

# **IG Knowhow Limited**

## **Annual Report and Financial Statements**

Year ended 31 May 2024

## IG Knowhow Limited

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### **Directors and advisors:**

#### **Directors**

J Matharu (appointed 29 March 2024)  
A Wheelwright (appointed 18 September 2024)  
D Perez (appointed 18 September 2024)  
R Heading (resigned 29 March 2024)  
S Ivanov (resigned 27 October 2023)

#### **Company Secretary**

G Fenwick (resigned 30 October 2024)  
E Perry (appointed 14 November 2024)

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
7 More London Riverside  
London SE1 2RT

#### **Solicitors**

Linklaters  
One Silk Street  
London EC2Y 8HQ

#### **Registered Office**

Cannon Bridge House  
25 Dowgate Hill  
London EC4R 2YA

#### **Registered Number**

08087211

# Strategic Report

## Description of the business

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

The Company is the owner, maintainer and developer of technology platforms and associated intellectual property for the Group.

The principal activities of the Company are:

- maintaining and developing technology platforms;
- licensing the platform; and
- providing support services to other Group companies.

The Company's revenue is a royalty fee calculated as a fixed percentage of other Group companies' revenue. The royalty fee is charged for using the Company's trading platform and information technology services.

The Company's main costs are:

- Remuneration costs paid to the Company's direct employees and employees supplied by another Group company.
- Information technology and support costs incurred to maintain the Company's trading platform and infrastructure.

## Performance of the business during the year ended 31 May 2024 (FY24)

The Company had revenues in FY24 of £187,226,000 (FY23: £155,268,000). Operating costs increased by 18% to £130,906,000 (FY23: £111,323,000) mainly driven by an increase in employee related expenses and IT services costs. Profit before tax for FY24 was £56,530,000 (FY23: £43,969,000).

Profit after taxation for FY24 was £47,521,000 (FY23: £39,192,000). Total equity increased to £56,039,000 at 31 May 2024 from £46,742,000 at 31 May 2023, after paying dividends of £39,000,000 (FY23: £100,000,000).

The Directors of the Group manage the Group's operations on a geographical and portfolio basis. The Directors believe that further analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the Company. The key performance indicators of the Group, which includes the Company, are set out in the Group Annual Report.

## Engaging with our stakeholders

### Section 172(1) statement

The Directors continue to uphold the highest standards of conduct and to make decisions for the long-term success of the business. The Directors recognise that the Company can only grow and prosper by understanding and respecting the views and needs of its stakeholders.

Under the Companies Act 2006, the Directors must act in a way that they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. In doing this, the Directors must take into account, among other factors:

- The likely consequences of any decision in the long term
- The interests of the Company's employees
- The need to foster business relationships with suppliers, customers and others
- The impact of operations on the community and the environment
- The desirability of the Company maintaining a reputation for high standards of business conduct
- The need to act fairly between members of the Company

## Our key stakeholders

The Directors have identified certain key stakeholders who are essential to the success of the Company. The key stakeholder groups of the Company are its shareholder, IG Group Limited, its employees and its community. The Board will sometimes engage directly with certain stakeholders on specific issues. This stakeholder engagement often takes place at an operational level, ensuring that we consider key stakeholders when we discuss and make decisions. These decisions include strategic matters, financial and operational performance, risk management, and legal and regulatory compliance. Information in relation to these areas is provided to the Board through reports sent in advance of each Board meeting, and through presentations to the Board.

### Employees

Having the right strategy and support in place for the Company's employees is crucial to our success as our people are at the heart of how we achieve our strategic vision. Having effective engagement in place with the Company's employees enables us to create a positive, rewarding and inclusive workplace for all.

### Long-term decision making

IG's strategy is to sustainably generate and preserve value for stakeholders and the wider society over the long term by facilitating a wider range of trading and investment opportunities for ambitious people around the world. This long-term view drives the annual review of strategy undertaken by the Board and the settings of objectives for employees working within IG. The Board's risk management procedures identify the potential consequences of decisions being made in the short, medium and long term so that appropriate levels of identification, mitigation, reduction or elimination of risk can be considered and taken in the best interests of the Group and stakeholders.

# Strategic Report

## Methods used by the Board to fulfil its Section 172(1) duties

The Board sets the Company's purpose, values, and strategy, and carefully ensures that it is aligned appropriately with stakeholder interests, whilst also taking the Company's culture into consideration.

Consideration of key stakeholders is an integral part of all decision-making by the Board and every paper presented to the Board clearly sets out the impact on any stakeholders for whom it is relevant. This analysis assists the Directors in performing their duties under Section 172(1) of the Companies Act 2006, and further, the Board receives external challenge and assurance on this, together with reports from brokers and advisors. Directors receive specific training including tailored induction processes for new Directors together with an ongoing programme of training on strategic, legal and regulatory developments relevant to the Company's activities. The Directors are able to comply with their legal duties under Section 172 of the Companies Act 2006 (CA2006).

## Board decision-making and stakeholder considerations

The Company is fully committed to effectively engaging with all key stakeholders. Below is an example of how the Directors have taken into account the matters set out in Sections 172(1)(a) - (f) of CA2006, when discharging their Section 172 duties, and how this has affected certain principal decisions taken by them. We define 'principal decisions' as those that are material to the Company and are significant to any one or more of our key stakeholder groups.

In making the following principal decision, the Board considered the outcome from our stakeholder engagement, as well as the need to maintain a reputation for high standards of business conduct and the need to act fairly between the Company's stakeholders.

