

COMPANY NUMBER: 01423001

INTERCAPITAL LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2019



INTERCAPITAL LIMITED

General information

PROFILE

Intercapital Limited (the 'Company') is a wholly owned non-trading holding company for certain subsidiaries of CME Group Inc. (the 'Group') during the year and is consolidated in the Group accounts. The Company is incorporated and domiciled in England and Wales and is a private company limited by shares.

The Company operates as a non-trading company and as such does not generate revenue.

DIRECTORS

The directors of the Company, who held office during the period and up to the date of signing the financial statements were:

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

REGISTERED OFFICE

London Fruit and Wool Exchange
1 Duval Square
London
E1 6PW

REGISTRATION NUMBER

01423001

INTERCAPITAL LIMITED

Strategic Report for the period 1 April 2019 to 31 December 2019

The directors present their Strategic Report and the audited financial statements of the Company for the period 1 April 2019 to 31 December 2019.

The Company previously had a 31 March accounting reference date, but this has been changed to 31 December in order to align with the accounting reference date of CME Group Inc. Accordingly, these financial statements have been prepared for the nine-month period 1 April 2019 to 31 December 2019 (the 'period').

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

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.

The directors consider that the period end financial position was satisfactory.

RESULTS

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

The profit for the period of \$24 million (31 March 2019: \$79 million) has been transferred to reserves.

The net assets of the Company are \$1,242 million (31 March 2019: \$1,218 million).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report for the year ended 31 December 2019, which does not form part of this report.

COVID-19 risks and uncertainty have been discussed in the Going Concern section of the Directors' Report for the Company.

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 the Group, which includes the Company, are discussed in the Group's annual report for the year ended 31 December 2019, 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:



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W Knottenbelt
Director

22 December 2020

INTERCAPITAL LIMITED

Directors' Report for the period 1 April 2019 to 31 December 2019

Company Number: 01423001

The directors present their Directors' Report and the audited financial statements of the Company for the period 1 April 2019 to 31 December 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.

It is anticipated that the Company will continue its present business activities next year.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The business review and future developments of the Company are detailed in the Strategic Report.

GOING CONCERN

After reviewing the liquidity requirements, capital requirements, plans and financing arrangements, the directors are satisfied that the Company has adequate resources to continue to operate for the foreseeable future and confirm that the Company is a going concern. For this reason, the Company continues to adopt the going concern basis in preparing these financial statements.

The COVID-19 pandemic is causing widespread disruption on world markets and the global economy. As the outbreak continues to evolve, the unpredictable nature of the pandemic means that there is uncertainty on the full extent and duration of the business and economic impact. Therefore, the impact on the Company being a going concern was revisited and sensitivity analysis was produced incorporating both possible and remote impacts to the Company. This analysis indicated there was no material impact which would change the Directors' position of the Company being a going concern as CME Group Inc, the ultimate parent, has confirmed its undertaking to provide financial support to the Company and assist in meeting the Company's liabilities as and when they fall due for at least 12 months from the date of the approval of the financial statements.

DIVIDENDS

No dividends were paid during the period (31 March 2019: nil). The Directors do not recommend a final dividend for the period (31 March 2019: nil).

INDEPENDENT AUDITORS

Ernst & Young LLP have held office as auditor of the Company for the period.

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.

INTERCAPITAL LIMITED

Directors' Report for the period 1 April 2019 to 31 December 2019

Company Number: 01423001

DIRECTORS' INDEMNITIES

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 Reduced Disclosure Framework ('FRS 101').

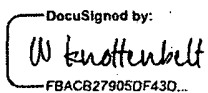
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- 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;
- 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. They 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.

The directors are responsible for the maintenance and integrity of the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

DocuSigned by:

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W Knottenbelt
Director

22 December 2020

INTERCAPITAL LIMITED

Independent Auditor's Report to the members of Intercapital Limited

Opinion

We have audited the financial statements of Intercapital Limited for the period ended 31 December 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 17, 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 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 December 2019 and of its profit for the period 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.

