Intermediate Capital Group PLC

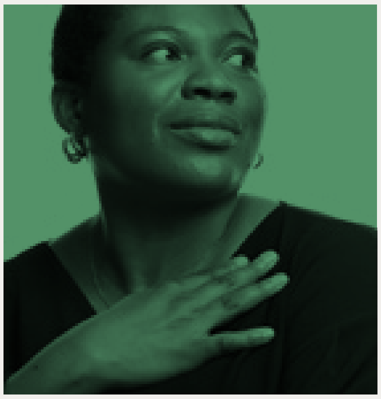
PROVIDING CAPITAL TO HELP BUSINESSES DEVELOP AND GROW











Annual Report and Accounts 2021

A GLOBAL ALTERNATIVE ASSET MANAGER

Our culture centres around long-term relationships with a wide range of stakeholders, sustainable investment excellence, and an outstanding team demonstrating integrity, diversity and collaboration.

Contents

Highlights

Profit before tax

£509.5m

(2020: £114.5m)

Total Third Party AUM

$56.2bn

(2020: $47.1bn)

Ordinary dividend

56.0p

(2020: 50.8p)

UNPRI Assessment Results

A+A+A

(2020: AAB)

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INVESTING GLOBALLY

CREATING VALUE

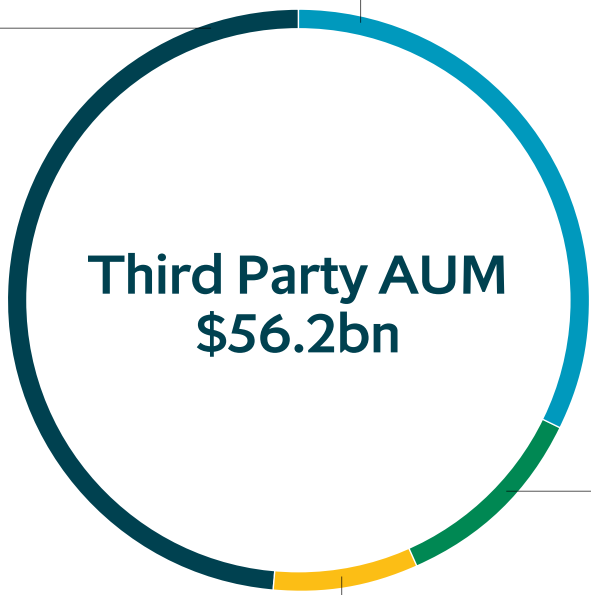
GROWING SUSTAINABLY

See how we are investing globally, creating value and growing sustainably on pages 4 to 9.

A global alternative asset manager

We manage $56.2bn of third-party assets globally, investing across the capital structure. The funds we manage generate long-term contracted fee streams.

Third Party Assets Under Management within strategic asset class



Corporate Investments

Private equity, subordinated debt and senior direct lending investments across eight strategies

$27.2bn
(2020: $22.8bn)

Average life of funds: 6–12 years

Capital Market Investments

Multi-asset credit, syndicated loans, CLOs and structured credit across eight strategies

$18.0bn
(2020: $15.3bn)

Average life of funds: 6–10 years

Secondary Investments

GP-led secondaries and private equity fund of funds across three strategies

$4.7bn
(2020: $3.7bn)

Average life of funds: 6–12 years

Real Asset Investments

Real estate senior debt, subordinated debt and equity across five strategies and infrastructure equity

$6.3bn
(2020: $5.5bn)

