COMPANY NUMBER: 01423001

INTERCAPITAL LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 2019

INTERCAPITAL LIMITED

COMPANY NUMBER: 01423001

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their strategic report and the audited financial statements of Intercapital Limited (the 'Company') for the year ended 31 March 2019. The Company is a private company limited by shares.

BUSINESS REVIEW

The Company is a wholly-owned non-trading holding company for certain subsidiaries of CME Group Inc (the ultimate parent, together the Group) during the year and as such does not generate revenue. The Company's financial performance therefore is reliant on the performance of its trading subsidiaries.

RESULTS

The results of the Company are set out in the profit and loss account on page 8.

The Company reported profit for the financial year ended 31 March 2019 of £18 million (2018: £16 million).

The net assets of the Company at 31 March 2019 are £892 million (2018: £874 million).

OTHER FINANCIAL AND NON-FINANCIAL KEY PERFORMANCE INDICATORS

The directors of CME Group Inc. manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of the Company. The key performance indicators of CME Group Inc., which includes the Company, are discussed on pages 10 and 11 of the Group's Annual Report for the year ended 31 December 2018, which does not form part of this report.

PRINCIPAL RISKS AND UNCERTAINTIES

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Group and are not managed separately. Accordingly, the principal risks and uncertainties of CME Group Inc., which include those of the Company, are discussed on pages 15 to 27 of the Group's Annual Report for the year ended 31 December 2018, which does not form part of this report.

This report has been approved by the board of directors and signed on behalf of the board:

DocuSigned by:

Adrienne Seaman

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A Seaman

Director

24 February 2020

INTERCAPITAL LIMITED
DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2019

The directors present their Directors' Report and audited financial statements of the Company for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES

The Company operates as a non-trading company.

The Company is incorporated and domiciled in England and Wales. The Company is a private company limited by shares and its registered office is London Fruit and Wool Exchange, 1 Duval Square, London, E1 6PW.

GOING CONCERN

The directors are satisfied that the Company has adequate resources to continue to operate for at least twelve months from the date of signing these financial statements and confirm that the Company is a going concern.

DIVIDENDS

The Company made no dividends during the year (2018: £nil). The directors do not recommend a final dividend for the year ended 31 March 2019 (2018: £nil).

DIRECTORS

The directors of the Company who held office during the year were:

R Bodnum	(appointed 7 August 2019)
K Cronin	(appointed 7 August 2019)
W Knottenbelt	(appointed 7 August 2019)
A Seaman	(appointed 7 August 2019)
D Ireland	(resigned 7 August 2019)

FUTURE DEVELOPMENTS

The directors expect that the Company will remain a wholly-owned non-trading holding company for the foreseeable future.

POST BALANCE SHEET EVENTS

There were no material post balance sheet events that required separate disclosure.

INDEPENDENT AUDITORS

During the financial year ended 31 March 2019, Deloitte LLP resigned as auditors of the Company and Ernst & Young LLP were appointed on 20 May 2019 as auditors for the year ended 31 March 2019. Ernst & Young LLP are the CME Group Inc. auditors and, for consistency purposes, they were appointed as auditors for all legacy NEX companies.

PROVISION OF INFORMATION TO THE AUDITORS

Each of the persons who is a director at the date of approval of this annual report confirms that:

- So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.
- The directors have taken all the steps they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

DIRECTORS' INDEMNITIES

The company has made qualifying third-party indemnity provisions for the benefit of its directors during the year.

This report has been approved by the board of directors and signed on behalf of the board:

DocuSigned by:
Adrienne Seaman
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A Seaman 24 February 2020

Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing 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 Accounting Standards (Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101).

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, including FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments 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 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.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INTERCAPITAL LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INTERCAPITAL LIMITED

Opinion

We have audited the financial statements of Intercapital Limited for the year ended 31 March 2019 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice)".

In our opinion, the financial statements:

give a true and fair view of the company's affairs as at 31 March 2019 and of its profit for the year then ended;

have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion 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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INTERCAPITAL LIMITED

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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.

Auditor's 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 auditor's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INTERCAPITAL LIMITED

COMPANY NUMBER: 01423001

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF INTERCAPITAL LIMITED

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Signature: Ernst & Young LLP

Date: 24.2.20

Simon Michaelson (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London

Notes:

1. The maintenance and integrity of the Intercapital Limited web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INTERCAPITAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Income from investments	8,9	-	37
Administrative expenses	3	(612)	(1,340)
Other income	4	-	3
Operating profit		**(612)**	**(1,300)**
Interest receivable and similar income	5	23,189	20,793
Interest payable and similar expenses	6	-	(244)
Profit before tax		**22,577**	**19,249**
Tax on profit	7	(4,402)	(3,723)
Profit for the financial year		**18,175**	**15,526**

Profit for the financial year is the same as total comprehensive income for the year.

