

COMPANY NUMBER: 06173794

INTERCAPITAL NO. 1 LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2020

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INTERCAPITAL NO.1 LIMITED

General information

PROFILE

Intercapital No. 1 Limited (the 'Company') is a wholly owned indirect subsidiary of CME Group Inc. (the 'Group') 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 is an investment holding company.

DIRECTORS

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

R. J. Bodnum	Appointed 24 December 2019
K. M. Cronin	Appointed 24 December 2019
W. F. Knottenbelt	Appointed 24 December 2019
A. H. Seaman	Appointed 24 December 2019
L. E. Barclay	Resigned 24 December 2019
D. A. Williamson	Resigned 18 December 2019

REGISTERED OFFICE

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

REGISTRATION NUMBER

06173794

INTERCAPITAL NO. 1 LIMITED

Strategic Report for the year ended 31 March 2020

The directors present their Strategic Report and the audited financial statements of the Company for the year ended 31 March 2020.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The directors consider that the year end financial position was satisfactory. The directors do not anticipate any changes to the principal activities.

RESULTS

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

The profit for the year of \$7,000 (31 March 2019: loss of \$1,114,000) has been transferred to reserves.

The net assets of the Company are \$29,254,000 (31 March 2019: net assets of \$29,247,000).

PRINCIPAL RISKS AND UNCERTAINTIES

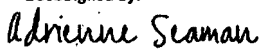
The principal risks and uncertainties of the Company are integrated with the principal risks and uncertainties of the Group and are not managed separately. The principal risks and uncertainties of the Group, which include those of the Company, are discussed in the Group's annual report for the year ended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

COVID-19 risks and uncertainty have been discussed in the Post Balance Sheet Events section of the Directors Report for the Company.

KEY PERFORMANCE INDICATORS

The directors of the Group 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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Adrienne Seaman
Director

31 March 2021

INTERCAPITAL NO. 1 LIMITED

Directors' Report for the year ended 31 March 2020

Company Number: 06173794

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

PRINCIPAL ACTIVITIES

The Company is an investment holding company. 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

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 year (31 March 2019: nil). The Directors do not recommend a final dividend for the year (31 March 2019: nil).

FINANCIAL INFORMATION

The Company was indirectly acquired by CME Group Inc. in November 2018. The previous Directors of the Company resigned subsequently.

In the prior year ended 31 March 2019, although the current Directors had access to the historic financial information maintained by the Company prior to the Group's ownership, the current Directors were not able to satisfy themselves as to the completeness or accuracy of that information. In addition, the current Directors did not have access to some of the key contractual agreements that determined the financial information and by effect had not been able to satisfy themselves as to the completeness or accuracy of subsequent financial information after the Group's ownership. This resulted in a disclaimer of opinion in the financial statements for year ended 31 March 2019.

During the year ended 31 March 2020 the Directors took steps to ensure that the matters identified above have been addressed:

- Key contractual agreements that determine financial information have either been located or re-papered ensuring formalised documentation is in place with relevant counterparties; and
- Financial control processes have been reviewed and, where necessary, additional procedures and reviews have been implemented to ensure that adequate controls are in place and accounting records are kept up to date.

The Directors are satisfied that the steps taken resolve all matters that gave rise to the disclaimer of opinion in the prior year.

INDEPENDENT AUDITORS

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

INTERCAPITAL NO. 1 LIMITED
Directors' Report for the year ended 31 March 2020

Company Number: 06173794

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 which were made during the year and remain in force at the date of this report.

INTERCAPITAL NO. 1 LIMITED

Directors' Report for the year ended 31 March 2020

Company Number: 06173794

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').

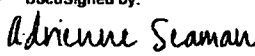
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required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

31 March 2021

INTERCAPITAL NO. 1 LIMITED

Independent Auditor's Report to the members of Intercapital No.1 Limited

Opinion

We have audited the financial statements of Intercapital No.1 Limited for the year ended 31 March 2020 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 14, 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 March 2020 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.

INTERCAPITAL NO. 1 LIMITED

Independent Auditor's Report to the members of Intercapital No.1 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 5, 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.

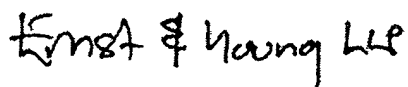
Auditor's responsibilities for the audit of the financial statements

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.



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

1st April 2021

INTERCAPITAL NO. 1 LIMITED
Profit and Loss Account for the year ended 31 March 2020

	<u>Note</u>	Year ended 31 Mar 2020 \$'000	Restated* Year-ended 31 Mar 2019 \$'000
Administrative expenses	4	(63)	(5)
Impairment of investment in subsidiary	8	-	(1,193)
Other operating income	6	70	112
Operating profit/(loss) before taxation		<u>7</u>	<u>(1,086)</u>
Tax charge/(credit) on profit/(loss)	7	-	(28)
Profit/(loss) for the financial year		<u><u>7</u></u>	<u><u>(1,114)</u></u>

*As restated, see Note 2.