Average life of funds: 6–12 years

Integrated ESG approach

Strategic ESG priorities

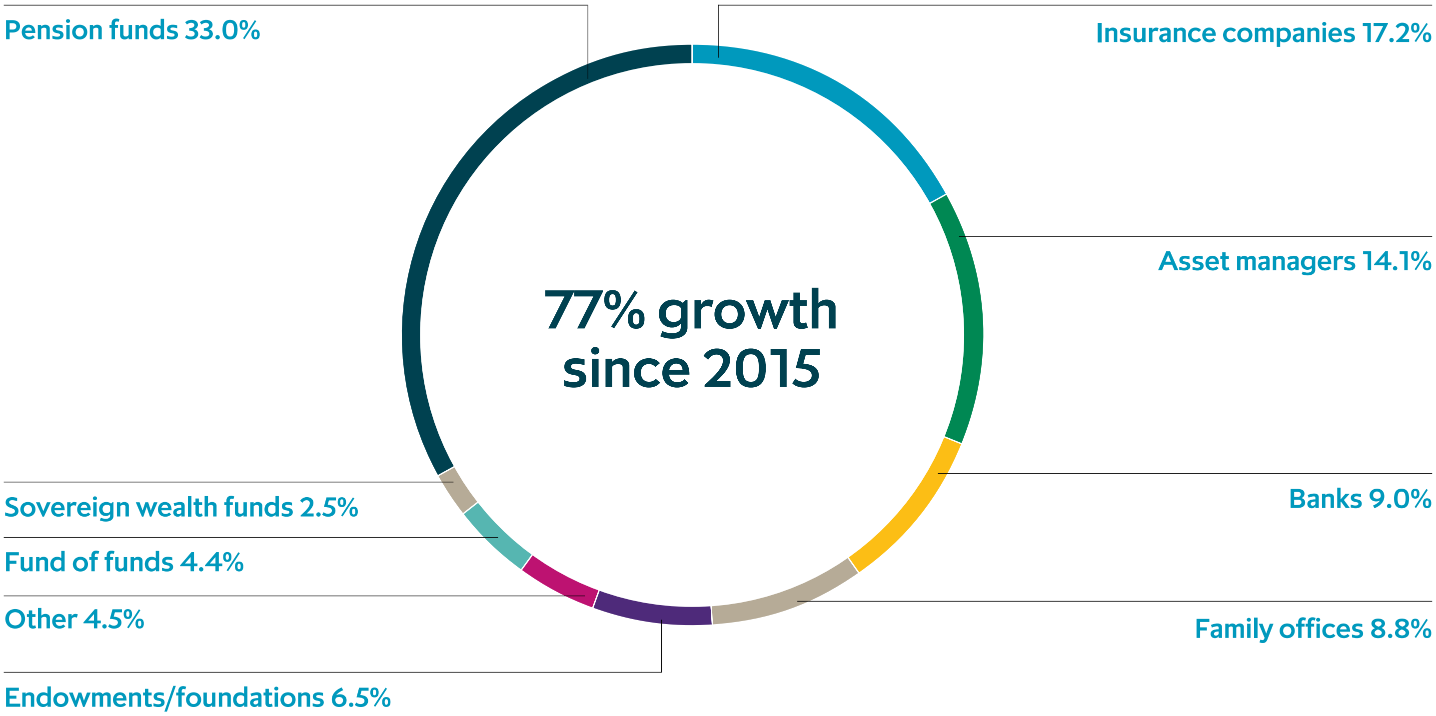
Integrate ESG systematically into all investment activities	Transparent communication with stakeholders	Ensure corporate behaviour models strong ESG practice
Responsible Investing Policy	Internal and external communications	"Tone from the top"
Read more on page 30	**Read more on page 24**	**Read more on page 10**

Focus on where we have a material footprint and meaningful impact

Environmental	**Social**	**Governance**
Climate change	Human capital management	Anti-bribery and corruption
Read more on page 34	Diversity and inclusion	Risk management
	Supply chain	**Read more on pages 37 and 38**
	Read more on pages 25-28	

We have a diversified and growing group of blue-chip clients. We strive to deliver attractive returns on their capital over the long term. Our global in-house distribution team develops and manages our client relationships.