The notes on pages 12 to 20 are an integral part of these financial statements.

INTERCAPITAL LIMITED
STATEMENT OF COMEPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit for the financial year	**18,175**	**15,526**
Total comprehensive income for the year	**18,175**	**15,526**

The notes on pages 12 to 20 are an integral part of these financial statements.

INTERCAPITAL LIMITED
BALANCE SHEET AS AT 31 MARCH 2019

	Note	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Non-current assets			
Investment in subsidiaries	8	3,862	3,862
Investment in joint ventures	9	23	23
Debtors: amounts falling due after more than one year	10	596,000	596,000
		599,885	**599,885**
Current assets			
Debtors: amount falling due within one year	10	349,010	331,722
Cash and cash equivalents	11	40	38
		349,050	**331,760**
Total assets		**948,935**	**931,645**
Current liabilities			
Creditors: amount falling due within one year	12	(52,469)	(54,033)
Tax payable	7	(4,402)	(3,723)
		(56,871)	**(57,756)**
Total liabilities		**(56,871)**	**(57,756)**
Net assets		**892,064**	**873,889**
Capital and reserves			
Called up share capital	13	573,935	573,935
Share premium account		5,902	5,902
Retained earnings		33,906	15,731
Other reserves		278,321	278,321
Total shareholders' fund		**892,064**	**873,889**

The notes on pages 12 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 have been approved by the board of directors and signed on behalf of the board:

DocuSigned by:
Adrienne Seaman
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A Seaman

Director

24 February 2020

INTERCAPITAL LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2019

	Called up share capital (Note 13) £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Total shareholders' funds £'000
As at 1 April 2017	573,935	5,902	278,321	205	858,363
Profit for the financial year	-	-	-	15,526	15,526
Total comprehensive income for the year	-	-	-	15,526	15,526
Dividends paid in the year	-	-	-	-	-
As at 31 March 2018	573,935	5,902	278,321	15,731	873,889
Profit for the financial year	-	-	-	18,175	18,175
Total comprehensive income for the year	-	-	-	18,175	18,175
Dividends paid in the year	-	-	-	-	-
As at 31 March 2019	573,935	5,902	278,321	33,906	892,064

The notes on pages 12 to 20 are an integral part of these financial statements.

INTERCAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019

1. PRINCIPAL ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101), the Companies Act 2006 (the Act) as applicable to companies using FRS 101 and under the historic cost convention. FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in the standard 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 accounting policies have been applied consistently, other than where new standards have been adopted.

The Company is a qualifying entity for the purposes of FRS 101. Note 15 gives details of the Company's parent and from where its consolidated financial statements for the year ended 31 December 2018 prepared in accordance with US GAAP may be obtained.

The following disclosure exemptions have been adopted:

- IFRS 7 'Financial Instruments: Disclosures';
- cash flow statements;
- capital management;
- statement of compliance with all IFRS;
- information when the Company has not applied a new IFRS that has been issued but is not yet effective;
- valuation techniques and inputs used for fair value measurement of assets and liabilities;
- key management compensation; and
- related party transactions entered into between two or more members of a group.

The company is a wholly-owned indirect subsidiary of CME Group Inc. and is included in the consolidated financial statements of CME Group Inc. which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing consolidated financial statements under the terms of section 401 of the Companies Act 2006.

The directors consider the exemption is available as the Company does not have securities admitted to trading on a regulated market in an EEA state as referenced within section 401 (4).

The financial statements have been prepared on a going concern basis. The accounting policies have been applied consistently other than where new policies have been adopted.

(b) New standards, amendments and interpretations adopted

There are two new standards effective for the first time for the year ended 31 March 2019, but with no material impact on the Company: IFRS 15: Revenue from Contracts with Customers and IFRS 9: Financial Instruments. The accounting treatment for revenue in scope if IFRS 15 is consistent with the previous accounting treatment, refer to note 1(b).

IFRS 9: Financial Instruments

The Company has applied IFRS9: Financial Instruments from 1 April 2018, which replaced IFRS 39: Financial Instruments – Recognition and Measurement. As permitted by IFRS 9, under the transition methods chosen, comparative information has not been restated.

