement in the year. Unamortised arrangements fees of £1.6 million in relation to the new revolving credit facility have been recognised on the Statement of Financial Position.

The Group has the option to request an increase in the revolving credit facility size to £400.0 million and to request two maturity extensions of one year each, all subject to bank approval. Following this refinancing exercise, total available credit facilities have risen from £375.0 million as at 31 May 2021 to £600.0 million as at 31 May 2022, with the potential to increase to £700.0 million if the new revolving credit facility is increased in size.

Under the terms of the new 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 reporting period.

Notes to the Financial Statements continued

19. 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 2022 £m	31 May 2021 £m
Future minimum payments due:		
Within one year	**8.9**	6.7
After one year but not more than five years	**13.2**	15.5
After more than five years	**0.6**	0.9
	22.7	23.1

In addition to the £22.7 million lease liability (31 May 2021: £23.1 million), the Group has £0.3 million lease commitments under non-cancellable operating leases which are not capitalised as right-of-use assets (31 May 2021: £0.1 million). Included within this balance is a £0.8 million lease liability relating to lease assets classified as held for sale.

Please refer to note 28 below for the maturity analysis of the undiscounted cash flows for non-cancellable leases.

20. Trade payables

	31 May 2022 £m	31 May 2021 £m
Client funds:		
UK and Ireland	**359.0**	222.0
US	**34.1**	21.6
EU	**71.6**	46.6
EMEA Non-EU	**48.8**	58.7
Singapore	**1.5**	2.6
Japan	**4.4**	1.7
	519.4	353.2
Issued turbo warrants	**1.5**	1.1
Amounts due to brokers	**28.0**	–
Amounts due to clients	**22.3**	3.2
	571.2	357.5

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

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.

21. Other payables

	31 May 2022 £m	31 May 2021 £m
Accruals	**112.6**	97.2
Payroll taxes, social security and other taxes	**6.9**	11.0
	119.5	108.2

22. 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 largest group of related claims that the Group is subject to could have a financial impact of approximately £20.6 million as at 31 May 2022. This is in its early stages and it is not possible to determine whether any amounts will be payable to the clients. As a result, no provision has been recognised. The Group was not subject to any significant claims at 31 May 2021.

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 a material adverse impact on the Group Financial Statements. The Group had no material provisions as at 31 May 2022 (31 May 2021: £nil).

23. 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 2020	369,439,455	–	125.8
Issued during the year	860,000	–	–
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**
(ii) Deferred redeemable shares (0.001p)			
At 31 May 2021	65,000	–	–
At 31 May 2022	**65,000**	**–**	**–**
(iii) Redeemable preference shares (£1.00)			
At 31 May 2021	40,000	–	–
At 31 May 2022	**40,000**	**–**	**–**

During the year ended 31 May 2022, 61,000,000 ordinary shares with an aggregate nominal value of £3,050.00 were issued as part of the consideration for the acquisition of tastytrade. The issue of shares qualifies for merger relief under Section 612 of the Companies Act 2006, and the amount in excess of the nominal value of ordinary shares, totalling £509.0 million, has been recognised in the merger reserve instead of the share premium account.

IG Group Holdings plc also issued 275,000 ordinary shares (31 May 2021: 860,000 ordinary shares) with an aggregate nominal value of £13.75. The 275,000 ordinary shares (31 May 2021: 860,000) were issued to the Employee Benefit Trust in order to satisfy the exercise of sustained performance plan and long-term incentive plan awards, for consideration of £13.75 (31 May 2021: £43.00). Except as the ordinary shareholders have agreed or may otherwise agree, on a 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.

Notes to the Financial Statements continued

23. Share capital and share premium continued

Deferred redeemable shares

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 where 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 2021: 8.0%).

24. Other reserves

	Share-based payments reserve £m	Own shares held in Employee Benefit Trusts £m	FVOCI reserve £m	Total other reserves £m
At 1 June 2020	16.7	(4.6)	1.2	13.3
Equity-settled employee share-based payments	7.4	–	–	7.4
Exercise of employee share awards	(3.2)	3.2	–	–
Employee Benefit Trust purchase of shares	–	(0.2)	–	(0.2)
Transfer of vested awards from share-based payment reserve	(6.4)	–	–	(6.4)
Change in value of financial assets held at fair value through other comprehensive income	–	–	(1.3)	(1.3)
At 31 May 2021	14.5	(1.6)	(0.1)	12.8
At 1 June 2021	**14.5**	**(1.6)**	**(0.1)**	**12.8**
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 share-based payment reserve	**(7.3)**	**–**	**–**	**(7.3)**
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**

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.

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 2022 Number	Year ended 31 May 2021 Number
At the beginning of the year	**872,272**	1,279,338
Subscribed for and purchased during the year	**1,012,130**	898,139
Exercise and sale of own shares held in trust	**(1,224,473)**	(1,305,205)
At the end of the year	**659,929**	872,272

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 (SIP). At 31 May 2022, 161,918 ordinary shares (31 May 2021: 205,623) were held in the trust. The market value of the shares at 31 May 2022 was £1.2 million (31 May 2021: £1.8 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 2022 the Trust held 488,094 ordinary shares (31 May 2021: 651,444). The market value of the shares at 31 May 2022 was £3.5 million (31 May 2021: £5.6 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 2022, 9,917 ordinary shares (31 May 2021: 15,205) were held in the Trust. The market value of the shares at 31 May 2022 was £0.1 million (31 May 2021: £0.1 million).

25. 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 (SPP)

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). Awards subsequently vest periodically in tranches until three years after the expiry of the SPP scheme in August 2023, unless a decision is made by the Remuneration Committee to extend the life of the SPP scheme. As at 31 May 2022, no decision had been made to extend the life of the SPP scheme.