### **Principal decision: Payment of dividends**

Dividends of £39,000,000 were declared and paid to its sole shareholder, IG Group Limited, during FY24. The Directors took into account the Company's financial position to ensure that it could meet its obligations to suppliers when approving the dividends.

## Stakeholder engagement

### People

#### *Why we engage with our people*

Nurturing a team of talented and dedicated people is central to our strategy, enabling us to deliver the exceptional products and services that keep us at the forefront of our industry.

#### *How we engage with our people*

We have a variety of means to engage with our people. These include surveys, the ability to collect feedback and comments at any time using our employee communication portal, and town halls and small group meetings that allow our senior managers to meet and understand our people's views. Our employee network groups also offer an important channel to better understand the experience of our employees who are currently underrepresented.

#### *What matters most to our people*

It's vital that our people are kept informed about our business strategy and changes to the industry. They want and deserve the chance to be involved in planning changes that will impact them and their teams, and also expect the organisation to provide opportunities for development.

### Communities

#### *Why we engage with communities*

Sustainability and social awareness are firmly embedded into our purpose and values, and are integral components of the Company's culture. Community engagement is vital to our ability to deliver long-term returns for our stakeholders. These factors mean that we carefully consider our impact on the communities in which we operate and on the environment.

#### *How we engage with communities*

The Group has an extensive Community Programme which the Company participates in. We pledge 1% of the Group's profits to charity and use this money to make grants to charities around the globe through our Brighter Future Fund and the Company bears some of the cost of this pledge. Every employee of the Company is entitled to two days of volunteering leave per year and are encouraged to participate in charity fundraising events with a matched giving scheme.

#### *What matters most to our communities*

**Community impact:** our communities value sustained and long-term support. This is achieved through a combination of continual dialogue, financial donations and meaningful employee engagement. We also aim to prioritise multi-year charitable partnerships with unrestricted donations. To date, through the Brighter Future Fund and other related initiatives, the Group has committed over ten million pounds to community programmes, and some of these costs are borne by the Company. It also matters to our communities that we're conscious of our impact on the environment.

# Strategic Report

## Stakeholder engagement (continued)

### Suppliers

#### *Why we engage with suppliers*

The Company engages with suppliers to develop mutually beneficial and lasting partnerships. Suppliers play an important role in the quality of the service the Company provides, supporting the Company to meet the high expectations of its sophisticated client base.

Working in collaboration with our suppliers is also crucial to the success of our ESG strategy.

#### *How we engage with suppliers*

The Company frequently engages with its supplier base to ensure that all parties are getting the desired value from the relationship. Typically, we do this through a series of engagements, ranging from informal conversations for exchanging information and discussing priorities to formal interactions.

#### *What matters most to our suppliers*

The Company has found that our suppliers value clarity on our expectations of the relationship and the services they provide, along with timely and reliable payment. The Company's suppliers also appreciate fair, open and honest two-way communication and value the feedback the Company can give them.

## Principal risks and uncertainties

The principal risks faced by the Company are outlined below:

- *Regulatory environment risk:* The risk that the Company faces enhanced regulatory scrutiny with a higher chance of regulatory action, or the risk that the regulatory environment in the jurisdiction in which the Company currently operates, or may wish to operate, changes in a way that has an adverse effect on the Company's business or operations. This also includes the risk of a change in the way the Company is taxed.;
- *Business model risk:* The risk faced by the Company arising from the nature of its business and its business model. This includes the liquidity risks faced in conducting its business, the risk of holding insufficient capital to cover its exposures and the credit risk of the financial institutions and Group companies it transacts with;
- *Conduct and operational risk:* The risk that the Company's conduct poses to the achievement of fair outcomes for consumers or the financial markets in general. The risk of loss resulting from inadequate or failed internal processes, people, systems or external events. This also includes the risk of loss resulting from the failed processes, people and systems of the Group companies that the Company relies on in executing its operations.

The principal risks faced by the Company are broadly in line with the risks faced by the Group, and the Directors of the Group manage the risks faced by Group companies on a Group wide basis. Details of the Group's approach to risk management and principal risks facing the Group, are set out in the Group Annual Report.

## Strategic Report

### Future developments

The Company's activities are expected to remain unchanged for the foreseeable future.

### Subsequent events

In November 2024, the decision to close Spectrum MTF Operator GmbH was announced and an orderly wind-down of the business has commenced. As a result the Company has taken the decision to impair previously capitalised internally developed software related to the business and will incur a one-off expense of £3.2m in FY25.

On behalf of the Board

Signed by:



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J Matharu

Director

25 February 2025

## Directors' Report

The Directors present their Report together with the audited Financial Statements of IG Knowhow Limited ("the Company") for the year ended 31 May 2024.

### Directors

The Directors of the Company who held office during the year and up to the date of signing the Financial Statements were as follows:

J Matharu (appointed 29 March 2024)  
A Wheelwright (appointed 18 September 2024)  
D Perez (appointed 18 September 2024)  
R Heading (resigned 29 March 2024)  
S Ivanov (resigned 27 October 2023)

Appropriate liability insurance was in place for all Directors of the Company throughout the year and up to the date of signing this report. This cost was borne by another Group company.

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

### Business

The description of the business undertaken by the Company, its performance during the year, its position at the end of the year and future developments are set out in the Strategic Report on pages 2 to 5.

