

C/N 09635230

DEAL CITY LIMITED

Annual Report and Financial Statements

Year ended 31 May 2018

WEDNESDAY



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COMPANIES HOUSE

DEAL CITY LIMITED

Directors and advisors:

Directors

P G Hetherington (resigned 28 September 2018)

J M Noble

B E Messer

P R Mainwaring

Company Secretary

T Lee

Bankers

Lloyds Bank plc

10 Gresham Street

London

EC2V 7AE

Solicitors

Linklaters

One Silk Street

London EC2Y 8HQ

Registered Office

Cannon Bridge House

25 Dowgate Hill

London EC4R 2YA

Registered Number

09635230

Strategic Report

Description of the business

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

The principal activity of the Company is the purchase and sale of rounding fractions of Exchange Traded Funds (ETFs) offered by another Group company, IG Markets Limited (IGM), to facilitate ETF fractional trading by clients of IGM.

Performance of the business during FY18

The Company made a profit for FY18 of £130 (FY17: profit £76).

The Company had net assets of £16,207 as at 31 May 2018 (31 May 2017: net assets of £5,077)

Principal risks and uncertainties

The Company operates as a business within the Group, and the success of its business is dependent upon the performance of other Group companies.

Details of the Group's approach to risk management and the principal risks facing the Group, are set out in the Group Annual Report.

Future developments

The principal activities of the Company are not expected to change in the foreseeable future.

Subsequent events

There have been no subsequent events in the period from 31 May 2018 to the date of signing this report.

On behalf of the Board



P R Mainwaring
Director
26 February 2019

Directors' Report

The Directors submit their Report together with the Financial Statements of Deal City Limited ("the Company") for the year ended 31 May 2018.

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:

P G Hetherington (resigned 26 September 2018)
J M Noble
B E Messer
P R Mainwaring

The Group purchases appropriate liability insurance for all Directors and Officers.

Dividends

No dividends were proposed or paid during the year (FY17: none).

Audit exemption statement

For the year ended 31 May 2018, the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

On behalf of the Board



P R Mainwaring
Director
26 February 2019

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have prepared the Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these 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



P R Mainwaring
Director
26 February 2019

DEAL CITY LIMITED

Income Statement **for the year ended 31 May 2018**

	Note	Year ended 31 May 2018 £	Year ended 31 May 2017 £
Operating income	4	191	76
Administrative expenses		(61)	-
Profit before taxation		130	76
Taxation	4	-	-
Profit for the year		130	76

All the Company's income and expenditure relates to continuing operations. The Company has no items of other comprehensive income. The notes on pages 8 to 12 are an integral part of these financial statements.

DEAL CITY LIMITED

Statement of Financial Position at 31 May 2018

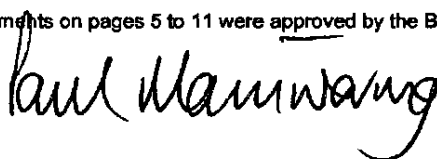
	Note	31 May 2018 £	31 May 2017 £
Current assets			
Cash and cash equivalents		695	12,140
Other investments	5	4,829	4,639
Trade receivables	6	11,362	-
TOTAL ASSETS		16,886	16,779
Liabilities			
Current liabilities			
Other payables	7	679	11,702
TOTAL LIABILITIES		679	11,702
NET ASSETS		16,207	5,077
Equity			
Share capital	8	16,001	5,001
Accumulated profit		206	76
TOTAL EQUITY		16,207	5,077

For the year ended 31 May 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year ended 31 May 2018 in accordance with section 476 of the Companies Act 2006.

The Financial Statements on pages 5 to 11 were approved by the Board of Directors and signed on its behalf by:

P R Mainwaring
Director
26 February 2019



DEAL CITY LIMITED

Statement of Changes in Equity
for the year ended at 31 May 2018

	Share capital £	Accumulated profit £	Total equity £
At 31 May 2016	1	-	1
Shares issued during the year	5,000	-	5,000
Profit for the year	-	76	76
At 31 May 2017	5,001	76	5,077
Shares issued during the year	11,000	-	11,000
Profit for the year	-	130	130
At 31 May 2018	16,001	206	16,207

Notes to the Financial Statements for the year ended 31 May 2018

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

The Financial Statements of Deal City Limited for the year ended 31 May 2018 were authorised for issue by the Board of Directors on 26 February 2019 and the Statement of Financial Position signed on the Board's behalf by P R Mainwaring. Deal City Limited is incorporated and domiciled in England and Wales.

The Company's Financial Statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and the Companies Act 2006 applicable to companies reporting under IFRS. The Financial Statements have been prepared under the historical cost convention. The principal accounting policies adopted by the Company are set out in note 2. The Financial Statements are presented in Sterling which is also the functional currency of the Company.

2. Accounting policies

Critical accounting estimates and judgements

The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the year end and the amounts reported for revenues and expenses during the year. The nature of estimates means that actual outcomes could differ from those estimates.