Emphasis of matter – Effects of COVID-19

We draw attention to note 1 and 16 of the financial statements, which describes the impact of the COVID-19 pandemic on global financial markets and the company's operations since the period end. Our opinion is not modified in respect of this matter.

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.

INTERCAPITAL LIMITED

Independent Auditor's Report to the members 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 director's report for the financial period 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.

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.

INTERCAPITAL LIMITED

Independent Auditor's Report to the members of Intercapital Limited

Ernst & Young LLP

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

23 December 2020

INTERCAPITAL LIMITED**Profit and Loss Account for the period 1 April 2019 to 31 December 2019**

	<u>Note</u>	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
Income from investments	10	30	-
Administrative expenses	4	(1,342)	(806)
Other gains	5	8,830	-
Operating profit / (loss)		7,518	(806)
Interest receivable and similar income	6	21,954	30,543
Dividend income	7	-	54,569
Profit before taxation		29,472	84,306
Tax charge on profit	8	(5,849)	(5,798)
Profit for the financial period / year		23,623	78,508

The profit of the Company for the financial period is derived from continuing operations.

The profit and loss account for the year ended 31 March 2019 has been restated due to a change in accounting policy for presentational currency – see Note 1(n).

The notes on pages 12 to 24 are an integral part of these financial statements.

The balance-sheet as at 31 March 2019 and profit and loss account for the year ended 31 March 2019 has been restated due to the omission of the approved dividend – see Note 3.

INTERCAPITAL LIMITED**Statement of Comprehensive Income for the period 1 April 2019 to 31 December 2019**

	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
Profit for the financial period / year	23,623	78,508
Foreign currency translation reserve	-	(86,994)
Total comprehensive income / (loss) for the financial period / year	<u>23,623</u>	<u>(8,486)</u>

The notes on pages 12 to 24 are an integral part of these financial statements.

The statement of comprehensive income for the year ended 31 March 2019 has been restated due to a change in accounting policy for presentational currency – see Note 1(n).

INTERCAPITAL LIMITED

Balance Sheet as at 31 December 2019

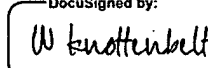
	<u>Note</u>	As at 31 Dec 2019 \$'000	As at 31 Mar 2019 \$'000 (restated)	As at 1 Apr 2018 \$'000 (restated)
Non-current assets				
Investment in subsidiaries	9	5,047	6,316	6,316
Investment in joint ventures	10	30	30	32
Debtors: amounts falling due after more than one year	11	-	776,648	836,069
		<u>5,077</u>	<u>782,994</u>	<u>842,417</u>
Current assets				
Debtors: amounts falling due within one year	11	1,263,361	455,782	465,340
Cash and cash equivalents	12	51	52	53
		<u>1,263,412</u>	<u>455,834</u>	<u>465,393</u>
Total assets		<u>1,268,489</u>	<u>1,238,828</u>	<u>1,307,810</u>
Current liabilities				
Creditors: amounts falling due within one year	13	(20,713)	(14,788)	(75,797)
Tax payable	8	(5,849)	(5,736)	(5,223)
		<u>(26,562)</u>	<u>(20,524)</u>	<u>(81,020)</u>
Total liabilities		<u>(26,562)</u>	<u>(20,524)</u>	<u>(81,020)</u>
Net assets		<u>1,241,927</u>	<u>1,218,304</u>	<u>1,226,790</u>
Equity				
Called up share capital	14	1,103,818	1,103,818	1,103,818
Share premium account		11,282	11,282	11,282
Retained earnings		123,090	99,467	20,959
Other reserves		394,826	394,826	394,826
Translation reserve		(391,089)	(391,089)	(304,095)
Total equity		<u>1,241,927</u>	<u>1,218,304</u>	<u>1,226,790</u>

The notes on pages 12 to 24 are an integral part of these financial statements.