The Company has a branch in Poland, IG Knowhow Limited Spółka z o.o.

### Independent Auditors

The independent auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and are deemed to be reappointed under section 487(2) of the Companies Act 2006.

### Dividends

During the year, dividends amounting to £39,000,000 were declared and paid (FY23: £100,000,000).

The Directors are not recommending a final dividend.

### Subsequent events

Subsequent events are included in the Strategic Report on page 5.

### Streamlined energy and carbon reporting (SECR)

The Company is exempt from the requirement to report under the SECR regulations on a standalone basis. The Company's energy, carbon and business travel consumption is included within the Group's reporting which is disclosed in the Group Annual Report.

### Directors' statement as to disclosure of information to auditors

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

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

### Financial risk management

Financial risk management information is presented in note 16.

On behalf of the Board

Signed by:



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J Matharu

Director

25 February 2025

## Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulation.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the Financial Statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the Financial Statements comply with the Companies Act 2006.

On behalf of the Board

Signed by:

  
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J Matharu

Director

25 February 2025



# ***Independent auditors' report to the members of IG Knowhow Limited***

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

### **Opinion**

In our opinion, IG Knowhow Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 May 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 May 2024; the Income Statement and the Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

## ***Independent auditors' report to the members of IG Knowhow Limited***

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### ***Strategic report and Directors' Report***

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 May 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### ***Responsibilities of the directors for the financial statements***

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditors' responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to Companies Act 2006 and relevant tax regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the inappropriate recording of journals. Audit procedures performed by the engagement team included:

- Enquiries of management, internal audit and those charged with governance in relation to known or suspected instances of non-compliance with laws and regulation and fraud;
- Identifying and, where relevant, testing journal entries, including those posted to certain account combinations and those posted by unexpected users;
- Incorporating unpredictability into the nature, timing and/or extent of our testing; and
- Review of minutes of Board of Directors' meetings and made enquiries of management to understand the business rationale for unusual and significant transactions.

## ***Independent auditors' report to the members of IG Knowhow Limited***

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### ***Use of this report***

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

### **Other required reporting**

#### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



Craig McSherry (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Statutory Auditors

London

25 February 2025

IG Knowhow Limited

Income Statement  
for the year ended 31 May 2024

		Year ended 31 May 2024	Year ended 31 May 2023
	Note	£000	£000
Revenue		187,226	155,268
Operating costs	3	(130,906)	(111,323)
<b>Operating profit</b>		56,320	43,945
Finance income		252	85
Finance costs		(42)	(61)
<b>Profit before taxation</b>		56,530	43,969
Tax on profit	7	(9,009)	(4,777)
<b>Profit for the financial year</b>		47,521	39,192

All of the company's revenue and profit relate to continuing operations. The company has no items of other comprehensive income.

## IG Knowhow Limited

**Statement of Financial Position**

as at 31 May 2024

	Note	31 May 2024 £000	31 May 2023 £000
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	9,928	7,408
Intangible assets	9	14,200	24,213
Deferred income tax assets	7	1,198	703
		25,326	32,324
<b>Current assets</b>			
Other receivables	10	53,591	28,389
Prepayments		2,691	3,684
Cash and cash equivalents		8,069	8,809
Income tax receivable		7,669	2,862
		72,020	43,744
<b>TOTAL ASSETS</b>		<b>97,346</b>	<b>76,068</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Deferred tax liability	7	2,182	574
Lease liability	15	140	849
		2,322	1,423
<b>Current liabilities</b>			
Other payables	11	38,375	27,369
Lease liability	15	610	534
		38,985	27,903
<b>Total liabilities</b>		<b>41,307</b>	<b>29,326</b>
<b>Equity</b>			
Share capital	13	-	-
Share premium	13	-	-
Other reserves	14	1,470	1,577
Retained earnings		54,569	45,165
<b>Total equity</b>		<b>56,039</b>	<b>46,742</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>97,346</b>	<b>76,068</b>

The Financial Statements on pages 11 to 30 were approved by the Board of Directors on 25 February 2025 and signed on their behalf by:

Signed by:

*Jasmeet Matharu*

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J Matharu

Director

25 February 2025

## IG Knowhow Limited

## Statement of Changes in Equity

for the year ended 31 May 2024

	Share capital £000	Share premium £000	Other reserves £000	Retained earnings £000	Total equity £000
<b>At 1 June 2022</b>	-	-	1,214	105,297	106,511
Profit for the financial year	-	-	-	39,192	39,192
Equity-settled employee share-based payments	-	-	1,006	-	1,006
Tax recognised directly in equity on share-based payments	-	-	-	33	33
Transfer of vested awards from the share-based payment reserve	-	-	(643)	643	-
Dividends paid	-	-	-	(100,000)	(100,000)
<b>At 31 May 2023</b>	-	-	1,577	45,165	46,742
Profit for the financial year	-	-	-	47,521	47,521
Equity-settled employee share-based payments	-	-	716	-	716
Tax recognised directly in equity on share-based payments	-	-	-	60	60
Transfer of vested awards from the share-based payment reserve	-	-	(823)	823	-
Dividends paid	-	-	-	(39,000)	(39,000)
<b>At 31 May 2024</b>	-	-	1,470	54,569	56,039

# Notes to the Financial Statements

## for the year ended 31 May 2024

### 1. General information and basis of preparation

#### General information

The Financial Statements of the Company for the year ended 31 May 2024 were authorised for issue by the Board of Directors on 25 February 2025 and the Statement of Financial Position was signed on behalf of the Board by Jasmeet Matharu. The Company is a private company limited by shares, incorporated and domiciled in England and Wales with registration number 08087211. The address of the registered office is Cannon Bridge House, 25 Dowgate Hill, London England, EC4R 2YA.