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

The notes on pages 12 to 22 are an integral part of these financial statements.

INTERCAPITAL NO. 1 LIMITED

Statement of Comprehensive Income for the year ended 31 March 2020

	Year ended 31 Mar 2020 \$'000	Restated* Year ended 31 Mar 2019 \$'000
Profit/(loss) for the financial year	7	(1,114)
Total comprehensive income/(loss) for the financial year	<u>7</u>	<u>(1,114)</u>

* As restated, see Note 2.

The notes on pages 12 to 22 are an integral part of these financial statements.

INTERCAPITAL NO. 1 LIMITED

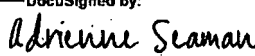
Balance Sheet as a 31 March 2020

	<u>Note</u>	As at 31 March 2020 \$'000	Restated* As at 31 Mar 2019 \$'000
Non-current assets			
Investment in subsidiaries	8	5,444	5,444
		<u>5,444</u>	<u>5,444</u>
Current assets			
Debtors: amounts falling due within one year	9	26,374	26,337
Cash and cash equivalents	10	2	2
		<u>26,376</u>	<u>26,339</u>
Total assets		<u>31,820</u>	<u>31,783</u>
Current liabilities			
Creditors: amounts falling due within one year	11	(2,566)	(2,498)
Tax payable		-	(38)
		<u>(2,566)</u>	<u>(2,536)</u>
Net assets		<u>29,254</u>	<u>29,247</u>
Equity			
Share capital	12	358	358
Share premium		73,632	73,632
Accumulated losses		(44,736)	(44,743)
Total equity		<u>29,254</u>	<u>29,247</u>

* As restated, see Note 2.

The notes on pages 12 to 22 are an integral part of these financial statements.

The financial statements were authorised by the board of directors on 31 March 2021 and were signed on its behalf by:

DocuSigned by:

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Adrienne Seaman
 Director

INTERCAPITAL NO. 1 LIMITED
Statement of Changes in Equity for the year ended 31 March 2020

	Share capital \$'000	Share premium \$'000	Accumulated losses \$'000	Total equity \$'000
As at 1 April 2018	358	73,632	(43,629)	30,361
Restated loss for the financial year*	-	-	(1,114)	(1,114)
Restated as at 31 March 2019	358	73,632	(44,743)	29,247
Profit for the financial year	-	-	7	7
As at 31 March 2020	358	73,632	(44,736)	29,254

*Refer to Note 2 for details of the restatement

The notes on pages 12 to 22 are an integral part of these financial statements.

Share capital

Share capital includes the nominal value of the proceeds on issue of the Company's share capital, comprising £1 ordinary shares.

Share premium

The share premium includes the value of the proceeds above nominal value on issue of the Company's share capital, comprising £1 ordinary shares each.

INTERCAPITAL NO.1 LIMITED

Notes to the Financial Statements for the year ended 31 March 2020

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 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. Note 14 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)
- Paragraph 38 of IAS 1 'Presentation of financial statements' – comparative information requirements in respect of:

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) 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.

INTERCAPITAL NO.1 LIMITED

Notes to the Financial Statements for the year ended 31 March 2020

c) Accounting developments

There is one new standard effective for the first time for the year: IFRS 16 'Leases'.

In January 2016, the International Accounting Standards Board ('IASB') published the financial reporting standard IFRS 16, which replaces IAS 17 'Leases' and other related interpretations on leases including IFRIC 4 'Determining whether an arrangement contains a lease', SIC-15 'Operating leases – Incentives' and SIC-27 'Evaluating the substance of transactions in the legal form of a lease'.

d) Tax

Tax on the profit for the 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 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.

Deferred tax is recognised using the liability method, in respect of all temporary differences between the carrying value of assets and liabilities for reporting purposes and the tax bases of the assets and liabilities. Deferred tax is calculated at the rate of tax expected to apply when the liability is settled or the asset is realised. A deferred tax asset is recognised only to the extent that it is probable that 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 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 and deferred tax amounts in the period in which a reassessment of the liability is made.

The Company does not have any leases in scope of IFRS16 and therefore there is no impact on the Financial Statements.

c) 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.

d) Impairment of non-financial assets

At each balance sheet date, the Company reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

INTERCAPITAL NO.1 LIMITED

Notes to the Financial Statements for the year ended 31 March 2020

g) 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.

h) Financial assets

The Company classifies its financial assets in the following categories: 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

Amortised cost: 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. These assets are included in debtors (note 9).

(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

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.