In the Directors' opinion there are no accounting estimates or judgements that have a significant impact on these Financial Statements.

Basis of preparation

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council, which addresses the financial reporting requirements and disclosure exemptions in the individual Financial Statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ('IFRS'). The Company meets the definition of a qualifying entity under FRS 100. Accordingly, in the year ended 31 May 2018 the Company has undergone transition from reporting under IFRSs adopted by the European Union to FRS 101 'Reduced Disclosure Framework'. This transition is not considered to have had a material effect on the Financial Statements.

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard.

The following disclosure exemptions have been adopted:

- cash flow statements;
- financial instruments note;
- financial risk management note;
- share based payments;
- key management compensation;
- related party transactions between wholly-owned group companies and
- the expected impact of future accounting standards not yet effective.

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

New accounting standards and interpretations - standards and amendments adopted during the year

There were no new standards, amendments or interpretations applicable to the Company which are effective for the first time for the year ended 31 May 2018.

Going concern

The Directors have prepared the Financial Statements on a going concern basis which requires the Directors to have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The Directors have received confirmation from the parent company that it will support the Company for the foreseeable future and for at least the next 12 months from the date of approval of the financial statements. In doing so the parent company will ensure that the Company can meet all current liabilities as they fall due.

Parent company and Group Financial Statements

Deal City Limited is a wholly-owned subsidiary of Market Data Limited and the ultimate parent company is IG Group Holdings plc.

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

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.

Financial assets

A financial asset is derecognised where the rights to receive cash flows from the asset have expired; the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset. Where the Company has transferred its rights to receive cash

Notes to the Financial Statements for the year ended 31 May 2018

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.

Trade receivables

Trade receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, do not qualify as trading assets and have not been designated as fair value through profit and loss. Such assets are carried at amortised cost using the effective interest method if the time value of money is significant. Gains and losses are recognised in the profit and loss when receivables are derecognised or impaired, as well as through the amortisation process. A provision for impairment is established where there is objective evidence of non-collectability.

Other investments

Other investments are fractional ETFs purchased by the company and are classified as held for trading and designated as such on inception, and accordingly accounted for at fair value through profit and loss (FVTPL).

Determination of fair value

Other investments are stated at fair value and disclosed according to the valuation hierarchy required by IFRS 7. Fair values are predominantly determined by reference to third party market values (bid and offer prices) 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 Company to IGM or used by the Company 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.

Other receivables are Level 1 financial assets under IFRS 7.

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.

Cash and cash equivalents

Cash comprises cash on hand and demand deposits which may be accessed 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.

Other payables

Non trading 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.

Taxation

The income tax expense represents the sum of tax currently payable and movements in deferred tax.

The income tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes 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.

Share capital

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

Notes to the Financial Statements for the year ended 31 May 2018

3. Directors' emoluments

Directors are remunerated for their services to the Group. Their remuneration is disclosed in the 2018 Group Annual Report.

4. Taxation

Tax on profit on ordinary activities:

	Year ended 31 May 2018 £	Year ended 31 May 2017 £
UK Corporation tax	-	-
Total income tax expense	-	-

Reconciliation of the total income tax expense:

	Year ended 31 May 2018 £	Year ended 31 May 2017 £
Profit before taxation	130	76
Profit before taxation multiplied by the UK standard rate of corporation tax at 19.0% (2017: 19.8%)	25	15
Effects of:		
Group relief claimed from other Group companies	(25)	(15)
Taxation in the income statement	-	-

5. Other Investments

	Balance at 1 June 2017 £	Purchase of Financial Assets £	Disposals of Financial Assets £	Change in the fair value of financial assets recognised in the income statement £	Balance at 31 May 2018 £
Other investments	4,639	478	(551)	263	4,829
	4,639	478	(551)	263	4,829

6. Trade receivables

	Year ended 31 May 2018 £	Year ended 31 May 2017 £
Amounts due from Group Companies	11,362	-
	11,362	-

Amounts due from Group companies represent cash balances held on the Company's ETF trading account with another Group company.

Notes to the Financial Statements for the year ended 31 May 2018

7. Other payables

	Year ended 31 May 2018	Year ended 31 May 2017
	£	£
Amounts due to Group Companies	678	11,702
	<u>678</u>	<u>11,702</u>

8. Share capital

	Number	Ordinary share capital £	Share premium £
Allotted, called up and fully paid:			
At 31 May 2016, ordinary shares of £1.00 each	1	1	-
Issued during the year	5,000	5,000	-
At 31 May 2017 ordinary shares of £1.00 each	5,001	5,001	-
Issued during the year	11,000	5,000	-
At 31 May 2018 ordinary shares of £1.00 each	<u>16,001</u>	<u>16,001</u>	<u>-</u>

9. Directors' shareholdings and remuneration

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

The Directors of the Company are remunerated for their services to the Group. Their remuneration is disclosed in the Director's Remuneration section of the Group Annual Report.