The balance sheets as at 31 March 2019 and as at 1 April 2018 have been restated due to a change in accounting policy for presentational currency – see Note 1(n).

The balance sheet as at 31 March 2019 has been restated due to the omission of the approved dividend – see Note 3.

The financial statements were authorised by the board of directors on 22 December 2020 and were signed on its behalf by:

DocuSigned by:

 FBACB27905DF43D...
 W Knottenbelt
 Director

INTERCAPITAL LIMITED**Statement of Changes in Equity for the period 1 April 2019 to 31 December 2019**

	Called up share capital \$'000	Share premium \$'000	Translation reserve \$'000	Other reserves \$'000	Retained earnings \$'000	Total equity \$'000
As at 1 April 2018 (restated)	1,103,818	11,282	(304,095)	394,826	20,959	1,226,790
Profit for the financial year	-	-	-	-	78,508	78,508
Foreign exchange	-	-	(86,994)	-	-	(86,994)
Total comprehensive income for the year	-	-	(86,994)	-	78,508	(8,486)
As at 31 March 2019 (restated)	1,103,818	11,282	(391,089)	394,826	99,467	1,218,304
Profit for the financial period	-	-	-	-	23,623	23,623
Total comprehensive income for the period	-	-	-	-	23,623	23,623
As at 31 December 2019	1,103,818	11,282	(391,089)	394,826	123,090	1,241,927

The statement of changes in equity for the year ended 31 March 2019 has been restated due to a change in accounting policy for presentational currency – see Note 1(n). It has also been restated due to the omission of the approved dividend – see Note 3.

The notes on pages 12 to 24 are an integral part of these financial statements.

INTERCAPITAL LIMITED

Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019

1. PRINCIPAL ACCOUNTING POLICIES

a) Basis of preparation

The financial statements of the Company have been prepared for the 9 months from 1 April 2019 to 31 December 2019. The company aligned its accounting reporting reference date with the CME Group Inc for consistency purposes. Therefore, the amounts presented in the financial statements are not entirely comparable as prior period covered a period of 12 months to 31 March 2019.

The accounting policies in the financial statements for the period have been applied consistently, other than where new policies have been adopted.

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 as modified by the revaluation of certain financial instruments. 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 standards have been applied consistently, other than where new standards have been adopted.

These financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The financial statements of the Company will be included in the Group consolidated financial statements for the year ended 31 December 2019. Note 17 gives details of the Company's parent and from where its consolidated financial statements prepared in accordance with US GAAP may be obtained.

Per the FRS 101 Reduced Disclosure Framework, the Company is eligible to adopt the following qualifying exemptions:

- Paragraphs 45(b) and 46 to 52 of IFRS 2 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined)
- IFRS 7 'Financial instruments: Disclosures'
- Paragraphs 91 to 99 of IFRS 13 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- The following paragraphs of IAS 1 'Presentation of financial statements'
 - i) Paragraph 10(d) of IAS 1 (statement of cash flows)
 - ii) Paragraph 16 (statement of compliance with all IFRS)
 - iii) Paragraph 38A (requirement for minimum of two primary statements, including cash flow statements)
 - iv) Paragraph 38B-D (additional comparative information)
 - v) Paragraph 11 (cash flow statement information)
 - vi) Paragraph 134-136 (capital management disclosures)
- IAS 7 'Statement of cash flows'
- Paragraphs 30 and 31 of IAS 8 'Accounting policies, accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- Paragraph 17 of IAS 24 'Related party disclosures' (key management compensation)
- The requirements in IAS 24 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group
- Financial risk management, per 7Sch 6 CA 2006
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 'Revenue from contracts with customers'

b) Consolidation

These financial statements are separate financial statements. The Company is a wholly owned subsidiary of CME Group Inc. and of its ultimate parent, CME Group Inc. It is included in the consolidated financial statements of the Group, which are publicly available. Therefore, the Company is exempt by virtue of section 401 of the Companies Act 2006, from the requirement to prepare consolidated financial statements.