The following table shows the movement of options in the SPP, and the additional awards issued for the year ended 31 May 2022:

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 equivalent awarded during the year Number	At the end of the year Number
04-Aug-14	31 May 2014	609.90p	1 Aug 2025	24,776	–	–	(13,547)	622	11,851
06-Aug-15	31 May 2015	742.55p	1 Aug 2025	26,849	–	–	(14,355)	693	13,187
02-Aug-16	31 May 2016	868.65p	1 Aug 2025	111,044	–	–	(60,627)	2,798	53,215
01-Aug-17	31 May 2017	626.50p	1 Aug 2025	98,688	–	–	(49,795)	2,713	51,606
07-Aug-18	31 May 2018	893.00p	1 Aug 2025	336,128	–	–	(162,502)	9,634	183,260
06-Aug-19	31 May 2019	559.20p	1 Aug 2025	245,860	–	–	(106,144)	7,753	147,469
06-Aug-20	31 May 2020	734.00p	1 Aug 2025	1,334,825	–	–	(444,940)	49,368	939,253
06-Aug-20	–	734.00p	1 May 2022	17,814	–	–	(19,855)	2,041	–
06-Aug-20	31 May 2021	734.00p	30 Jun 2022	35,616	–	–	–	–	35,616
06-Aug-20	–	734.00p	1 May 2023	4,357	–	–	(2,426)	248	2,179
05-Aug-21	31 May 2022	911.50p	1 Aug 2025	–	1,322,774	(34,678)	–	38,684	1,326,780
10-Jan-22	–	829.50p	30 Jun 2023	–	15,390	–	–	–	15,390
10-Jan-22	–	829.50p	30 Jun 2024	–	12,990	–	–	–	12,990
			Total	2,235,957	1,351,154	(34,678)	(874,191)	114,554	2,792,796

The average share price at exercise of options during the year was 905.87 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 2022 was 3.11 years (30 May 2021: 4.17 years).

The SPP awards for the year ended 31 May 2022 will be granted in August 2022 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 2022, based on the year-end share price:

Expected award date	Closing share price at 31 May 2022	Expected full vesting date	Awards expected for the year ending 31 May 2022 Number
4 Aug 2022	715.5p	1 Aug 2025	2,002,411

Notes to the Financial Statements continued

25. Employee share plans continued

Long-term incentive plan (LTIP)

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.

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	218,371	–	(3,636)	47,510	(259,810)	2,435
6 Aug 2019	559.20p	6 Aug 2022	438,844	–	(61,125)	–	–	377,719
6 Aug 2020	734.00p	6 Aug 2023	386,697	2,210	(64,803)	–	–	324,104
5 Aug 2021	911.50p	5 Aug 2024	–	397,257	(41,962)	–	–	355,295
Total			1,043,912	399,467	(171,526)	47,510	(259,810)	1,059,553

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 2022 was 1.16 years (31 May 2021: 1.34 years).

Medium-term incentive plan (MTIP)

The MTIP is made available to certain employees within the Group. Awards under the MTIP are nominal cost options, which vest after 15 months, conditional upon continued employment at the vesting date. There are no other performance targets.

The maximum number of MTIP 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
5 Aug 2021	911.50p	5 Nov 2022	–	205,487	(9,968)	–	–	195,519
Total			–	205,487	(9,968)	–	–	195,519

The exercise price of all options awarded under the MTIP is 0.005 pence and the weighted average remaining contractual life of share options as at 31 May 2022 was 0.43 years (31 May 2021: nil).

Share-incentive plan (SIP)

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 2021: £1,800/A$3,000) of partnership shares, with the Company matching on a one-for-one (31 May 2021: 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.

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 the opening share price and the closing share price for the period.

25. Employee share plans continued

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	7 Aug 2018	893.00p	7 Aug 2021	85,158	–	(2,634)	(82,524)	–
Australia	15 Jul 2018	935.84p	15 Jul 2021	7,178	–	–	(7,178)	–
UK	6 Aug 2019	559.20p	6 Aug 2022	61,239	–	(8,027)	(88)	53,124
Australia	15 Jul 2019	597.00p	15 Jul 2022	2,075	–	(283)	–	1,792
UK	6 Aug 2020	734.00p	6 Aug 2023	55,003	–	(5,400)	(484)	49,119
Australia	15 Jul 2020	740.79p	15 Jul 2023	3,663	–	(666)	–	2,997
UK	5 Aug 2021	911.50p	5 Aug 2024	–	50,302	(2,335)	(198)	47,769
Australia	15 Jul 2021	851.50p	15 Jul 2024	–	4,179	(190)	–	3,989
			Total	214,316	54,481	(19,535)	(90,472)	158,790

Of the above SIP awards exercised during the year ended 31 May 2022, the average weighted share price at exercise was:

Country of award	Award date	Weighted average share price at exercise
UK	7 Aug 2018	871.26p
Australia	15 Jul 2018	859.50p
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

The weighted average exercise price of the SIP awards exercised during the year ended 31 May 2021 is 903.89 pence.

Accounting for share schemes

The expense recognised in the Income Statement in respect of share-based payments was £13.7 million (31 May 2021: £7.4 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 £15.3 million (31 May 2021: £12.7 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:

Date of grant	16 August 2021
Share price at grant date (pence)	£9.13
Expected life of awards (years)	0.79
Risk-free sterling interest rate (%)	0.05%
IG Group Holdings plc expected volatility (%)	24.09%

Notes to the Financial Statements continued

25. Employee share plans continued

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 2022	**618.63p**	**760.27p**	**807.52p**	**641.61p**	**683.09p**
Year ended 31 May 2021	577.48p	695.98p	667.22p	689.06p	618.63p

26. 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 2022 £m	Year ended 31 May 2021 £m
Short-term employee benefits	**6.8**	6.4
Share-based payments	**10.6**	6.5
	17.4	12.9

The average number of key management personnel during the year was twelve (year ended 31 May 2021: nine). Included within short-term employee benefits are pension charges of £nil million (year ended 31 May 2021: £0.1 million).

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 2022 (31 May 2021: £nil). During the year ended 31 May 2022, the Group incurred £0.4 million of arrangement fees for the issue of debt securities with a financial advisory firm that a member of key management personnel holds a directorship in.

In November 2021, the Group took part in a funding round of Small Exchange and invested an additional £1.9 million. Prior to the disposal of the Group's shareholding in Small Exchange, the Group recognised its share of losses in the year from Small Exchange of £2.3 million. In addition, the Group paid various operating expenses on behalf of Small Exchange and is reimbursed for these expenses. The total value of these expenses in the year ended 31 May 2022 was £2.0 million (31 May 2021: £nil).

On acquisition of tastytrade, the Group initially recognised a convertible loan note with Zero Hash at a fair value of £9.3 million ($12.0 million). This was subsequently converted into an equity shareholding of 17.4% at fair value of £17.9 ($24.2 million) in September 2021. On 22 December 2021, the Group sold shares in Zero Hash and reduced its shareholding to 9.86%. The gain on revaluation on conversion of loan note and the gain on disposal have been shown as a separate line item in the Income Statement.

Zero Hash facilitates cryptocurrency trading for clients of tastyworks. tastyworks recognised £0.6 million revenue, net of integration fees, from Zero Hash (year ended 31 May 2021: £nil).