Classification and measurement

The Group's business model for managing financial assets refer to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(b) New standards, amendments and interpretations adopted (continued)

The impact on the classification and measurement of the Company's financial assets at the date of initial adoption of IFRS 9, 1 April 2018, is summaries in the table below:

	31 March 2018		1 April 2018	
	IAS 39		IFRS 9	
	Amount £'000	Category	Amount £,000	Category
Non-current assets				
Trade and other receivables (excluding derivative financial instruments)	596,000	L&R	596,000	AC
Current assets				
Cash and cash equivalents	40	L&R	40	AC
Trade and other receivables (excluding derivative financial instruments)	331,722	L&R	331,722	AC

L&R = Loans and Receivables
AC = Amortised Cost

There has been no change in the accounting for financial liabilities as IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of the financial liabilities.

Impairment

IFRS 9 replaces the 'incurred loss' model under IAS 39 with an 'expected credit loss' ("ECL") model.

The Company applied the 3 stage approach in determining a significant increase in credit risk and this has been used as a basis for calculating expecte3d credit losses. The Company assumes that the credit risk of a financial asset has significantly increased when:

- There has been an increase in the lifetime probability of default or in the financial asset; or
- The financial assets are more than 30 days past due (backstop indicator)

The Company considers a financial asset to be in default when:

- The borrower is unlikely to pay its credit obligations to the Company in full, without recourse but the Company to action such as realising security; or
- The borrower has defaulted on another balance within the Group; or
- The financial asset is more than 90 days past due, with an exemption applied for trade receivables and intercompany receivables for which default is determined on a case by case basis. The Company considers factors such as historical information as a base from which to measure expected credit losses and applies current observable data to reflect the effects of the current conditions.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, representing the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the company expects to receive. ECLs have been discounted at the effective interest rate of the financial asset.

The Company applied the general approach to all financial assets in scope, with the exception of the trade receivables, there the Company has applied the simplified approach, with a lifetime expected credit loss.

The Company has determined that the application of IFRS 9's impairment requirements as at 1 April 2018 resulted in a transitional impairment allowance of £1,493,000, compared to a nil impairment allowance calculated under IAS 39 as at 31 March 2018. This is considered immaterial and therefore there is no impact on retained earnings as at 1 April 2018 upon adoption.

INTERCAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(c) Foreign currencies

(i) Functional and presentational currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The financial statements are presented in British pounds (£), which is the Company's functional and presentational currency.

(ii) Transactions and balances

Transactions denominated in foreign currencies are translated into the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Exchange differences are taken to the profit and loss account, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are taken directly to profit and loss account. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined.

(d) Tax

Tax on the profit for the financial year comprises both current and deferred tax as well as adjustments in respect of prior years. Tax is charged or credited to the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the current and deferred tax is also dealt with in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantially enacted by the balance sheet date.

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of the assets and the liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated as the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset us recognised only to the extent that it is probable that the future taxable profits will be available against which the asset can be utilised.

Calculations of current and deferred tax liability have been based on ongoing discussion with relevant tax authorities, managements' assessment of legal and professional advice, case law and other relevant guidance. Where the expected tax outcome of these matters is different from the amounts that were recorded initially such differences will impact the current and deferred tax amounts in the period in which a reassessment of the liability is made.

(e) Interest

All borrowing costs are expensed as interest payable and similar expenses in the profit and loss account using the applicable effective interest rate. Interest receivable and similar income is recognised using the effective interest method.

(f) Investment in subsidiaries

Investments in subsidiaries are recorded at historical cost less provision for any impairment in their values and are assessed for impairment on an annual basis. Where there is any evidence of impairment, recoverable amounts of the subsidiaries are calculated with reference to the higher of its fair value less costs to sell and its value in use. The excess of carrying value over the recoverable amount is then taken to profit and loss as an impairment charge and the investment in subsidiary is then recorded at historic cost less impairment.

A subsidiary is an entity over which the Company has control. Control exists where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(g) Investment in joint ventures

Investments in joint ventures are recorded at historical cost less provision for any impairment in their values and are assessed for impairment on an annual basis. Where there is any evidence of impairment, recoverable amounts of the joint ventures are calculated with reference to the higher of its fair value less costs to sell and its value in use. The excess of carrying value over the recoverable amount is then taken to profit and loss as an impairment charge and the investment in subsidiary is then recorded at historic cost less impairment.