INTERCAPITAL LIMITED

Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

c) Going concern

The financial statements have been prepared on a going concern basis.

Given that COVID-19 pandemic is causing widespread disruption on world markets and the global economy, the impact on the Company being a going concern was revisited. Sensitivity analysis was produced incorporating both possible and unlikely impacts to the Company. This analysis indicated there was no material impact which would change the Directors position of the Company being a going concern as CME Group Inc. the ultimate parent has confirmed its undertaking to provide financial support to the Company and assist in meeting the Company's liabilities as and when they fall due for at least 12 months from the date of the approval of the financial statements.

d) Interest receivable and similar income

Interest receivable and similar income is recognised using the effective interest rate method.

e) Interest payable and similar expenses

Interest payable and similar expenses are recognised using the effective interest rate method.

f) Tax

Tax on the profit for the period comprises current 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 tax is also accounted for 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.

Calculations of current tax liability have been based on ongoing discussions with the relevant tax authorities, management's 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 tax amounts in the period in which a reassessment of the liability is made.

g) Investments 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.

h) Investments 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.

INTERCAPITAL LIMITED

Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

i) Financial assets

The Company classifies its financial assets as financial assets held at amortised cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Recognition

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- the asset is held within a business model whose objective is to collect the contractual cash flows, and
- the contractual terms give rise to cash flows that are solely payments of principal and interest.

Financial assets held at amortised cost consist of loans and receivables which are non-derivative financial instruments that have a fixed or easily determined value. They are subsequently carried at amortised cost using the effective interest method, less any impairment.

(ii) De-recognition

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(iii) Impairment of financial assets

Financial assets are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

The Company is required to recognise expected credit losses (ECLs) based on unbiased range of possible outcomes and forward-looking information for all financial assets at amortised cost and financial assets at fair value through other comprehensive income.

Forward looking information includes macroeconomic variables, such as the UK GDP. The UK GDP growth demonstrates a strong linear relationship with historical observed default rates. Due to the disruption caused by COVID-19, we have revised the GDP estimate as at the beginning of March 2020. As per 6 March 2020 Moody's report, the UK GDP has been revised down (based on an extensive and prolonged slump scenario) against the GDP forecast considered previously in the ECL model. This revision has not caused any material change in the Company's recognised ECL.

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 are discounted at the effective interest rate of the financial asset.

The measurement of ECL is calculated using three main components: probability of default (PD), loss given default (LGD) and the exposure at default (EAD).

The 12 month and lifetime ECLs are calculated by multiplying the respective PD, LGD and the EAD. The 12 month and lifetime PDs represent the PD occurring over the next 12 months and the remaining maturity of the instrument respectively.

The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event.

INTERCAPITAL LIMITED

Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

i) Financial assets (continued)

The LGD represents expected losses on the EAD given the event of default, taking into account, among other characteristics, the time value of money.

The Company assumes that the credit risk of a financial asset has increased significantly when:

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

Significant increase in credit risk is conditional on either of the criteria above being met and not on all being met together. An external rating notched approach will serve as the primary indicator in determining if a significant increase in credit risk has occurred since initial recognition. The approach relies on implicitly evaluating variation in Point-in-time ("PiT") PD, across the remaining life of an asset. These estimates are determined both at origination and reporting date.

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 by the Company to actions such as realising security (if any is held) 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.

The Company will apply the general approach to all financial assets in scope for IFRS 9 impairment framework, with the exception of trade receivables, where the Company applied the simplified approach, with a lifetime expected credit loss.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, ageing profile, as well as observable changes in national or local economic conditions that correlate with default on receivables.

The maximum period considered when estimating ECL is the maximum contractual period over which the Company is exposed to credit risk.

Forward looking – As a macroeconomic variable, real UK GDP growth was identified to demonstrate a strong linear relationship with historical observed default rates. As per NEX's modelling policy, three PD term structures are used in the model: base case GDP growth rates, a plausible but optimistic case for GDP growth (upturn scenario) and a negative but plausible case of GDP growth (downturn scenario).