#### Basis of preparation

##### (a) Compliance with Financial Reporting Standards 101 'Reduced Disclosure Framework' (FRS 101)

The Financial Statements have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101).

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

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

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

There were no unendorsed standards effective for the year ended 31 May 2024 affecting these Financial Statements.

These Financial Statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities. The accounting policies which have been applied in preparing the Financial Statements are disclosed in note 2. The Financial Statements are presented in Sterling.

The accounting policies and interpretations adopted in the preparation of the Financial Statements are consistent with those followed in the preparation of the Company's Financial Statements for the year ended 31 May 2023

##### (b) Critical accounting estimates and judgements

The preparation of these Financial Statements in conformity with FRS 101 requires the Company to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the year-end, and the amounts reported for revenue and expenses during the year.

The nature of estimates and judgements means that actual outcomes could differ from those estimates and judgements. In the Director's opinion, there are no critical accounting estimates or judgements that have a significant impact on the presentation or measurement of items recorded in the Company's Financial Statements.

##### (c) Going concern

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

In assessing whether it is appropriate to adopt the going-concern basis in preparing the Financial Statements, the Directors have considered the resilience of the Company, taking account of its liquidity position, the adequacy of capital resources, and the availability of funding from its parent company and its operating subsidiaries. The Group's forecast and projections, which include the Company, demonstrate that the Company should be able to operate within the level of its current liquid reserves in the foreseeable future.

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

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

The parent company throughout the year was IG Group Limited which is a wholly owned subsidiary of the ultimate parent company, IG Group Holdings plc.

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

# Notes to the Financial Statements

for the year ended 31 May 2024

## 1. General information and basis of preparation (continued)

### (e) New accounting standards and interpretations

There were no new standards, amendments or interpretations issued and made effective during the current year which have had a material impact on the Company.

The Company has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

The IASB has published a number of amendments to IFRSs that are effective for annual reporting periods beginning on or after 1 January 2024. These include amendments published to IFRS 7 – Financial Instrument Disclosures, IFRS 16 – Leases, IAS 1 – Presentation of Financial Statements, IAS 7 – Statement of Cash Flows and IAS 21 – The Effects of Changes in Foreign Exchange Rates.

The Company has assessed the impact of these amendments and expects they will not have a material impact, when adopted, on the Company Financial Statements

## 2. Material accounting policies

### Foreign currencies

The Company's functional and presentational currency is Sterling, and this is consistent with the primary economic environment in which the Company operates in. Transactions in other currencies are initially recorded in the functional currency by applying spot exchange rates prevailing on the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are revalued at the Company's functional currency rate of exchange prevailing at the Statement of Financial Position date. Gains and losses arising on revaluation are recognised in other operating income 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 assets and liabilities of the Company'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.

### Revenue recognition

Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured. Revenue is shown net of sales taxes.

Revenue represents royalties charged to Group companies for using the Company's trading platform, intellectual property and information technology services. The basis for these royalties is a fixed percentage of the turnover of other Group companies. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured.

### Dividends

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

### Finance income and costs

The interest income and costs recognised in the Income Statement are accrued using the effective interest rate method, and by reference to the amortised cost of the amount outstanding. Finance income relates to bank interest received. Finance costs relates to bank interest paid and interest on lease liabilities.

### Employee benefits

#### (a) Pension obligations

The Company participates in a defined contribution scheme. Contributions are charged to the Income Statement as and when they become payable according to the rules of the schemes. Once the contributions have been paid, the Company has no legal or constructive obligations to pay further contributions.

#### (b) Bonus schemes

The Company recognises an accrual and an expense for bonuses based on formulae that takes into consideration specific financial and non-financial measures.

Liabilities for the Company's cash settled portion of the Long Term Incentive Plan (LTIP) and the Sustained Performance Plan (SPP) are recognised as an employee benefit expense over the relevant service period and remeasured at each balance sheet date until settlement.

#### (c) Termination benefits

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



# Notes to the Financial Statements

for the year ended 31 May 2024

## 2. Material accounting policies (continued)

### Leases

The Company leases office spaces. 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 Company has elected to separate out the non-lease component and to account for these based on their relative stand-alone prices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

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 Company under residual guarantees; and
- Payments of penalties for terminating the lease.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Company's estimated incremental secured borrowing rate is used. This represents the cost to borrow funds to obtain a similar valued right-of-use asset in a similar economic environment with similar terms and conditions.

The Company is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset. Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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; and
- 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 it excludes items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

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

# Notes to the Financial Statements

for the year ended 31 May 2024

## 2. Material accounting policies (continued)

### Property, plant and equipment

Property, plant and equipment are stated 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 and includes 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 Statement of Financial Position date. Depreciation is charged on a straight-line basis over the expected useful lives as follows:

- |                                |   |                                       |
|--------------------------------|---|---------------------------------------|
| • 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 and 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 the carrying amount of the asset and is immediately recognised in the Income Statement in the period of derecognition.