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. Financial support from ultimate parent i.e. CME Group Inc. is also considered in the calculation of ECL.

At the reporting date, an allowance is required for the 12 month (Stage 1) ECLs. If the credit risk has significantly increased since initial recognition (Stage 2), or if the financial instrument is credit impaired (Stage 3), an allowance should be recognised for the lifetime ECLs.

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.

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

INTERCAPITAL NO.1 LIMITED

Notes to the Financial Statements for the year ended 31 March 2020

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). Due to the disruption caused by COVID-19, we have performed ECL sensitivity analysis using various GDP scenarios. Based on this analysis the impact is immaterial.

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 and intercompany receivables are determined to be uncollectable, it is written off against the allowance account for trade receivables and intercompany receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in the profit and loss account.

INTERCAPITAL NO.1 LIMITED

Notes to the Financial Statements for the year ended 31 March 2020

i) 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.

j) Share capital

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

k) Foreign currencies

(i) Functional and presentational currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the 'functional currency'). The financial statements are presented in United States dollars (\$), 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.

INTERCAPITAL NO.1 LIMITED**Notes to the Financial Statements for the year ended 31 March 2020****2. RESTATEMENT OF PRIOR YEAR INCOME STATEMENT AND BALANCE SHEET**

The balance sheet and income statement as at 31 March 2019 have been restated due to a revision in the impairment of subsidiaries of \$1,077,000. Previously the investment in Intercapital No.2 Limited, a wholly owned subsidiary of the Company was impaired down to the net asset value in Intercapital No.2 Limited at 31 March 2019. The restatement has arisen due to Intercapital No.2 Limited, receiving a distribution of \$1,077,000 from an associate on 28 February 2019, therefore increasing its net assets at 31 March 2019 by \$1,077,000.

The total impact is summarised below and the comparative figures are adjusted accordingly. Total restatement adjustment impacted equity at 31 March 2019 by an amount of \$1,077,000.

Effect on the profit and loss and balance sheet as at 31 March 2019

	Before restatement at 31 Mar 2019 \$'000	Restatement \$'000	After restatement at 31 Mar 2019 \$'000
Impairment of investment in subsidiary	(2,270)	1,077	(1,193)
Loss for the financial year	(2,191)	1,077	(1,114)
Investment in subsidiaries	4,367	1,077	5,444
Accumulated losses	(45,820)	1,077	(44,743)
Total equity	28,170	1,077	29,247

3. 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 March 2020 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 trade debtors: where the financial asset is more than 90 days past due this is considered impaired, with some exemptions applied on a case by case basis. The Company considers factors such as historical information as a base from which to measure expected credit losses based on the current observable data to reflect the effects of the current conditions.

INTERCAPITAL NO.1 LIMITED**Notes to the Financial Statements for the year ended 31 March 2020****4. ADMINISTRATIVE EXPENSES**

	Year ended 31 Mar 2020 \$'000	Restated* Year ended 31 Mar 2019 \$'000
Professional fees	50	1
Expected credit loss	-	4
Insurance	15	-
Other expenses	(2)	-
	<u>63</u>	<u>5</u>

The fee paid to Ernst & Young LLP (the Company's external auditors) for the statutory audit of the Company for the year ended 31 March 2020 was \$49,905 (£39,390) (31 March 2019: \$39,500 (£30,000)). The prior year fee was borne by a fellow subsidiary in the Group.

The Company had no employees during the current year and prior year.

5. DIRECTORS' REMUNERATION

No fees were paid in the directors in respect of services to the Company during the year (2019: nil)

6. OTHER OPERATING INCOME

This represents exchange differences arising on transactions in foreign currencies during the year and on the translation at the balance sheet date of assets and liabilities denominated in foreign currencies.

INTERCAPITAL NO.1 LIMITED**Notes to the Financial Statements for the year ended 31 March 2020****7. TAX ON PROFIT/(LOSS)**

	Year ended 31 Mar 2020 \$'000	Restated* Year ended 31 Mar 2019 \$'000
a) Analysis of the charge/(credit) for the year		
Current tax:		
UK corporation tax – current year	-	28
Overseas corporation tax – prior year	-	-
	<u>-</u>	<u>28</u>
b) Factors affecting the tax charge for the year		
Profit/(loss) before tax	<u>7</u>	<u>(1,086)</u>
Profit/(loss) before tax multiplied by the standard rate of corporation tax in the UK of 19% (31 March 2019: 19%)	1	(206)
Effects of:		
Expenses not deductible for tax purposes	-	230
Adjustments in respect of prior years – current tax	-	4
Share of partnership profits	(4)	-
Group relief surrendered for nil	3	-
	<u>(1)</u>	<u>234</u>
Tax charge/(credit) for the year	<u>-</u>	<u>28</u>
Effective tax rate	0%	(1)%

The headline rate of UK corporation tax remained at 19% for the period, following the enactment of Finance Act 2020 on 22 July 2020. Finance Bill 2021 published on 11 March 2021 includes a provision to change the standard rate of corporation tax from 19% to 25% with effect from 1 April 2023.