Loss allowances for financial assets measured at amortised cost are calculated as the difference between carrying value and the present value of any expected future cash flows, with any impairment being recognised in the profit and loss account. Subsequent recovery of amounts previously impaired are credited to the profit and loss account.

For debt securities at FVOCI, where applicable, the loss allowance is recognised in other comprehensive income, instead of reducing the carrying amount of the asset.

Impairment losses are presented under "administrative expenses" and not presented separately in the statement of profit or loss and other comprehensive income due to materiality considerations. When a trade receivable is determined to be uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'Operating expenses' in the income statement.

Financial assets not held at fair value are impaired where there is objective evidence that the value may be impaired. The amount of the impairment is calculated as the difference between carrying value and the present value of any expected cash flows, with any impairment being recognised in the profit and loss account. Subsequent recovery of amounts previously impaired are credited to the profit and loss account.

INTERCAPITAL LIMITED

Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

j) Cash and cash equivalents

Cash and cash equivalents are comprised of cash on hand and on-demand deposits 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) Financial liabilities

(i) Recognition

Financial liabilities consist of creditors 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 expired.

l) Share capital

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.

m) Dividend payments

The Company recognises the final dividend payable when it has been approved by the shareholders of the Company in a general meeting. The interim dividend is recognised when it has been approved by the directors of the Company.

Dividends in specie are based on the fair value of the assets distributed as this represents the best estimate to settle the obligation.

n) Foreign currencies

(i) Functional currency

The acquisition of the Company by the Group in November 2018 led to a subsequent reorganisation of the Group structure, and these changes in organisational structure became a primary driver for a reassessment of the Company's functional currency. The conclusion of this reassessment was that the Company's functional currency had changed from Great British pounds to United States dollars. In line with IAS 21 'The effects of changes in foreign exchange rates', the change has been applied prospectively from 1 April 2019.

(ii) Presentational currency

The change in presentational currency is an accounting policy choice. Management has chosen to change the presentational currency from Great British pounds to United States dollars in line with the change in functional currency. In accordance with IAS 8 'Accounting policies, changes in accounting estimates and errors', the change has been applied retrospectively. The Company has presented three balance sheets as at 31 December 2019, 31 March 2019 and 1 April 2018. The comparatives have been restated and presented in United States dollars.

Income and expenses as well as Other comprehensive income (OCI) were translated to US dollars at the respective average exchange rates prevailing for the relevant periods. Assets and liabilities were translated at closing exchange rates prevailing on the respective balance sheet dates. Share capital issued and own shares held were translated at historic average rates. This has resulted in a translation difference that is reflected in the translation reserve.

INTERCAPITAL LIMITED**Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019****1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)****n) Foreign currencies (continued)***(iii) 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.

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. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. 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 uncertainty at 31 December 2019 that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within 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/estimates involved:

- Impairment of investment in subsidiary: the carrying value of investment in subsidiaries was assessed for impairment at period end and the impairment charge was calculated as the difference between the carrying value and the net assets of the subsidiary which was assumed to equal to fair value.
- Impairment of debtors, the expected credit losses (ECLs) are measured as probability weighted estimate of credit losses, which are discounted at the effective interest rate of the financial asset. Credit losses are measured at the present value of all cash shortfalls.

3. RESTATEMENT OF THE PRIOR YEAR BALANCE SHEET

During the year, an omission in relation to dividend income received from Garban Broking Holdings (Europe) Limited in the prior year has been identified. Therefore, the prior year figures have been restated to rectify the misstatement. The net effect of this restatement is an increase to debtors (falling due within one year) of \$986k, a decrease in creditors (falling due within one year) of \$53,583k and an increase in Dividend income of \$54,569k as shown below. As at 1 April 2018, the impact on the Balance Sheet and Profit and Loss account is \$nil.