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

27. 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 2022	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets:						
Cash and cash equivalents		–	1,246.4	–	1,246.4	1,246.4
Financial assets pledged as collateral		–	–	60.4	60.4	60.4
Financial investments	14	–	45.0	290.7	335.7	335.7
Trade receivables – amounts due from brokers	16	(159.3)	540.3	–	381.0	381.0
Trade receivables – own funds in client money	16	–	85.5	–	85.5	85.5
Trade receivables – amounts due from clients	16	–	3.0	–	3.0	3.0
Other receivables		–	9.8	–	9.8	9.8
		(159.3)	1,930.0	351.1	2,121.8	2,121.8
Financial liabilities:						
Trade payables – client funds	20	117.4	(636.8)	–	(519.4)	(519.4)
Trade payables – issued turbo warrants	20	(1.5)	–	–	(1.5)	(1.5)
Trade payables – amounts due to brokers	20	(1.0)	(27.0)	–	(28.0)	(28.0)
Trade payables – amounts due to clients	20	–	(22.3)	–	(22.3)	(22.3)
Debt securities in issue	18	–	(297.2)	–	(297.2)	(269.6)
Lease liabilities	19	–	(22.7)	–	(22.7)	(22.7)
Other payables – accruals	21	–	(112.6)	–	(112.6)	(112.6)
		114.9	(1,118.6)	–	(1,003.7)	(976.1)

As at 31 May 2021	Note	FVTPL £m	Amortised cost £m	FVOCI £m	Total carrying amount £m	Fair value £m
Financial assets:						
Cash and cash equivalents		–	655.2	–	655.2	655.2
Financial assets pledged as collateral		–	–	87.1	87.1	87.1
Financial investments	14	–	–	255.0	255.0	255.0
Trade receivables – amounts due from brokers	16	17.1	407.2	–	424.3	424.3
Trade receivables – own funds in client money	16	–	63.3	–	63.3	63.3
Trade receivables – amounts due from clients	16	–	3.3	–	3.3	3.3
Other receivables		–	5.5	–	5.5	5.5
		17.1	1,134.5	342.1	1,493.7	1,493.7
Financial liabilities:						
Trade payables – client funds	20	38.4	(392.7)	–	(354.3)	(354.3)
Trade payables – issued turbo warrants	20	–	–	–	–	–
Trade payables – amounts due to brokers	20	–	–	–	–	–
Trade payables – amounts due to clients	20	–	(3.2)	–	(3.2)	(3.2)
Borrowings	18	–	(98.8)	–	(98.8)	(98.8)
Lease liabilities	19	–	(23.1)	–	(23.1)	(23.1)
Other payables – accruals	21	–	(97.2)	–	(97.2)	(97.2)
		38.4	(615.0)	–	(576.6)	(576.6)

Notes to the Financial Statements continued

27. 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 2022	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
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)

As at 31 May 2021	Level 1 £m	Level 2 £m	Level 3 £m	Total fair value £m
Financial assets:				
Trade receivables – due (to)/from brokers	0.6	16.5	–	17.1
Financial assets pledged as collateral	87.1	–	–	87.1
Financial investments	255.0	–	–	255.0
Financial liabilities:				
Trade payables – amounts due to brokers	–	–	–	–
Trade payables – client funds	–	38.4	–	38.4

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 2021: 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 2022 and 31 May 2021.

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 2022 and 31 May 2021.

27. Financial instruments continued

Offsetting financial assets and liabilities

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

As at 31 May 2022	Note	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off £m	Net amounts of financial assets and liabilities £m
Financial assets:				
Trade receivables – amount due from/(to) brokers	16	**1,119.3**	**(738.3)**	**381.0**
Financial liabilities:				
Trade payables – amount due from/(to) brokers	20	**68.0**	**(96.0)**	**(28.0)**
Trade payables – client funds	20	**121.3**	**(640.7)**	**(519.4)**
		1,308.6	**(1,475.0)**	**(166.4)**

As at 31 May 2021	Note	Gross amounts of recognised financial assets £m	Gross amounts of recognised financial liabilities set off £m	Net amounts of financial assets and liabilities £m
Financial assets:				
Trade receivables – amount due from/(to) brokers	16	954.6	(530.3)	424.3
Financial liabilities:				
Trade payables – client funds	20	42.1	(396.4)	(354.3)
		996.7	(926.7)	70.0

Amounts due from brokers and client funds have been presented net to reflect the impact of offsetting. The Group is entitled to offset amounts due from brokers on a broker account level by currency. Collateral at brokers represent UK Government 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.

28. 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 discussed in the risk management section on page 46.

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.

Notes to the Financial Statements continued

28. Financial risk management continued

Non-trading interest rate risk

The interest rate risk profile of the Group's financial assets and liabilities at each year end was as follows:

	Within 1 year		Between 2 and 5 years		More than 5 years		Total	
	31 May 2022 £m	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m
Fixed rate:								
Financial assets pledged as collateral	**35.1**	26.0	**25.3**	61.1	**–**	–	**60.4**	87.1
Financial investments	**200.9**	127.4	**134.8**	127.6	**–**	–	**335.7**	255.0
Debt securities in issue	**–**	–	**–**	–	**(297.2)**	–	**(297.2)**	–
Floating rate:								
Cash and cash equivalents	**1246.4**	655.2	**–**	–	**–**	–	**1246.4**	655.2
Trade receivables – due from brokers	**381.0**	424.3	**–**	–	**–**	–	**381.0**	424.3
Trade receivables – own funds in client money	**85.5**	63.3	**–**	–	**–**	–	**85.5**	63.3
Trade payables – due to brokers	**(28.0)**	–	**–**	–	**–**	–	**(28.0)**	–
Borrowings	**–**	–	**–**	(98.8)	**–**	–	**–**	(98.8)
	1,920.9	1,296.2	**160.1**	89.9	**(297.2)**	–	**1,783.8**	1,386.1

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 would be similar to that received in the year and is considered immaterial to the Group's profit for the year.

Non-trading interest rate risk sensitivity analysis – floating rate

Interest on financial instruments classified as floating rate is re-priced at intervals of less than one year. 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.