A joint venture is an entity in which the Company has an interest and, in the opinion of the directors, exercises joint control over its operating and financial policies. An interest exists where an investment is held on a long-term basis for the purpose of securing a contribution to the Company's activities.

(h) Debtors

Debtors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

(i) Impairment of assets

An impairment review of the recoverable amounts of assets is undertaken at each balance sheet date or when such events or changes in circumstances indicate that an impairment loss may have occurred. Impairment losses are recognised in the profit and loss account.

(j) Cash at bank and in hand

Cash at bank and in hand comprise cash in hand, overdrafts and demand deposits and other short-term highly liquid investments which are subject to insignificant risk of change in value and are readily convertible into a known amount of cash with less than three months maturity.

(k) Borrowings

Borrowings are initially recognised at fair value, being their issue proceeds net of transaction costs incurred. At subsequent reporting dates long-term borrowings are held at amortised cost.

(l) Financial liabilities

i) Recognition – Financial liabilities consist of creditors and accrual. Financial liabilities are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

ii) De-recognition – The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expire.

(m) Creditors

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Capital and reserves

Ordinary shares are classified as equity. Dividends are recognised as deductions from the profit and loss account in the period in which they are declared.

INTERCAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

2. KEY ACCOUNTING JUDGEMENTS AND SOURCES OF ESTIMATION UNCERTAINTY

The Company makes various judgements in applying its accounting policies and various assumptions and estimates, including about the future, when determining the carrying value of certain assets and liabilities.

In the process of applying the Company's accounting policies, management has made the following judgements and assumptions concerning the future and other key sources of estimation as 31 March 2019 that have a significant risk of causing material adjustments to the carrying amounts of assets and liabilities in the next financial year. Existing circumstances and assumptions about future developments may change due to circumstances beyond the Company's control and are reflected in the assumptions if and when they occur. Items with the most significant effect on the amounts recognised in the financial statements with substantial management judgement and/or estimates are collated below with respect to judgements/estimated involved:

1. The impairment review of the investment in subsidiary: this was assessed for the impairment at year end and the impairment charge was calculated as the difference between carrying value and the net assets of the subsidiary which was assumed to the equal to fair value.

3. ADMINSTRATIVE EXPENSES

Administrative expenses include the following expenses:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Bank charges	-	3
Foreign exchange adjustments	21	955
Impairment of investment in joint ventures	-	382
ECL expense of amounts owed from subsidiaries	591	-
	612	1,340

The fee paid to EY (the Company's external auditors) for the statutory audit of the Company for the year ended 31 March 2019 was £19,000 and was borne by a fellow subsidiary in the Group. Fees paid to the Company's external auditors and their associates for services other than the statutory audit of the Company are not disclosed in the Company's financial statements since the consolidated financial statements of CME Group Inc. disclose these fees on a consolidated basis.

The Company had no employees during the current or prior year. The directors received no remuneration or fees in respect of their services as directors of the Company during the current or prior year.

4. OTHER INCOME

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Other income	-	3
	-	3

INTERCAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest receivable from group companies	23,189	20,793
	23,189	20,793

6. INTEREST PAYBLE AND SIMILAR EXPENSES

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Interest payable to group companies	-	244
	-	244

7. TAX

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Current tax charges		
UK corporate tax		
- Current tax	4,402	3,723
	4,402	3,723

The Company's tax charge for the year differs from the UK statutory rate and can be reconciled as follows:

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Profit before taxation	22,577	19,249
UK corporate tax at the standard rate of 19% (2018: 19%)	4,290	3,657
Non-taxable income	-	(7)
Non-deductible expenses	112	73
	4,402	3,723

The standard rate of Corporation Tax in the UK changed from 20% to 19% with effect from 1 April 2017 and following the enactment of Finance Act 2016 on 15 September 2016 will fall to 17% from 1 April 2020.

8. INVESTMENT IN SUBSIDIARIES

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
As at 1 April and 31 March	3,862	3,862
	3,862	**3,862**

As at 31 March 2019, the Company's subsidiary companies were as follows:

Name	Country of incorporation	Percentage held (%)
Astley & Pearce Limited	England and Wales	100
Garban Broking Holdings (Europe) Limited	England and Wales	100
Garban Broking Services Limited	England and Wales	100
Garban Harlow Resources Limited	England and Wales	100
Godsell Astley & Pearce (Foreign Exchange) Limited	England and Wales	100
Harlow Ueda Savage Limited	England and Wales	100
Intercapital Securities, Inc.	United States	100
Municipal Brokers Limited	England and Wales	100

The paid-up share capital of the subsidiary companies listed above is held by the Company. All subsidiaries are involved in electronic broking or service activities relating to those businesses and have a 31 March year end. Each subsidiary operates in their country of incorporation. All subsidiaries have the same registered office as the Company except for Intercapital Securities, Inc. which has a registered office at 4 Times Square, New York, NY 10036.