### 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 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. Expenditure on internally developed intangible assets, excluding development costs, is taken to the Income Statement in the year in which it is incurred. Development expenditure is recognised as an intangible asset only after all the following criteria are met:

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

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

- |                                 |   |                                       |
|---------------------------------|---|---------------------------------------|
| • Internally developed software | - | over 2, 3 or 5 years                  |
| • Software and licenses         | - | over the lease term of up to 15 years |

The carrying value of intangible assets is reviewed for impairment whenever events or changes in circumstances indicate that 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 Directors review the carrying amounts of the Company's non-financial assets to determine whether there is any indication of impairment. If any such indication exists, 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell 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 for which 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 Statement of Financial Position 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.

# Notes to the Financial Statements

for the year ended 31 May 2024

## 2. Material accounting policies (continued)

### Financial instruments

#### Financial Instruments - Classification, recognition and measurement

The Company determines the classification of its financial instruments at initial recognition in accordance with the categories outlined below and re-evaluates this designation at each year-end. When financial instruments are recognised initially, they are measured at fair value, being the transaction price plus, in the case of financial assets and financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

#### (a) Financial assets measured at amortised cost

Financial assets measured at amortised cost are non-derivative financial assets which are held to collect the contractual cash flows. The contractual terms of the financial assets give rise to payments on specified dates that are solely payments of principal and interest on the principal amount outstanding. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Company's financial assets measured at amortised cost comprise 'other receivables' and 'cash and cash equivalents'.

Interest on financial assets measured at amortised cost is included in finance income using the effective interest rate method. The effective interest rate is either the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument. When calculating the effective interest rate, the Company 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.

#### (b) Financial liabilities

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

#### Financial instruments - Impairment of financial assets

The impairment charge in the Income Statement includes a loss allowance reflecting the change in expected credit losses. Expected credit losses are recognised for cash equivalents and other receivables. Expected credit losses are calculated as the difference between the contractual cash flows that are due to the Company and the cash flows that the Company expects to receive given the probability of default and loss given default, discounted at the original effective interest rate. At initial recognition of financial assets, an allowance is made for expected credit losses resulting from default events that are possible within the next 12 months, except for where the simplified approach is used where an allowance is made for the lifetime expected credit loss. In the event of a significant increase in credit risk, an allowance is made for expected credit losses resulting from possible default events over the expected life of the financial asset. The Company applies the simplified approach for other receivables where the revenue associated with these receivables is recognised in accordance with IFRS 15 Revenue from Contracts with Customers. The Company 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 Company determines that a default occurs when a payment is 90 days past due for all assets. This is aligned with the Group's risk management practices.

All changes in expected credit losses subsequent to the assets' initial recognition are recognised as an impairment loss or gain. Financial assets are written off, either partially or in full, against the related allowance when the Company has no reasonable expectations of recovery of the asset. Subsequent recoveries of amounts previously written off decrease the amount of impairment losses recorded in the Income Statement.

#### Financial instruments - derecognition of financial assets and liabilities

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

#### (a) Financial assets

A financial asset is derecognised when

- the right to receive cash flows from the asset have expired; or
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or
- the Company has transferred its 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.

# Notes to the Financial Statements

for the year ended 31 May 2024

## 2. Material accounting policies (continued)

### (a) Financial assets (continued)

When the Company 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 Company's continuing

involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

### (b) Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, such that the difference in the respective carrying amounts together with any costs or fees incurred are recognised in profit or loss.

### (c) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

### 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 amortized over the period in which the economic benefit is expected to be consumed.

### Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and demand deposits which may be accessed within 90 days without penalty. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

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

### Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated.

### Contingent liabilities

Contingent liabilities are not recognised in the Financial Statements but are disclosed unless the probability of settlement is remote. Contingent liabilities are assessed continually to determine whether an outflow of economic benefits has become probable. If it becomes probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability, a provision is recognised in the Financial Statements of the period in which the change in probability occurs.

### Share Capital

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

When shares are issued, any component that creates a financial liability of the Company is presented as a liability on the balance sheet; measured initially at fair value net of transaction costs and subsequently at amortized 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 Company after deducting all of its liabilities.

# Notes to the Financial Statements

for the year ended 31 May 2024

## 2. Material accounting policies (continued)

### Share Capital (continued)

#### (b) Share-based payments

The ultimate parent company, IG Group Holdings plc operates four employee share plans: a share incentive plan, a sustained performance plan, a medium-term incentive plan and a long-term incentive plan. Some employees of the Company are participants in some of these schemes.

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 eventually vest. Refer to the share-based payments note in the Group Annual Report for additional detail of the models and assumptions used for the various award schemes.

For non-market based vesting conditions, at each Statement of Financial Position date before vesting, 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 Statement of Financial Position date is recognised in the Income Statement as part of operating expenses, with a corresponding credit to equity.

The grant by IG Group Holdings plc of options over its equity instruments to employees of the Company is treated as an expense for the Company, as discussed above and with a corresponding credit to equity. Upon vesting, the share-based payments reserve in equity is transferred to retained earnings.

## 3. Operating Costs

Expenses are either incurred directly by the Company or by other Group companies on behalf of the Company. Where costs are incurred on its behalf, these costs are recharged to the Company on a line-by-line basis and are presented within each of the cost categories below.

	Year ended 31 May 2024	Year ended 31 May 2023
	£000	£000
Employee related expenses	65,943	60,072
Premises-related costs	2,915	1,222
IT, market data and communications	21,845	19,991
Depreciation and amortisation	16,048	10,036
Legal and professional fees	3,484	2,658
Intercompany service charges	17,712	15,747
Other costs	2,959	1,597
	<u>130,906</u>	<u>111,323</u>

## 4. Auditors' remuneration

Audit fees in relation to the statutory audit of the Financial Statements of the Company and its branch amounted to £56,928 (FY23: £35,477).