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
(Decrease)/increase in profit before tax:		
Cash and cash equivalents	**(12.5)**	(6.6)
Trade receivables – amounts due from brokers	**(0.9)**	(1.2)
Trade receivables – own funds in client money	**0.9**	0.6
Trade payables – amounts due to brokers	**(0.3)**	–
Borrowings	**–**	0.1

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 2022 £m**	Year ended 31 May 2021 £m
Decrease in FVOCI reserve (equity)	**(2.9)**	(3.1)

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 pre-defined limits. The Group's Risk Management Framework is set out on page 46 of the Annual Report.

28. Financial risk management continued

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

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Market risk as at 31 May	**5.0**	5.3
Average market risk (daily)	**3.6**	9.6
Maximum market risk (daily)	**13.1**	25.5
Minimum market risk (daily)	**1.3**	2.8

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.

Associated with the tastytrade, acquisition, the Group entered into a foreign exchange contract to hedge the $300 million exposure arising from the cash consideration due upon completion of the transaction. In the year ended 31 May 2022, the Group recognised a £5.8 million realised foreign exchange gain (31 May 2021: £7.9 million unrealised foreign exchange loss) in net trading revenue as a result of this hedge.

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 £nil (31 May 2021: £nil), are all less than 30 days past due. Amounts due from clients, which are stated net of an expected credit loss of £18.0 million at 31 May 2022 (31 May 2021: expected credit loss of £17.0 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 2022 £m	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m	**31 May 2022 £m**	31 May 2021 £m
Credit rating:								
AA+ and above	**24.1**	27.3	**–**	–	**–**	–	**–**	–
AA to AA-	**437.8**	158.1	**–**	8.2	**–**	–	**5.3**	0.6
A+ to A-	**730.9**	426.2	**320.0**	402.1	**–**	–	**80.0**	61.8
BBB+ to BBB-	**25.5**	30.0	**32.8**	–	**–**	–	**0.2**	0.8
BB+ to B	**17.6**	13.6	**1.5**	1.1	**–**	–	**–**	–
Unrated	**10.5**	–	**26.7**	12.9	**3.0**	3.3	**–**	0.1
Total carrying amount	**1,246.4**	655.2	**381.0**	424.3	**3.0**	3.3	**85.5**	63.3

Notes to the Financial Statements continued

28. Financial risk management continued

Loss allowance

Below is a reconciliation of the total loss allowance:

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
At the beginning of the year	**17.0**	15.8
Loss allowance for the year:		
– gross charge for the year	**6.5**	8.0
– recoveries	**(3.6)**	(5.1)
– debts written off	**(1.7)**	(1.3)
Foreign exchange	**0.4**	(0.4)
At the end of the year	**18.6**	17.0

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 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**

	31 May 2021			
	Stage 1 12-month £m	Stage 2 Lifetime £m	Stage 3 Lifetime £m	Total £m
Credit grade:				
Investment grade	1,439.6	–	–	1,439.6
Non-investment grade	37.0	–	17.0	54.0
Gross carrying amount	1,476.6	–	17.0	1,493.6
Loss allowance	–	–	(17.0)	(17.0)
Total carrying amount	1,476.6	–	–	1,476.6

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. The comparatives for 31 May 2021 have been re-presented to split out amount previously presented as being classified within the simplified approach column into the relevant staging.

Concentration risk

The Group's largest credit exposure to any one individual broker at 31 May 2022 was £55.7 million (A+ rated) (31 May 2021: £69.9 million (A+ rated)). Included in cash and cash equivalents, the Group's largest credit exposure to any bank at 31 May 2022 was £320.9 million (AA- rated) (31 May 2021: £117.3 million (A+ rated)). The Group has no significant credit exposure to any one particular client or group of connected clients.

28. Financial risk management continued

Liquidity risk

Maturities of financial liabilities

The table 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 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**

	31 May 2021				
	Within 1 year £m	Between 2 and 5 years £m	Over 5 years £m	Total £m	Carrying amount of liability £m
Borrowings	2.0	102.4	–	104.4	98.8
Lease liabilities	6.7	16.5	0.9	24.1	23.1
Trade payables – client funds	353.2	–	–	353.2	353.2
Trade payables – amounts due to clients	3.2	–	–	3.2	3.2
Trade payables – issued turbo warrants	1.1	–	–	1.1	1.1
Other payables – accruals	97.2	–	–	97.2	97.2
Total	463.4	118.9	0.9	583.2	576.6

Capital management

The Group manages its capital resources in line with its capital allocation framework.

The regulatory capital resources of the Group is a measure of equity, adjusted for goodwill and intangible assets, deferred tax assets, declared dividends and prudent valuation, which at 31 May 2022 totalled £1,025.6 million (31 May 2021: £860.7 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.

Until 31 December 2021, the Group was subject to CRD IV regulations. The Group was required to undertake a Pillar 2 Internal Capital Adequacy Assessment Process (ICAAP) at least annually, which involved an assessment of capital requirements through a series of stress-testing scenarios against the financial projections. From 1 January 2022, the Group is subject to the Investment Firm Prudential Regime (IFPR), which changes the basis of calculation of the Group's regulatory capital, and replaces the ICAAP with an Internal Capital and Risk Assessment (ICARA) prepared under the requirements of the MiFIDPRU.

The Group met all externally imposed capital requirements throughout the years ended 31 May 2022 and 31 May 2021. 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 18.

Notes to the Financial Statements continued

29. Cash flow information

Cash generated from operations

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Operating activities		
Operating profit	**477.3**	454.5
From continuing operations	**477.3**	450.2
From discontinued operations	**–**	4.3
Depreciation and amortisation	**57.5**	25.7
Profit on disposal of assets	**(0.3)**	–
Equity-settled share-based payments charge	**13.6**	7.4
Decrease/(increase) in trade receivables, other receivables and other assets	**53.9**	(161.9)
Increase in trade and other payables	**209.4**	247.8
Cash generated from operations	**811.4**	573.5

Liabilities arising from financing activities

	Debt Securities in Issue £m	Borrowings £m	Leases £m	Total £m
Liabilities as at 1 June 2020	–	99.7	29.3	129.0
Changes to existing lease agreements	–	–	0.4	0.4
Lease payments made in the year	–	–	(5.8)	(5.8)
Unwinding of discount	–	–	0.6	0.6
Financing arrangement fees	–	(1.3)	–	(1.3)
Amortisation of fees	–	0.4	–	0.4
Impact of movement in foreign exchange rates	–	–	(1.4)	(1.4)
Liabilities as at 31 May 2021	–	98.8	23.1	121.9
Liabilities 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**
Liabilities as at 31 May 2022	**297.2**	**–**	**22.7**	**319.9**

30. Business acquisition

On 28 June 2021, the Group completed the acquisition of tastytrade, Inc. (tastytrade), a company incorporated in the US and headquartered in Chicago. tastytrade is a US online brokerage and trading education platform operating within the US listed options and futures market.