476 clients globally

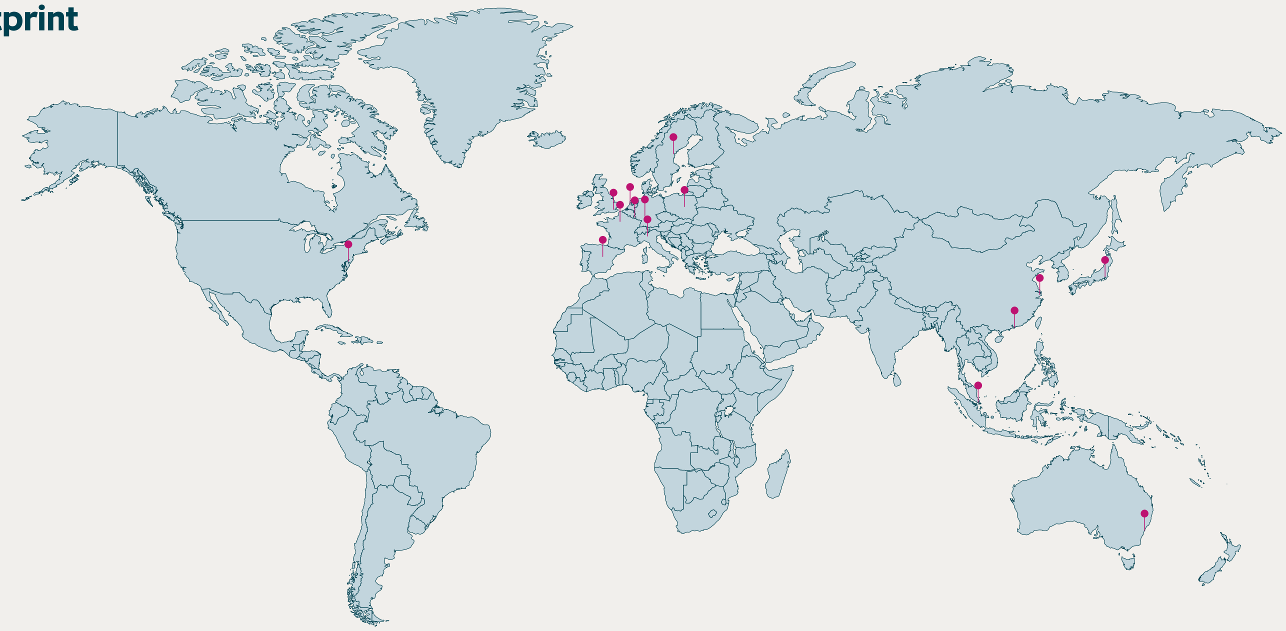


A global footprint with deep access to local markets and an investment track record of over 32 years.

Global footprint

Investment professionals

Europe: 149
US: 47
Asia: 17



WE INVEST GLOBALLY

As a leading alternative asset manager, we provide capital to help businesses develop, grow and thrive in the global economy

TSG

We demonstrate our values as we raise and invest our third-party funds

Our Senior Debt Partners strategy invested in TSG Group (TSG), the number one European business-to-business equipment and systems distributor and services provider to energy distribution networks.

Alignment to ESG priorities
TSG aims to be at the forefront of the move towards cleaner alternative fuels by supporting the increased infrastructure required to facilitate growth in the market.

TSG have launched several growth initiatives offering their core services for new energies:

- TSG is a leading player in installing 'on the move' electric vehicle charging stations for their clients, with more than 20,000 charging points installed across Europe
- Gas solutions: from compressed to liquid gas and hydrogen to support the transition to a zero emission mobility
- Professional wash systems, with a focus on environmentally friendly features

How it demonstrates our values
Our team worked collaboratively to deliver a bespoke financing solution to TSG. The resilience of the business to climate change was a key consideration.

Consistent and robust investment culture globally

Our local investment teams have sector expertise and long-standing relationships. They understand the markets in which they operate. These relationships initiate deal flow and provide early access to investment opportunities. This is a key competitive advantage in sourcing and managing investments for our funds.

Our granular investment approach provides a valuable information database from which our investment teams can gain market intelligence and unique insight.

Our consistent, robust and disciplined investment culture enables us to deliver attractive returns to our clients.

Our reputation for investment, built up over 32 years, has generated strong, supportive, asset sourcing networks globally.

We adopt responsible and sustainable business practices to make a positive impact to society through our investments.

Read about our global footprint on page 3

WE CREATE VALUE

We create long-term sustainable value for all of our stakeholders: investors, employees, clients and the communities in which we operate.

Making space for growth with Jaguar Land Rover through an investment in new infrastructure

Jaguar Land Rover is a British luxury automotive manufacturer. Our Sale and Leaseback Fund will finance a new 2.9m ft^2 distribution campus situated in a prime logistics location in the UK, which will be constructed by IM Properties and then leased to Jaguar Land Rover. The campus will be composed of five Grade-A warehouses serving Jaguar Land Rover's global parts business.

Jaguar Land Rover is consolidating from ~20 properties into the distribution campus which will serve as the home of Jaguar Land Rover's parts business, dispatching 93% of all spare parts required globally.