INTERCAPITAL NO.1 LIMITED**Notes to the Financial Statements for the year ended 31 March 2020****8. INVESTMENTS IN SUBSIDIARIES**

	Year ended 31 Mar 2020 \$'000	Restated* Year ended 31 Mar 2019 \$'000
As at 1 April 2019/1 April 2018	5,444	6,637
Impairment	-	(1,193)
As at 31 March 2020/31 March 2019	5,444	5,444

As at 31 March 2020, the Company's subsidiary companies were as follows:

Name	% Directly held	Country of incorporation
Intercapital No. 2 Limited	100%	England and Wales
Capital Shipbroking Limited	100%	England and Wales
Capital Shipbrokers LLP	99.99%	England and Wales
Intercapital No. 3 Limited	100%	England and Wales

Name	% Indirectly held	Country of incorporation
Midhurst Chartering Limited	100%	England and Wales
Intercapital (Hong Kong) Limited	100%	Hong Kong
Intercapital (Germany) GmbH	100%	Germany
Intercapital No.1 Pte	100%	Singapore
Intercapital No. 2 Pte	100%	Singapore
Capital Shipbrokers Limited (HK)	47.5%	Hong Kong

31 March 2019, the investment in subsidiary Intercapital No.2 Limited was impaired by \$1,193,000. It also impaired its investment in ICAP Shipping (Gibraltar) by \$3,000.

9. DEBTORS

	As at 31 Mar 2020 \$'000	Restated* As at 31 Mar 2019 \$'000
Amounts owed by intermediate parent company	35	-
Amounts owed by related companies	26,341	26,334
ECL allowance	(4)	-
Prepayments	2	3
	26,374	26,337

10. CASH AND CASH EQUIVALENTS

	As at 31 Mar 2020 \$'000	Restated* As at 31 Mar 2019 \$'000
Cash at bank and in hand	2	2
	2	2

INTERCAPITAL NO.1 LIMITED**Notes to the Financial Statements for the year ended 31 March 2020****11. CREDITORS**

	As at 31 Mar 2020 \$'000	Restated* As at 31 Mar 2019 \$'000
Accruals	49	-
Amounts owed to intermediate parent company	-	2
Amounts owed to related companies	2,517	2,496
	<u>2,566</u>	<u>2,498</u>

Amounts owed to Group companies are non-interest bearing and payable on demand.

12. SHARE CAPITAL

	As at 31 Mar 2020 \$'000	Restated* As at 31 Mar 2019 \$'000
Allotted and fully paid:		
250,001 Ordinary shares of £1 each (2019: 250,001)	358	358
	<u>358</u>	<u>358</u>

INTERCAPITAL NO.1 LIMITED

Notes to the Financial Statements for the year ended 31 March 2020

13. 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. This represents non-adjusting post balance sheet event for the Company. 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. 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 on the Company 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.

On 16 July 2020, Intercapital No.3 Ltd allotted and issued 19,486,400 fully paid ordinary shares of £1.00 each to Intercapital No. 1 Ltd for a subscription price of USD 1.25 per share.

On 16 July 2020, Intercapital No.3 Ltd allotted and issued 2,060,000 fully paid ordinary shares of £1.00 each to Intercapital No. 1 Ltd for a subscription price of USD 1.25 per share.

On 16 July 2020, Intercapital No.1 Ltd allotted and issued 11,796,000 fully paid ordinary shares of £1.00 each to NEX International Ltd for a subscription price of USD 1.25 per share.

On 16 July 2020, Intercapital No.3 Ltd allotted and issued 11,796,000 fully paid ordinary shares of £1.00 each to Intercapital No. 1 Ltd for a subscription price of USD 1.25 per share.

On 16 July 2020, Intercapital No.2 Limited declared a cash dividend to Intercapital No. 1 Limited in the sum of USD 3,163,000, to be left outstanding on intercompany account.

On 19 October 2020, Intercapital No. 1 Limited reduced its share capital by (i) cancelling 12,046,000 ordinary shares of £1 each in issue and (ii) cancelling its entire share premium account. Following the reduction, the updated issued share capital of Intercapital No. 1 Limited is 1 ordinary share of £1.

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.

On 11 November 2020, Intercapital No. 1 Limited declared a cash dividend to NEX International Limited in the sum of GBP USD 2,499,959.00, to be left outstanding on intercompany account.

14. IMMEDIATE, INTERMEDIATE 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.