The acquisition of tastytrade has strategic benefits for the Group and provides immediate scale in the US listed options and futures market. It transforms the scale and breadth of the Group's existing US presence through IG US LLC and DailyFX and its relevance to US retail clients. The acquisition also extends the Group's global product capabilities into exchange traded options and futures, diversifying IG's regulatory risk profile beyond its historical focus on OTC derivatives, and increases the contribution from capital efficient agency-only activities.

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.

30. Business acquisition continued

Purchase consideration

Under the terms of the purchase agreement, IG Group Holdings plc (directly and through certain wholly owned subsidiaries) acquired the entire voting share capital of tastytrade and in exchange, $296.9 million cash consideration was paid and IG Group Holdings plc issued 61,000,000 ordinary shares. The shares were issued on 28 June 2021 and upon issue the total value of the shares was £509.4 million, based upon the closing share price on 28 June 2021 of £8.35. The issue of shares is determined to qualify for merger relief under Section 612 of the Companies Act 2006, and the amount in excess of the nominal value of ordinary shares has been recognised in the merger reserve, along with issue costs of £0.4 million which were directly attributable to the issue of the shares. The Group part-financed the transaction by drawing down on a £150.0 million term loan which was arranged during the year ended 31 May 2021.

The fair value of the purchase consideration is as follows:

	$m	£m
Cash consideration	296.9	213.8
Issued ordinary shares	707.2	509.4
Total consideration	1,004.1	723.2

Identified assets and liabilities

The Group has a 12 month measurement period from date of acquisition to estimate the fair value of acquired assets and liabilities. The fair value exercise is complete as at the reporting date. The fair values recognised at acquisition is set out below:

	$m	£m
Cash and cash equivalents	31.2	22.6
Trade receivables	21.6	15.6
Prepayments and other receivables	4.6	3.3
Convertible loan notes	4.0	2.9
Total current assets	61.4	44.4
Investments in associates	12.5	9.0
Property, plant and equipment	4.0	2.9
Internally developed software	19.8	14.3
Trade name	78.7	56.9
Customer relationships	226.1	163.5
Non-compete agreements	39.8	28.8
Convertible loan notes	8.0	5.8
Deferred tax asset	10.3	7.4
Total non-current assets	399.2	288.6
Accruals and other payables	(7.8)	(5.6)
Total current liabilities	(7.8)	(5.6)
Deferred tax liability	(91.4)	(66.1)
Lease liabilities	(0.7)	(0.5)
Total non-current liabilities	(92.1)	(66.6)
Total identifiable net assets acquired	360.7	260.8

The gross contractual amount of trade receivables is £15.6 million ($21.6 million) and it is expected that the full contractual amounts, less the amounts already provided for, is recoverable.

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 17.3% and unobservable inputs within the valuation methodologies, which are outlined in the section below alongside sensitivity analysis for certain key inputs.

Notes to the Financial Statements continued

30. Business acquisition continued

Customer relationships: Income approach (excess earnings method)

This approach estimates the projected cash flows of the asset, adjusted for capital charges from other contributory assets. In addition to the assumptions applied in the cash flow forecasts, key inputs include the customer attrition rate, the discount rate and the long-term growth rate.

- A 5 percentage point increase in the attrition rate would reduce the fair value of the asset by £34.9 million.
- A 2 percentage point increase in the discount rate would reduce the fair value of the asset by £12.2 million.
- A 0.5 percentage point decrease in the long-term growth rate would reduce the fair value of the asset by £4.2 million.

The value of customer relationships has increased from £156.3 million ($216.2 million) to £163.5 million ($226.1 million) since the values reported at 30 November 2021 as a result of a change in assumptions related to attrition rates.

Trade names: Income approach (relief from royalty method)

This approach estimates the future cost savings that arise as a result of not having to pay a royalty or licence fee on the future revenues earned through using the asset. In addition to the assumptions applied in the revenue forecasts, key inputs include the royalty rate and the discount rate.

- A 0.5 percentage point decrease in the royalty rate would reduce the fair value of the asset by £5.7 million.
- A 2 percentage point increase in the discount rate would reduce the fair value of the asset by £5.4 million.
- A 5-year reduction in the useful life of the asset would reduce the fair value by £10.3 million.

Non-compete agreement: Income approach (with or without method)

This approach estimates the fair value of the cash flows both with the non-compete agreement and without the non-compete agreement. The non-compete arrangements in place apply for a period of five years for the founders. The key inputs are the assumptions relating to likelihood and value of lost revenue over the five year period. There are no inputs where a reasonable change in the assumptions results in a significant change in the fair value.

Internally developed software: Cost approach

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 cost, the key inputs are the estimated mark-up generated by a developer and obsolescence factors. There are no inputs where a reasonable change in the assumptions results in a significant change in the fair value.

Goodwill arising from the acquisition has been recognised as follows:

	$m	£m
Purchase consideration	1,004.1	723.2
Less: fair value of identified net assets	(360.7)	(260.8)
Goodwill	**643.4**	**462.4**

Goodwill is attributable to the workforce, future technology and future growth of tastytrade. Goodwill is not deductible for tax purposes.

From the date of acquisition, tastytrade contributed £110.1 million of net trading revenue in the year ended 31 May 2022 and operating profit of £17.8 million, which includes the amortisation of acquisition related intangible assets. If the acquisition had occurred on 1 June 2021, the contribution to trading revenue is estimated to be £118.7 million and operating profit of £19.3 million. Operating profit includes the additional amortisation that would have been charged assuming that the fair value of intangible assets had been applied from 1 June 2021.

Purchase consideration outflow

	$m	£m
Outflow of cash to acquire subsidiary, net of cash acquired		
Cash consideration	296.9	213.8
Less: cash balance acquired	(31.2)	(22.6)
Net outflow of cash	265.7	191.2

The Group incurred acquisition costs not directly attributable to the issuance of shares of £20.7 million for legal, insurance, bank and broker services. Of this, £1.1 million was recognised in the year ended 31 May 2022 and the remaining £19.6 million was recognised in the year ended 31 May 2021. These costs have been recognised as part of operating expenses and operating cash flows.

Included within the cash consideration above is a working capital adjustment of £2.3 million ($3.1 million), due back to the Group.

31. Discontinued operations

On 1 March 2022, 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 are reported in discontinued operations as set out below.