How this creates value
The distribution campus is pre-let to Jaguar Land Rover on long-term leases with inflation protection. Long-term occupational demand for the distribution campus is underpinned by the prime location.

Fund performance drives growth

Strong fund performance is a leading indicator of future growth in fee-earning AUM. Our fund performance is underpinned by our disciplined investment process.

Our 32-year investment track record supports fundraising as we retain existing clients and continue to attract new clients.

Our global in-house marketing team is client focused. We continue to expand and strengthen our client relationships by providing opportunities to invest in a diversified portfolio of strategies, with a single investment manager, which meet their risk and return needs.

Our dedicated team gives us insight that enables the nimble and efficient design of new strategies to respond to market developments, client demand and investment opportunities.

We have a relentless focus on performance for our clients.

Third Party AUM

$56.2bn

2017	23.3
2018	32.6
2019	38.7
2020	47.2
2021	**56.2**

Five-year Total Shareholder Return

254.1%

2017	212.5
2018	184.5
2019	209.5
2020	110.9
2021	**254.1**

Read about investment performance for the year on page 38

We strive for a more sustainable future, both as a company and as a part of the wider community

WE GROW SUSTAINABLY

Our European Infrastructure Equity Fund investment creates value for communities

Our European Infrastructure Equity strategy invested in CVE, a renewable power producer focused on solar photovoltaic, biogas and small hydro power generation operating in France, the United States, Chile and Africa.

CVE has developed an original vision: decentralised power production and a direct sales model targeted to suppliers, businesses and communities. With an overall capacity of 440 MW, the group produces green energy equivalent to the power consumption of a city with 320,000 people.

Alignment to ESG priorities
Through its core activities, CVE contributes to achieving the following United Nations Sustainable Development Goals (SDG):

- SDG7: Affordable and clean energy
- SDG9 : Industry, innovation and infrastructure
- SDG11: Sustainable cities and communities
- SDG12: Responsible consumption and production

How it demonstrates our purpose
Our partnership approach creates financial value for investors. Our strong responsible investing framework will enable this business to continue to deliver benefits to the wider society in which it operates.

ESG is embedded in our investment process

We believe in collaborating across the industry to raise investment standards. We are a member of the PRI Investor Reference Group on Corporate Reporting in order to address one of the major challenges we face as an investor in private equity and debt: the lack of good quality corporate ESG reporting.

We analyse ESG issues, including climate risk, at each stage of the investment process from screening, through due diligence, closing and monitoring to eventual exit. Each investment strategy implements the ESG considerations relevant to it.

These depend on the nature of the strategy, the level of influence over the investment and access to management.

Climate-related risks were specifically taken into account in developing the Sale and Leaseback and Infrastructure Equity strategies.

Read about how we embed ESG within our investment strategies on page 30

RISING TO MEET GLOBAL CHALLENGES

To fellow shareholders,

At the time of my message to you last year, my first as Chairman, the world was in the depths of the Covid-19 pandemic. In the last year we have seen extraordinary demonstrations of human ingenuity in the remarkable pace of vaccine development and in the way people have adapted to this new way of living. Nonetheless, the last 18 months have tested individuals, families, businesses and governments in ways that few could have imagined. The fabric of society has been stretched, sometimes to breaking point.

We have also seen an acceleration of broader shifts that were already impacting society and that could have dramatic and long-term implications for the structure and cohesion of our society. Not all this acceleration has been due to the pandemic. We are living in an increasingly divided world where opinions have never been easier to broadcast, yet healthy debate and the constructive exchange of competing views feel less prevalent. Growing inequalities have led to the most vulnerable in society becoming more exposed. It is a hopeful sign of progress that we are becoming more conscious of historical inequalities based on race, gender and socioeconomic background, but these inequalities persist today and they must be addressed.

The pandemic has required governments to take on roles that they neither wanted nor anticipated. Responses have been uneven, and in any case should not be judged in the moment. But what is clear is that we came into this pandemic with a positive, albeit fragile, economic backdrop and we should not lose sight of the fact that we are privileged, in more developed economies, to be living in societies that are sufficiently resilient to allow us to take such dramatic actions to protect lives. A liberal democracy is one of the great developments of humanity. It has led to improvements in the health and wealth of citizens and to innovations and progress in healthcare, arts, culture, economics and technology. We must ensure it works for all of society, and we must continue to make a positive case to protect and preserve it.