## 5. Directors' remuneration and directors' shareholdings

Directors are remunerated for their services to the Group and not the Company. The Directors' remuneration for their services to the Company for FY24 was £nil (FY23: £nil).

The Directors are also directors of the parent company and a number of other group subsidiaries, and it is not possible to make an accurate apportionment of their remuneration in respect of each of the subsidiaries.

## IG Knowhow Limited

## Notes to the Financial Statements

### for the year ended 31 May 2024

#### 6. Staff costs

Staff costs relate to employees who are directly employed by the Company and employees employed by another Group company, with the cost recharged to the Company. The average monthly number of employees directly employed by the Company in the year was 403 (FY23: 361).

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

	Year ended 31 May 2024	Year ended 31 May 2023
Technology	291	250
Marketing	47	43
Operations	25	36
Support Functions	40	32
	<u>403</u>	<u>361</u>

An analysis of the staff costs before and after these recharges are below:

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Wages, salaries and benefit allowances	23,746	13,254
Equity-settled share-based payment awards and related social security costs	860	1,740
Performance related bonus and related social security costs	2,981	3,489
Total staff costs for employees of the Company	<u>27,587</u>	<u>18,483</u>
Costs recharged to the Company from other Group companies for services provided to the Company	38,356	41,589
Amount recognised in the Company's Income Statement	<u>65,943</u>	<u>60,072</u>

The staff costs for the year, were as follows:

	Year ended 31 May 2024 £000	Year ended 31 May 2023 £000
Wages and salaries	56,919	51,157
Social security costs	4,938	4,980
Other pension costs	4,086	3,935
	<u>65,943</u>	<u>60,072</u>

The Company does not operate or participate in any defined benefit pension schemes. Other pension costs includes employee nominated payments to defined contribution schemes and company contributions.

## Notes to the Financial Statements

### for the year ended 31 May 2024

#### 7. Tax on profit

##### Tax on profit on ordinary activities

Tax charged in the Income Statement:

	Year ended 31 May 2024	Year ended 31 May 2023
	£000	£000
Current income tax:		
Corporation tax	7,108	4,973
Non-UK Corporation tax	824	46
Adjustments in respect of prior years	(104)	(752)
Total current income tax	7,828	4,267
Deferred income tax:		
Origination and reversal of temporary differences	1,191	137
Adjustments in respect of prior years	(9)	373
Impact of change in tax rates on deferred tax	-	-
Total deferred income tax	1,182	510
Tax expense in the Income Statement	9,009	4,777
Tax not credited to Income Statement:		
Tax recognised directly in equity	(60)	(34)

##### Reconciliation of the total tax charge

The standard UK corporation tax rate for the year ended 31 May 2024 is 25.0% (FY23: blended rate of 20.0%). The tax expense in the Income Statement for the year can be reconciled as set out below:

	Year ended 31 May 2024	Year ended 31 May 2023
	£000	£000
Profit before taxation	56,530	43,969
Profit before taxation multiplied by the statutory UK rate of Corporation tax of 25.0% (year ended 31 May 2023: blended rate of 20.0%)	14,133	8,794
Expenses not deductible for tax purposes	(53)	(535)
Adjustments in respect of prior years	(113)	(379)
Impact of change in tax rates on deferred tax balances	-	129
Foreign tax suffered	824	46
Double tax relief	(824)	(46)
Lower taxes on overseas earnings	-	(16)
Patent Box deduction	(4,958)	(3,216)
Total tax expense reported in the Income Statement	9,009	4,777

The Finance Act 2021 passed into legislation in May 2024 increased the main rate of UK corporation tax from 19% to 25% effective from 1 April 2023. The impact of these changes on deferred tax have been assessed and deferred tax assets and liabilities have been assessed at the tax rates that are expected to apply when the related asset is realised or liability settled.

## Notes to the Financial Statements

### for the year ended 31 May 2024

#### 7. Tax on profit (continued)

##### Deferred income tax assets

The deferred income tax assets on the Statement of Financial Position are as follows:

	31 May 2024	31 May 2023
	£000	£000
Temporary differences arising on fixed assets	-	-
Temporary differences arising on share-based payments	293	307
Other temporary differences	905	396
	<u>1,198</u>	<u>703</u>

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

	Year ended 31 May 2024	Year ended 31 May 2023
	£000	£000
At the beginning of the year	703	872
- Income Statement credit	427	(112)
- Tax credit/(charge) directly to equity	36	(57)
- Impact of charge in foreign exchange rates	32	-
At the end of the year	<u>1,198</u>	<u>703</u>

##### Deferred income tax liabilities

The deferred income tax liabilities on the Statement of Financial Position are as follows:

	31 May 2024	31 May 2023
	£000	£000
Temporary differences arising on fixed assets	(1,623)	(368)
Other temporary differences	(559)	(206)
	<u>(2,182)</u>	<u>(574)</u>

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

	Year ended 31 May 2024	Year ended 31 May 2023
	£000	£000
At the beginning of the year	(574)	(183)
- Income Statement (charge)	(1,608)	(391)
At the end of the year	<u>(2,182)</u>	<u>(574)</u>

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

Factors that may affect the Company's future tax charge include the geographic location of the Company's earnings, the tax rates in those locations and changes in tax legislation.