Financial performance and cash flow information

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Net trading revenue	9.4	16.1
Other operating income	0.6	0.8
Operating income	**10.0**	**16.9**
Operating costs	(9.9)	(12.5)
Net credit losses	(0.1)	(0.1)
Operating profit	–	4.3
Profit before tax	–	4.3
Tax expense	–	(1.0)
Profit after tax	–	3.3
Gain on sale of subsidiary after tax expense	107.8	–
Profit from discontinued operations	**107.8**	**3.3**

	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Net cash inflow from ordinary activities	1.0	7.2
Net cash inflow/(outflow) from investing activities	121.6[1]	(1.4)
Net cash (outflow) from financing activities	(0.1)	(4.5)
Impact of movement in foreign exchange rates	1.0	(2.3)
Net cash increase/(decrease) generated by the subsidiary	**123.5**	**(1.0)**

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

Details of disposal of operations in Nadex

	£m
Consideration received	162.7
Carrying amount of net assets sold	(24.7)
Costs associated with disposal	(4.1)
Reclassification of foreign currency translation reserve	3.0
Tax expense on gain on sale	(29.1)
Gain on sale after income tax	**107.8**

The carrying amounts of assets and liabilities as at the date of disposal were:	£m
Property, plant and equipment	1.5
Intangible assets (including goodwill)	6.2
Net current assets	0.2
Non-current lease liabilities	(0.6)
Cash and cash equivalents	17.4
Net assets	**24.7**

	Year ended 31 May 2022	Year ended 31 May 2021
Basic earnings per ordinary share from discontinued operations	25.3p	0.9p
Diluted earnings per ordinary share from discontinued operations	25.1p	0.9p

Notes to the Financial Statements continued

32. Investment in associates

	31 May 2022 £m	31 May 2021 £m
At the beginning of the period:	**–**	–
Additions – business acquisition	**26.9**	–
Additions – increase in investment in associate	**1.9**	–
Disposals	**(13.1)**	–
Share of loss after tax	**(2.3)**	–
Foreign exchange movement	**1.4**	–
At the end of the year	**14.8**	–

As a part of the acquisition of tastytrade, the Group acquired a 37.18% investment in Small Exchange. During the year, the Group increased its investment in Small Exchange by £1.9 million and subsequently sold its entire shareholding in Small Exchange for consideration of £18.9 million recognising a gain of £4.0 million.

As part of the acquisition of tastytrade, the Group acquired a convertible loan instrument with a fair value of £9.3 million. On 24 September 2021, the convertible loan instrument was wholly converted into equity providing the Group with a 17.4% equity shareholding in Zero Hash with a fair value of £17.9 million. The Group also held 25% voting rights in Zero Hash and it was therefore recognised as an associate. Zero Hash has a reporting date of 31 December. The Group disposed of 7.54% of its equity interest in Zero Hash on 22 December 2021 for consideration of £5.6 million.

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 Rd. Suite 403-A, City of Wilmington, County of New Castle, 19805.US	Series C-preferred shares	9.86%	Digital asset trading

Interactive Broker Group (IBG) LLC holds 33.3% interest in Zero Hash. The Group has an account with IBG for hedging purposes. However, IBG is not the Group's primary or secondary broker and no trades have been placed with IBG during the year ended 31 May 2022.

33. 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
IG Nominees Limited[1]		Ordinary shares	–	Nominee company
IG Knowhow Limited		Ordinary shares	100%	Software development
Extrabet Limited[1]		Ordinary shares	–	Non-Trading
IG Finance[1]		Ordinary shares	–	Financing
IG Finance Two[1]		Ordinary shares	–	Financing
IG Finance Three[1]		Ordinary shares	–	Financing
IG Finance Four[1]		Ordinary shares	–	Financing
IG Finance 5 Limited[1]		Ordinary shares	–	Financing
IG Forex Limited[1]		Ordinary shares	–	Financing
IG Spread Betting Limited[1]		Ordinary shares	–	Financing
IG Finance 8 Limited[1]		Ordinary shares	–	Financing
IG Finance 9 Limited		Ordinary shares	100%	Financing
Financial Domaigns Limited[1]		Ordinary shares	–	Holding company
Financial Domaigns Registry Holdings Limited		Ordinary shares	100%	Holding company
Financial Domaigns Registrar Limited[1]		Ordinary shares	–	Domains registrar
Financial Domaigns (Services) Limited[1]		Ordinary shares	–	Domains registry
Deal City Limited		Ordinary shares	100%	ETF trading
InvestYourWay Limited[1]		Ordinary shares	–	Non-trading
IG Trading and Investments Limited		Ordinary shares	100%	Non-trading
IG Australia Pty Limited	Level 15, 55 Collins Street, Melbourne VIC 3000 Australia	Ordinary shares	100%	Sales and marketing office
IG Share Trading Australia Pty Limited		Ordinary shares	100%	Non-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

Notes to the Financial Statements continued

33. Investments in subsidiaries continued

Name of Company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
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
IG Bank S.A.	42 Rue du Rhone, Geneva, 1204 Switzerland	Ordinary shares	100%	CFD trading and foreign exchange
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 US	Ordinary shares	100%	Holding company
Market Risk Management Inc.		Ordinary shares	100%	Market maker
FX Publications Inc		Ordinary shares	100%	Publications
IG US LLC		Ordinary shares	100%	Foreign exchange trading
Fox Sub Limited[1]	57/63 Line Wall Road, Gibraltar	Ordinary shares	100%	Financing
Fox Sub 2 Limited		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 trading and foreign exchange
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
Spectrum MTF Operator GmbH	Westhafenplatz 1, Frankfurt am Main, 60327 Germany	Ordinary shares	100%	Multilateral Trading Facility
Raydius GmbH				Issuer of turbo warrants
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%	Financial services
tastytrade, Inc.[3]	1000 W Fulton Market St, Suite 220	Ordinary shares	100%	Holding company

33. Investments in subsidiaries continued

Name of Company	Registered office and country of incorporation	Holding	Voting rights	Nature of business
tastyworks, Inc[2]	327 N Aberdeen, Chicago, IL 60607	Ordinary shares	100%	Brokerage firm
tastyworks Australia, Pty Ltd.[2]	Unit 13, 5 Gladstone Rd, Castle Hill NSW 2154	Ordinary shares	100%	Australian brokerage firm
tastyworks Canada, Inc[2]	800 – 885 West Georgia Street, Vancouver BC, V6C 3H1 Canada	Ordinary shares	100%	Canadian brokerage firm
Quiet Foundation, Inc.[2]	327 N Aberdeen, Chicago, IL 60607	Ordinary shares	100%	Investment advisory
Dough LLC[2]	19 N Sangamon St, Chicago, IL 60607	Ordinary shares	100%	Inactive
Tastyworks Singapore Pte	#28-00, One Marina Boulevard, Singapore (018989)	Ordinary shares	100%	Singaporean brokerage firm

1 The subsidiary entered into Members' Voluntary Liquidation (solvent liquidation) and was handed over to liquidators on 28 May 2021.
2 The subsidiary was acquired on 28 June 2021.
3 As part of the acquisition of tastytrade, Inc., a series of merger transactions took place between Spring Merger Sub I, Inc., Spring Merger Sub II, Inc. and the acquired tastytrade, Inc. The surviving entity resulting from the series of merger was Spring Merger Sub II, Inc. which was subsequently renamed as tastytrade, Inc.