Effect on the balance sheet as at 31 March 2019:

Debtors: amounts falling due within one year	\$'000
Amounts before restatement as at 31 March 2019	454,796
Add: prior year adjustment to dividend received for the year ended 31 March 2019	986
Amounts after restatement as at 31 March 2019	455,782

INTERCAPITAL LIMITED**Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019****3. RESTATEMENT OF THE PRIOR YEAR BALANCE SHEET (CONTINUED)**

Creditors: amounts falling due within one year	\$'000
Amounts before restatement as at 31 March 2019	(68,371)
Add: prior year adjustment to dividend received for the year ended 31 March 2019	53,583
Amounts after restatement as at 31 March 2019	(14,788)
Retained earnings	\$'000
Retained earnings before restatement as at 31 March 2019	44,898
Add: prior year adjustment to dividend received for the year ended 31 March 2019	54,569
Retained earnings after restatement as at 31 March 2019	99,467
Profit and loss account	\$'000
Profit before restatement as at 31 March 2019	23,939
Add: prior year adjustment to dividend received for the year ended 31 March 2019	54,569
Profit after restatement as at 31 March 2019	78,508

4. ADMINISTRATIVE EXPENSES

	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
Professional fees	25	-
Bad debts written off	-	-
Impairment of investment in subsidiary	1,269	-
Expected credit loss expense of amounts owed from subsidiaries	44	779
Foreign exchange	4	27
	<u>1,342</u>	<u>806</u>

The fee paid to Ernst & Young LLP (the Company's external auditors) for the statutory audit of the Company for the period ended 31 December 2019 was \$25,000 (31 March 2019: \$25,000).

The Company had no employees during the current period and 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.

INTERCAPITAL LIMITED**Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019****5. OTHER OPERATING INCOME**

	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
Other gains	8,830	-
	<u>8,830</u>	<u>-</u>

Other gains only relate to foreign exchange. This represents exchange differences arising on transactions in foreign currencies during the period and on the translation at the balance sheet date of assets and liabilities denominated in foreign currencies.

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
Interest income from Group companies	21,954	30,543
	<u>21,954</u>	<u>30,543</u>

7. DIVIDEND INCOME

	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
Dividend received	-	54,569
	<u>-</u>	<u>54,569</u>

During the period, the Company received dividends from Garban Broking Holdings (Europe) Limited of \$216 (31 March 2019: \$54.6 million).

Dividend received as at 31 March 2019 has been restated due to the omission of dividend income totalling \$54,569k from Garban Broking Holdings (Europe) Limited – see Note 3.

INTERCAPITAL LIMITED**Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019****8. TAX ON PROFIT**

	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
a) Analysis of the charge for the period / year		
UK corporate tax		
- Current period / year	5,849	5,798
	<u>5,849</u>	<u>5,798</u>
b) Factors affecting the tax charge for the period / year		
Profit before tax	29,472	84,306
Profit before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2019: 19%)	5,600	16,018
Non-taxable income	(6)	(10,368)
Expenses not deductible for tax purposes	255	148
	<u>5,849</u>	<u>5,798</u>
Tax charge for the period / year	<u>5,849</u>	<u>5,798</u>

On 11 March 2020 it was announced (and enacted on 22 July 2020) that the UK corporation tax rate would remain at 19% and not reduce to 17% (the previously enacted rate) from 1 April 2020.

9. INVESTMENTS IN SUBSIDIARIES

	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
As at 1 April 2019 / 1 April 2018	6,316	6,316
Impairment of investment in subsidiary	(1,269)	-
As at 31 December 2019 / 31 March 2019	<u>5,047</u>	<u>6,316</u>

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

Name	Country of incorporation	Percentage held (%)
Astley & Pearce 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

INTERCAPITAL LIMITED**Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019****9. INVESTMENTS IN SUBSIDIARIES (CONTINUED)**

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 December 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 period, the Company received dividends from Garban Broking Holdings (Europe) Limited of \$216 (31 March 2019: \$54.6 million). This distribution was offset against the debt due to the Company, which was hereby extinguished as at 24 June 2019. Garban Broking Holdings (Europe) Limited was dissolved on 22 November 2019.