The calculation of the Company's total tax charge involves a degree of estimation and judgement with respect to the recognition of deferred tax assets, which are dependent on the Company's estimation of future profitable income, availability of relief such as UK Patent Box and of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority.

The Company 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.



## IG Knowhow Limited

**Notes to the Financial Statements****for the year ended 31 May 2024****8. Property, plant and equipment**

	Computer and other equipment £000	Right-of-use asset £000	Total £000
<b>Cost:</b>			
At 1 June 2022	13,593	3,132	16,725
Additions	4,772	-	4,772
Disposals	(831)	-	(831)
At 31 May 2023	17,534	3,132	20,666
Additions	7,582	-	7,582
Disposals	(5,627)	-	(5,627)
At 31 May 2024	19,489	3,132	22,621
<b>Accumulated depreciation:</b>			
At 1 June 2022	7,684	1,475	9,159
Provided during the year	3,996	485	4,481
Amounts derecognised upon disposal	(382)	-	(382)
At 31 May 2023	11,298	1,960	13,258
Provided during the year	4,319	485	4,803
Amounts derecognised upon disposal	(5,368)	-	(5,368)
At 31 May 2024	10,249	2,445	12,693
<b>Net book value:</b>			
At 31 May 2024	9,240	687	9,928
At 31 May 2023	6,236	1,172	7,408

## IG Knowhow Limited

## Notes to the Financial Statements

### for the year ended 31 May 2024

#### 9. Intangible assets

	Internally developed software £000	Software and licences £000	Development work in progress £000	Total £000
<b>Cost:</b>				
At 1 June 2022	30,576	5,745	5,872	42,193
Additions	-	6,900	6,575	13,475
Disposals	(2,325)	(204)	(384)	(2,913)
Transfer from development work in progress	4,722	-	(4,722)	-
At 31 May 2023	32,973	12,441	7,341	52,755
Additions	-	376	511	887
Disposals	(352)	(66)	(3,484)	(3,902)
Transfer from development work in progress	1,945	-	(1,945)	-
At 31 May 2024	34,566	12,751	2,423	49,740
<b>Accumulated amortisation:</b>				
At 1 June 2022	23,064	2,821	-	25,885
Provided during the year	3,205	1,981	-	5,186
Disposals	(2,325)	(204)	-	(2,529)
At 31 May 2023	23,944	4,598	-	28,542
Provided during the year	3,643	3,664	-	7,307
Disposals	(291)	(19)	-	(309)
At 31 May 2024	27,296	8,244	-	35,540
<b>Net book value:</b>				
At 31 May 2024	7,270	4,507	2,423	14,200
At 31 May 2023	9,029	7,843	7,341	24,213

Development work in progress consists of internally developed software which is capitalised but not yet complete. Transfers out of development work in progress relates to software that have been deployed for use and for which amortisation has commenced.

## IG Knowhow Limited

## Notes to the Financial Statements

### for the year ended 31 May 2024

**10. Other receivables**

	31 May 2024 £000	31 May 2023 £000
Other debtors	1,426	3,671
Amounts due from Group companies:		
- IG Markets Limited	44,086	22,172
- Spectrum MTF Operator GmbH	146	124
- Brightpool Limited	370	100
- Bad Trader LLC	474	-
- IG Trading and Investments Limited	915	192
- tastytrade Inc.	2,042	358
- tasty Software Solutions LLC	3,455	1,553
- Other Group companies	677	219
	<u>53,591</u>	<u>28,389</u>

Amounts due from Group companies are unsecured, interest free and are repayable on demand.

**11. Other payables**

	31 May 2024 £000	31 May 2023 £000
Accruals	9,538	8,577
Other taxes and social security	946	869
Amounts due to Group companies:		
- IG Infotech (India) Private Limited	7,226	5,771
- IG Australia Pty Limited	9	9
- IG Group Holdings plc	146	1
- IG Index Limited	20,185	12,029
Other Group companies	325	113
	<u>38,375</u>	<u>27,369</u>

Amounts due to Group companies are unsecured, interest free and are repayable on demand.

Notes to the Financial Statements  
for the year ended 31 May 2024

12. Contingent liabilities and provisions

There are no contingent liabilities expected to have a material adverse financial impact on the Company's Financial Statements. The Company had no material provisions at 31 May 2024 (31 May 2023: £nil).

13. Share capital and share premium

Share capital and share premium

	Number of shares	Ordinary share capital £000	Share premium £000
Ordinary shares of £1, authorised, allotted, called up and fully paid:			
At 1 June 2022	26	-	-
Issued during the year	-	-	-
At 31 May 2023	26	-	-
Issued during the year		-	-
At 31 May 2024	26	-	-

14. Other reserves

	31 May 2024 £000	31 May 2023 £000
Other reserves	1,470	1,577

Other reserves is the share-based payment reserve which relates to the estimated cost of equity-settled employee share plans net of tax based on a straight-line basis over the vesting period.

## Notes to the Financial Statements

### for the year ended 31 May 2024

#### 15. Lease liability

The Company has leases which are capitalised as fixed assets. All of the Company's leases relate to premises leases. The movements in these balances can be reconciled as follows:

	31 May 2024	31 May 2023
<b>Lease liability</b>	<b>£000</b>	<b>£000</b>
Balance at the beginning of the year	1,383	1,940
Payments made in the year	(593)	(604)
Unwinding of discount	42	62
Effect of foreign exchange rates	(82)	(15)
Balance at the end of the year	750	1,383

The interest expense recognised in the income statement within finance costs is £41,866 (FY23: £59,425).