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).

Financial Domaigns Registry Holdings Limited (09235699) is a UK entity, which is 100% owned by the Group and is exempt from the requirement to prepare individual financial statements by virtue of s394A of the Companies Act 2006 relating to the individual financial statements of dormant subsidiaries.

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)

34. Subsequent events

On 1 July 2022, the Group signed an Accordion Increase Request increasing the revolving credit facility by £25.0 million. This increase is effective from 1 August 2022.

On 20 July 2022, the Board approved a share buyback programme of up to £150.0 million, commencing 21 July 2022. The share buyback programme is expected to be substantially completed during the FY23 period.

There have been no other subsequent events that have material impact on the Group's Financials Statements.

Company Financial Statements

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Primary Statements

Notes to the Company Financial Statements

Company Statement of Financial Position

as at 31 May 2022

	Note	31 May 2022 £m	31 May 2021 £m
Assets			
Non-current assets			
Investment in subsidiaries	6	**1,076.3**	553.3
Right-of-use asset	7	**5.0**	6.1
Other receivables	9	**298.3**	–
		1,379.6	559.4
Current assets			
Prepayments		**2.2**	0.5
Other receivables	9	**383.1**	209.2
Cash and cash equivalents		**1.8**	0.4
		387.1	210.1
TOTAL ASSETS		**1,766.7**	769.5
Liabilities			
Non-current liabilities			
Debt securities in issue	10	**297.2**	–
Lease liabilities	7	**4.3**	6.0
		301.5	6.0
Current liabilities			
Other payables	11	**13.9**	18.1
Lease liabilities	7	**2.1**	1.8
		16.0	19.9
TOTAL LIABILITIES		**317.5**	25.9
Equity			
Share capital and share premium	12	**125.8**	125.8
Merger reserve		**590.0**	81.0
Other reserves	14	**7.5**	7.9
Retained earnings		**725.9**	528.9
Total equity		**1,449.2**	743.6
TOTAL EQUITY AND LIABILITIES		**1,766.7**	769.5

The Company's profit for the year was £375.9 million (2021: profit of £223.8 million).

The Financial Statements of IG Group Holdings plc (registered number 04677092) were approved by the Board of Directors on 20 July 2022 and signed on its behalf by:

Charles Rozes
Chief Financial Officer

Company Statement of Changes in Equity

for the year ended 31 May 2022

	Share capital £m	Share premium £m	Merger reserve £m	Other reserves £m	Retained earnings £m	Total equity £m
At 1 June 2020	–	125.8	81.0	7.1	458.4	672.3
Profit and total comprehensive income for the year	–	–	–	–	223.8	223.8
Equity-settled employee share-based payments	–	–	–	7.4	–	7.4
Employee Benefit Trust purchase of own shares	–	–	–	(0.2)	–	(0.2)
Equity dividends paid	–	–	–	–	(159.7)	(159.7)
Transfer of vested awards from the share-based payment reserve	–	–	–	(6.4)	6.4	–
At 31 May 2021	–	125.8	81.0	7.9	528.9	743.6
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**

Company Statement of Cash Flows

for the year ended 31 May 2022

	Note	**Year ended 31 May 2022 £m**	Year ended 31 May 2021 £m
Operating activities			
Cash generated from operations	8	**203.9**	164.7
Net cash flow generated from operating activities		**203.9**	164.7
Investing activities			
Investment in subsidiary		**–**	(4.0)
Loan issued to Group companies		**(298.3)**	–
Net cash flow used in investing activities		**(298.3)**	(4.0)
Financing activities			
Interest paid on lease liabilities		**(0.2)**	(0.2)
Interest and other financing costs paid		**(8.4)**	–
Repayment of principal element of lease liabilities		**(1.9)**	(0.3)
Net proceeds from issue of debt securities		**299.2**	–
Equity dividends paid to owners of the parent		**(186.2)**	(159.7)
Employee Benefit Trust purchase of own shares		**(6.7)**	(0.3)
Net cash flow from/(used in) financing activities		**95.8**	(160.5)
Net increase in cash and cash equivalents		**1.4**	0.2
Cash and cash equivalents at the beginning of the year		**0.4**	0.2
Cash and cash equivalents at the end of the year		**1.8**	0.4

Notes to the Company Financial Statements

1. Authorisation of Financial Statements and statement of compliance

The Financial Statements of IG Group Holdings plc (the Company) for the year ended 31 May 2022 were authorised for issue by the Board of Directors on 20 July 2022 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.

On 31 December 2020, IFRS as adopted by the European Union was brought into UK law and became UK-adopted International Accounting Standards, with future changes being subject to endorsement by the UK Endorsement Board. The Company transitioned to UK-adopted International Accounting Standards in the Company Financial Statements on 1 June 2021. This change constitutes a change in accounting framework. However, there is no impact on recognition, measurement or disclosure in the period reported as a result of the change in framework.

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 2022 affecting these consolidated and separate Financial Statements.

The Financial Statements have been prepared under the historical cost convention and in conformity with UK-adopted International Accounting Standards requires the use of certain critical accounting estimates. It also requires 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 IG Group Holdings plc (the Company) has not been presented in these Financial Statements. The amount of profit for the year included within the Financial Statements of IG Group Holdings plc is £375.9 million (year ended 31 May 2021: £223.8 million). A Statement of Comprehensive Income for IG Group Holdings plc has also not been presented in these Financial Statements. No items of other comprehensive income arose in the year (31 May 2021: £nil).

2. 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 exits. 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 value-in-use calculations (VIU) 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 shareholders' 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 2021: nil).