10. INVESTMENTS IN JOINT VENTURES

	Period ended 31 Dec 2019 \$'000	Year ended 31 Mar 2019 \$'000 (restated)
As at 1 April 2019 / 1 April 2018	30	32
Impairment	-	(2)
As at 31 December 2019 / 31 March 2019	<u>30</u>	<u>30</u>

During the year, the Company received dividends from its investments in joint ventures of \$30,624 (31 March 2019: \$nil).*

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

11. DEBTORS

	As at 31 Dec 2019 \$'000	As at 31 Mar 2019 \$'000 (restated)
Debtors: amounts falling due after more than one year		
Amounts due from parent company	-	182,434
Amounts due from fellow group companies	-	594,214
	-	776,648
Debtors: amounts falling due within one year		
Amounts due from parent company	528,324	26,939
Amounts due from subsidiary companies	440	1,425
Amounts due from fellow group companies	735,420	428,197
Expected credit loss provision for amounts due from Group companies	(823)	(779)
	<u>1,263,361</u>	<u>455,782</u>
	<u>1,263,361</u>	<u>1,232,430</u>

INTERCAPITAL LIMITED**Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019****11. DEBTORS (CONTINUED)**

Amounts due from parent company falling due within one year represents an unsecured loan of \$182 million (31 March 2019: Nil) 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. The unsecured loan due from the parent company was re-classified from non-current to current assets as the loan has entered its fifth year.

Amounts due from fellow group companies falling due within one year includes an unsecured loan of \$594 million (31 March 2019: Nil) 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. The unsecured loan due from the parent company was re-classified from non-current to current assets as the loan has entered its fifth year.

Amounts due from fellow group companies falling due within one year includes an unsecured loan of \$311 million (31 March 2019: \$311 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.

Amounts due from fellow group companies as at 31 March 2019 has been restated due to the omission of dividend income totalling \$54,569k from Garban Broking Holdings (Europe) Limited – see Note 3. The impact on the total debtor balance amounted to \$986k.

12. CASH AND CASH EQUIVALENTS

	As at 31 Dec 2019 \$'000	As at 31 Mar 2019 \$'000 (restated)
Cash at bank and in hand	51	52
	<u>51</u>	<u>52</u>

13. CREDITORS

	As at 31 Dec 2019 \$'000	As at 31 Mar 2019 \$'000 (restated)
Creditors: amounts falling due within one year		
Amounts due to subsidiaries	10,005	9,574
Amounts owed to fellow group companies	10,708	5,214
	<u>20,713</u>	<u>14,788</u>

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 December 2019.

Amounts owed to fellow group companies as at 31 March 2019 has been restated due to the omission of dividend income totalling \$54,569k from Garban Broking Holdings (Europe) Limited – see Note 3. The impact on the total creditor balance amounted to \$53,583k.

INTERCAPITAL LIMITED**Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019****14. CALLED UP SHARE CAPITAL**

	As at 31 Dec 2019		As at 31 Mar 2019 (restated)	
	Number of shares thousands	Nominal value \$'000	Number of shares thousands	Nominal value \$'000
Ordinary shares of 25p each as at 31 December and 31 March	2,295,740	1,103,818	2,295,740	1,103,818
	2,295,740	1,103,818	2,295,740	1,103,818

15. CONTINGENT LIABILITIES

The Company has an embedded guarantee with Lloyds TSB Capital Markets as at 31 December 2019 and has a limit of \$65m. 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 December 2019.