During the year, the Company received dividends from its investments in subsidiaries of £nil (2018: £nil).

9. INVESTMENT IN JOINT VENTURES

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
As at 1 April	23	405
Impairment	-	(382)
	23	**23**

During the year, the Company received dividends from its investments in joint ventures of £nil (2018: £37,000). The impairment expense for the year ended 31 March 2018 of £382,000 relates to an impairment in TFS-ICAP Holdings Limited.

As at 31 March 2019, the Company held a 45% (2018: 45%) investment in TFS-ICAP Holdings Limited, a broking company incorporated in England and Wales and a 22.5% (2018: 22.5%) investment in Tradition Financial Services GmbH, a broking company registered in Germany.

INTERCAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

10. DEBTORS

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Debtors: amount falling due after more than one year		
Amounts due from parent company	140,000	140,000
Amounts due from fellow group companies	456,000	456,000
	596,000	**596,000**
Debtors: amount falling due within one year		
Amounts due from parent company	20,673	16,787
Amounts due from subsidiary companies	336	336
Amounts due from fellow group companies	328,001	314,599
	349,010	**331,722**

Amounts due from parent company falling due after more than one year represents an unsecured loan of £140 million (2018: £140 million) on which interest is charged at LIBOR plus 0.75%. The loan is repayable five years following the date of service of notice, but not earlier than the end of such period.

Amounts due from fellow group companies falling due after more than one year includes an unsecured loan of £456 million (2018: £456 million) on which interest is charged at 3-month LIBOR plus 2%. The loan is repayable three years following the date of service of notice upon the fellow group companies, but not earlier than the end of such period.

Amounts falling due within one year from fellow group companies includes an unsecured loan of £239 million (2018: £239 million) on which interest is charged at LIBOR plus 2%. The loan is repayable three years after the drawdown date or on the date on which the loan becomes or is declared due.

11. CASH AT BANK AND IN HAND

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Cash at bank	40	38
	40	**38**

INTERCAPITAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2019 (CONTINUED)

12. CREDITORS

	Year ended 31 March 2019 £'000	Year ended 31 March 2018 £'000
Creditors: amounts falling due within one year		
Amounts due to subsidiaries	48,468	44,745
Amounts owed to fellow group companies	4,001	9,288
	52,469	**54,033**

Creditor amounts falling due within one year include non-interest bearing and interest-bearing loans which fall due for repayment on or before a range of dates up to 31 March 2019.

13. CALLED UP SHARE CAPITAL

	Year ended 31 March 2019		Year ended 31 March 2018	
	Number of shares thousands	Nominal value £'000	Number of shares thousands	Nominal value £'000
Ordinary shares of 25p each as at 1 April and 31 March	2,294,740	573,935	2,294,740	573,935
As at 31 March	**2,294,740**	**573,935**	**2,294,740**	**573,935**

The number of ordinary shares in issue as at 31 March 2019 is 2,294,739,564 (2018: 2,294,739,564).

14. COMMITMENTS

The Company has an embedded guarantee with Lloyds TSB Capital Markets as at 31 March 2019 and has a limit of £50m. The embedded guarantee arose in relation to a revolving credit facility agreement entered into in 2002 between the Company, NEX International Limited (erstwhile ICAP plc) and Lloyds TSB Capital Markets and, as at 13 January 2020 the guarantee facility has been discharged by Lloyds TSB Capital Markets.

The Company has not obtained any new guarantee facility during the year and there is no utilised guarantee balance as at 31 March 2019.

15. ULTIMATE PARENT COMPANY

The Company's immediate parent is NEX International Limited, which does not prepare consolidated financial statements.

The Company's ultimate parent is CME Group Inc., which is incorporated in the United States, and heads the largest group of companies of which the Company is a member. CME Group Inc. prepares consolidated financial statements in accordance with US GAAP and heads the smallest and largest group for which group account are prepared. Copies may be obtained from the Company Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois, 60606, which is the registered office.