6. Investment in subsidiaries

At cost

	31 May 2022 £m	31 May 2021 £m
At the beginning of the year	**553.3**	541.9
Additions	**1,027.1**	11.4
Disposals	**(504.1)**	–
At the end of the year	**1,076.3**	553.3

Additions during the year include the acquisition of tastytrade, Inc. As part of the acquisition of tastytrade, a series of merger transactions took place between Spring Merger Sub I, Inc., Spring Merger Sub II, Inc. and the acquired tastytrade, Inc. The surviving entity resulting from the series of mergers was Spring Merger Sub II, Inc. which was subsequently renamed as tastytrade, Inc. Refer to note 30 and note 33 for further information. Immediately following the acquisition of tastytrade, Inc., the Company contributed its investment in tastytrade, Inc, to its wholly owned subsidiary, IG Group Limited and in return received 100 ordinary shares in IG Group Limited.

The Company's direct and indirectly owned subsidiaries are disclosed in note 33 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 include also equity-settled share-based awards for employees of subsidiaries of £13.6 million (year ended 31 May 2021: £7.4 million).

7. Leases

(i) Right-of-use asset

	31 May 2022 £m	31 May 2021 £m
Cost:		
At the beginning of the year	**9.2**	9.0
Additions	**0.5**	–
Dilapidation adjustment	**–**	0.2
At the end of the year	**9.7**	9.2
Accumulated depreciation:		
At the beginning of the year	**3.1**	1.5
Provided during the year	**1.6**	1.6
At the end of the year	**4.7**	3.1
Net book value	**5.0**	6.1

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 2022 £m	31 May 2021 £m
Not later than one year	**2.1**	1.8
After one year but not more than five years	**4.3**	6.0
	6.4	7.8

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.

Notes to the Company Financial Statements continued

7. Leases continued

(ii) Lease liability

Future minimum payments due:	Year ended 31 May 2022 £m	Year ended 31 May 2021 £m
Within one year	**2.1**	1.8
After one year but not more than five years	**4.5**	6.2
	6.6	8.0

8. Cash flow information

	31 May 2022 £m	31 May 2021 £m
Operating activities		
Operating loss	**(9.0)**	(24.2)
Dividends received	**385.0**	248.2
Lease asset depreciation	**1.6**	1.6
Increase in trade and other receivables	**(169.0)**	(75.2)
Increase/(decrease) in trade and other payables	**(4.7)**	14.3
Cash generated from operations	**203.9**	164.7

Included within operating loss are legal and professional fees incurred in relation to the acquisition of tastytrade. For further details refer to note 30 of the Group Financial Statements.

Liabilities arising from financing activities

	Debt securities in issue £m	Leases £m	Total £m
Liabilities as at 1 June 2020	–	7.7	7.7
Lease payments made in the period	–	(0.5)	(0.5)
Unwinding of discount	–	0.2	0.2
Changes to existing lease agreements	–	0.4	0.4
Liabilities as at 31 May 2021	–	7.8	7.8
Liabilities as at 1 June 2021	**–**	**7.8**	**7.8**
Issued Debt	**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 period	**–**	**(2.1)**	**(2.1)**
Unwinding of discount	**–**	**0.2**	**0.2**
Changes to existing lease agreements	**–**	**0.5**	**0.5**
Liabilities as at 31 May 2022	**297.2**	**6.4**	**303.6**

9. Other receivables

	31 May 2022 £m	31 May 2021 £m
Amounts due from Group companies:		
– IG Markets Limited	**370.3**	205.5
– IG Index Limited	**11.1**	3.3
– Other Group companies	**0.8**	0.3
Other debtors	**0.9**	0.1
	383.1	209.2

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 £370.3 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 with an interest rate of 3.125% per annum 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

The Company undertook a debt financing exercise and implementation of a long-term funding structure, which was completed in November 2021. The financing involved the following:

- Issue of £299.2 million 3.125% senior unsecured bonds due 2028.
- A £300.0 million committed revolving credit facility, with an initial maturity of three years.

The issued debt has been recognised at fair value less transaction fees. As at 31 May 2022, £2.0 million unamortised arrangement fees are recognised on the Statement of Financial Position. Unamortised arrangements fees of £1.6 million in relation to the revolving credit facility have been recognised on the Statement of Financial Position.

The Company has the option to request an increase in the revolving credit facility size to £400.0 million and to request two maturity extensions of one year each, all subject to bank approval. Total available credit facilities as at 31 May 2022 were £600.0 million (31 May 2021: £nil), with the potential to rise to £700.0 million if the revolving credit facility is increased in size.

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 reporting period.

11. Other payables

	31 May 2022 £m	31 May 2021 £m
Accruals	**13.9**	17.3
Amounts due to Group companies	**–**	0.8
	13.9	18.1

12. Share capital and share premium

Share capital and share premium is disclosed within note 23 of the Group Financial Statements.

Notes to the Company Financial Statements continued

13. Related party transactions

Transactions with related parties are as follows:

	31 May 2022 £m	31 May 2021 £m
Revenue:		
Subsidiary – dividends	**385.0**	248.2
	385.0	248.2
Finance income:		
Subsidiary	**5.1**	–
	5.1	–

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

14. Other reserves

	Share-based payments £m	Own shares held in Employee Benefit Trusts £m	Total other reserves £m
At 1 June 2020	11.7	(4.6)	7.1
Equity-settled employee share-based payments	7.4	–	7.4
Exercise of employee share awards	(3.2)	3.2	–
Employee Benefit Trust purchase of shares	–	(0.2)	(0.2)
Transfer of vested awards from the share-based payments reserve	(6.4)	–	(6.4)
At 31 May 2021	9.5	(1.6)	7.9
As at 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**

15. Directors' shareholdings

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

16. Contingent liabilities and provisions

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 2022 was £0.2 million (31 May 2021: £0.4 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 2022				
	Within 1 year £m	**Between 2 and 5 years £m**	**Over 5 years £m**	**Total £m**	**Carrying amount £m**
Issued debt securities	**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**

	31 May 2021				
	Within 1 year £m	Between 2 and 5 years £m	Over 5 years £m	Total £m	Carrying amount £m
Lease liabilities	1.8	6.2	–	8.0	8.0
Total	1.8	6.2	–	8.0	8.0

Capital management

The capital of the Company is managed as part of the capital of the Group. Full details, including details of dividends paid during the year, are contained in the Group Financial Statements in note 28.

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 34.

19. Dividends paid and proposed

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