16. POST BALANCE SHEET EVENTS

The coronavirus (COVID-19) that emerged in the city of Wuhan, China, last year and has since spread across the rest of the world is now an international pandemic and is causing widespread disruption on world markets and the global economy. As the COVID-19 outbreak continues to evolve, the unpredictable nature of the pandemic means that there is uncertainty on the full extent and duration of the business and economic impact. Although the Company has no operations, the impact on the Company being a going concern was revisited and sensitivity analysis was produced incorporating both possible and remote impacts to the Company. This analysis indicated there was no material impact which would change the Directors' position of the Company being a going concern as CME Group Inc. the ultimate parent has confirmed its undertaking to provide financial support to the Company and assist in meeting the Company's liabilities as and when they fall due for at least 12 months from the date of the approval of the financial statements. The directors consider this to be a non-adjusting post-balance sheet event.

After the reporting date, the Board of Directors reduced the company's share capital by cancelling and extinguishing all but 4 of the issued ordinary shares of GBP 0.25, as well as cancelling the company's entire share premium balance on 6 July 2020.

On 16 July 2020, NEX Group Holdings Limited transferred the entire issued share capital of NEX Finance Limited to Intercapital Limited for GBP 1.00 consideration, left outstanding on intercompany account.

On 16 July 2020, BrokerTec Holdings Inc transferred the entire issued share capital of BrokerTec Investments to Intercapital Limited for USD 1.00 consideration, left outstanding on intercompany account.

On 16 July 2020, EBS No. 4 LLC transferred the entire issued share capital of EBS Investments to Intercapital Limited for USD 1.00 consideration, left outstanding on intercompany account.

On 16 July 2020, Nexstep HK 2 Limited transferred its entire shareholding in Reset Holdings Private Limited (being 29,750 shares) to Intercapital Limited for USD 1.00 consideration, left outstanding on intercompany account.

On 16 July 2020, Nexstep HK 3 Limited transferred its entire shareholding in Reset Holdings Private Limited (being 14,875 shares) to Intercapital Limited for USD 1.00 consideration, left outstanding on intercompany account.

INTERCAPITAL LIMITED

Notes to the Financial Statements for the period 1 April 2019 to 31 December 2019

16. POST BALANCE SHEET EVENTS (CONTINUED)

On 16 July 2020, NEX Optimisation Ltd transferred its entire shareholding in Reset Holdings Private Limited (being 25,375 shares) to Intercapital Limited for USD 1.00 consideration, left outstanding on intercompany account.

On 16 July 2020, NEX Optimisation Limited transferred the entire issued share capital of Nexstep HK 2 Limited to Intercapital Limited for USD 5,500 consideration, left outstanding on intercompany account.

On 16 July 2020, NEX Optimisation Limited transferred the entire issued share capital of Nexstep HK 3 Limited to Intercapital Limited for USD 1.00 consideration, left outstanding on intercompany account.

On 16 July 2020, Intercapital Limited declared a cash dividend to NEX International Limited in the sum of USD 1,183,080,000, to be left outstanding on intercompany account.

On 11 November 2020, Intercapital Limited allotted and issued 7,661,288 fully paid ordinary shares of £0.25 each to NEX International Limited for a subscription price of USD 0.326310536818352 per share.

On 11 November 2020, Intercapital No. 1 Limited transferred:

- its 99.9997% membership interest in Capital Shipbrokers LLP to Intercapital Limited for USD 1.00 consideration, left outstanding on intercompany account;
- the entire issued share capital of Capital Shipbroking Limited to Intercapital Limited for USD 1.00 consideration, left outstanding on intercompany account;
- the entire issued share capital of Intercapital No. 2 Limited to Intercapital Limited for USD 2,356,613.00 consideration, left outstanding on intercompany account; and
- the entire issued share capital of Intercapital No. 3 Limited to Intercapital Limited for USD 238,726.00 consideration, left outstanding on intercompany account.

17. IMMEDIATE AND ULTIMATE PARENT COMPANY

The Company's immediate parent is NEX International Limited, which is incorporated in England and Wales and does not prepare consolidated financial statements.

The Company's ultimate parent is CME Group Inc., which is incorporated in Delaware, 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, which are publicly available, and copies may be obtained from the Company Secretary, CME Group Inc., 20 South Wacker Drive, Chicago, Illinois, 60606.