The Company recognises a lease liability on the balance sheet to represent its obligation to make lease payments. The table below shows the maturity analysis of the recognised lease liability:

#### Discounted lease liability

	31 May 2024	31 May 2023
Future minimum payments due:	£000	£000
Within one year	589	534
After one year but not more than five years	139	849
	728	1,383

#### Undiscounted lease liability

	31 May 2024	31 May 2023
Future minimum payments due:	£000	£000
Within one year	610	582
After one year but not more than five years	140	818
	750	1,400

# Notes to the Financial Statements

## for the year ended 31 May 2024

### 16. Financial risk management

Financial risk management is disclosed in compliance with the Companies Act 2006 for the directors' report.

Financial risks arising from financial instruments are analysed credit and liquidity risks. The Company follows the Group risk management framework in managing its risks, and details this is discussed in the risk management section of the Group Annual Report.

#### Credit risk

The principal sources of credit risk to the Company's business are from financial institutions and other Group companies. These risks are managed at a Group wide level and details are in the risk management section of the Group Annual Report.

The Company's cash is held at financial institutions with an A+ credit rating (FY23: A+).

At 31 May 2024 the Company had £8,069,000 (31 May 2023: £8,809,000) of cash and cash equivalents classified as Stage 1 12-month ECL with investment credit grade with no loss allowance. The Company also had £53,591,000 (31 May 2023: £28,389,000) of other receivables classified as Stage 1 12-month ECL all of which are non-investment credit grade with no loss allowance.

The Directors consider the Company's receivables to be recoverable as they are with Group companies. Therefore, the exposure to credit risk is minimal.

#### Liquidity risk

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

The Company's financial liabilities as at 31 May 2024 is £39,124,000 (31 May 2023: £27,883,000). Other than lease liabilities of £140,000 which has a maturity profile of between 2 to 5 years, all other financial liabilities are payable within one year. The Company has sufficient financial assets consisting of cash and cash equivalents of £8,069,000 (31 May 2023: £8,809,000) and other receivables of £53,591,000 (31 May 2023: £28,389,000) which are all receivable on demand, to cover for all financial liabilities as at when due.

The Company has no derivative cash flows (31 May 2023: none).

### 17. Employee share plans

The ultimate parent company operates a Sustained Performance Plan (SPP) and Long-Term Incentive Plan (LTIP) under which the ultimate parent company grants options over its equity instruments to employees. The disclosures below relate to employees employed directly by the Company.

#### 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.

For awards granted in August 2022, the remuneration committee have applied a performance underpin which would take account of the underlying financial and non-financial performance of the participant and/or any relevant group member, over the vesting period.

The following table shows the number of options in the LTIP for the year ended 31 May 2024:

Award date	Share price at award	Expected full vesting date	At the end of the year
			Number
05 Aug 2021	911.50p	05 Aug 2024	26,902
04 Aug 2022	818.00p	04 Aug 2025	25,793
03 Aug 2023	684.50p	03 Aug 2026	41,985
Total			94,680

The exercise price of all outstanding options awarded under the LTIP at 31 May 2024 is 0.005p and the weighted average remaining contractual life is 1.34 years.

# Notes to the Financial Statements

for the year ended 31 May 2024

## 17. Employee share plans (continued)

### 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 after 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 a multiple of salary.

Under the 2013 SPP scheme, the grant of awards, in the form of equity-settled par value options, was based upon three performance conditions: relative total shareholder return (TSR); earnings per share (EPS); and operational non-financial performance (NFP). The last award granted under the 2013 SPP plan was in August 2023, after which this plan expired in accordance with plan rules.

In the September 2023 AGM, shareholders approved the new 2023 SPP plan. The 2023 SPP plan will expire after 10 years, in September 2033. The structure of the 2023 SPP plan consist of two parts: (1) the Annual SPP award; and (2) the Long-term SPP award. Under the Annual SPP award, the grant of awards, in the form of equity-settled par value options, is based upon four performance conditions: relative total shareholder return (TSR), earnings per share (EPS), operational non-financial performance (NFP) and revenue diversification (Revenue). The Long-term SPP award is also in the form of equity-settled par value options, only has one vesting condition: relative TSR. For further details in relation to the 2023 SPP plan, please refer to the Remuneration Report in the FY23 Annual Report.

The following table shows the number of options in the SPP for the year ended 31 May 2024:

Award date	Share price at award	Expected full vesting date	At the end of the year Number
06 Aug 19	559.20	01-Aug-25	1,111
06 Aug 20	734.00	01-Aug-25	6,252
05 Aug 21	911.50	01-Aug-25	28,966
08 Aug 22	822.00	01-Aug-27	50,631
09 Aug 23	694.50	01-Aug-28	96,345
28 Sep 23	644.00	27-Sep-26	21,828
Total			205,133

The exercise price of all SPP awards is 0.005p and weighted average remaining contractual life of share options as at 31 May 2024 was 3.20 years.

## 18. Subsequent events

In November 2024, the decision to close Spectrum MTF Operator GmbH was announced and an orderly wind-down of the business has commenced. As a result the Company has taken the decision to impair previously capitalised internally developed software related to the business and will incur a one-off expense of £3.2m in FY25.