Although asset prices have recovered strongly from the shocks in the first half of 2020, many businesses and individuals are reliant on unprecedented levels of government and central bank support. High government deficits and historically low interest rates mean there is ever less room to further support the economy through 'traditional' channels. While the possibilities of inflation and interest rate rises remain on the horizon, there may not be an immediately obvious cost to this support. However, the long-term impact of this stimulus is unclear, as are the speed and mechanisms of unwinding it. It could be a challenge in the coming years to balance the moral imperatives of supporting the most vulnerable in society with ensuring prudent macro stability.

"I look forward to ICG playing an important role in supporting the growth of the companies and societies we invest in."

Financial resilience

Recovery from the pandemic is, of course, not for government alone. Business has a vital role to play, most obviously in ensuring that the basic services on which we all depend continue uninterrupted. Keeping the lights on, ensuring that there is food on the supermarket shelves, and, more broadly, providing employment and helping to maintain a healthy and diversified economy.

The financial services industry facilitates the flows of capital that enable growth. The alternative asset management industry focuses on the productive allocation of capital and expertise to businesses that require it in order to flourish, to deliver useful services, and to create employment. We are clear that the Group[1]'s purpose is to provide capital to help companies develop and grow.

The Group[1] employs 470 people in 14 countries; we are international, but perhaps multi-local rather than multinational, directly impacting local communities. With this scale we have the depth of resource to operate effectively, and to stay close to our investee companies and to developments in our markets, while being nimble and responsive to opportunities and challenges as we encounter them.

Responsible investment

Our ability to positively impact society is perhaps best understood in terms of the scale of the investment entrusted to us by the investors in our funds. We manage $56.2bn of assets which are deployed into companies around the world employing thousands of people in total. We invest this capital on behalf of over 475 clients, and the ultimate beneficiaries are individuals: children, workers, savers, pensioners. We take that responsibility seriously, and it means that we are inherently focused on the long-term sustainability of the returns for our clients. These will only be assured if the Group and its portfolio companies behave in an environmentally and socially responsible manner. This year we designated Stephen Welton as the Non-Executive Director (NED) responsible for ESG matters.

Our commitments start at home. Our people are our single most important asset: they will drive our business today, tomorrow and in the years to come. It is both a moral and an economic imperative that we actively attract, retain and develop the best, irrespective of their background. We continue to evolve our approach to recruitment to ensure that we are making a positive contribution. At an industry level, there is more to be done in this area. Our work with Level20 and #10000BlackInterns is helping to drive change.

At a leadership level I am proud of the diversity we have on our Board with varied careers and backgrounds providing diversity of experience. During the year we announced the appointments of Rosemary Leith and Matthew Lester as NEDs, and I look forward to them bringing their perspectives.

Despite global uncertainty, and in part because of our ability to help actively shape the world around us, I believe the opportunity for alternative assets and for the Group is increasing and has very attractive long-term prospects. ICG provides capital across the world and across the capital structure to help companies grow. We partner with these companies for the long term, and this active management results in attractive risk-adjusted returns to our clients. This in turn makes the prospects for continued growth in assets under management very healthy, which is the key driver of returns to our shareholders.

The Group, like every other company, has of course been tested by the events of the past year. I am proud of how we responded to these challenges and of how our people have carried the business through these challenging times. I want to pay tribute to the ICG community: my colleagues, their families, our clients, the companies we invest in, and all those whose lives we touch. Thank you. I am proud and humbled by how you have risen to these challenges.

Outlook

Looking forward, I see an uncertain economic and social environment. The global community has many difficult questions to answer about what we value, how we conduct ourselves, and what sort of world we want to pass to the next generation. We must not shirk these questions: history will judge us – as countries, as businesses, as individuals – by how we respond.

Humanity has shown yet again that it has a boundless capacity for innovation and resilience, the ability to rise to any challenge. That capacity is made up of millions of individuals stepping up to the moment. I find that inspiring. It gives me faith that we will navigate the issues we face, and that we will emerge stronger and better as a global society.

I look forward to ICG playing an important role in supporting the growth of the companies and societies we invest in.

The Strategic Report, on pages 1 to 57, has been approved by the Board of Directors and is signed by:

E. Mervyn Davies

Lord Davies Of Abersoch
Chairman

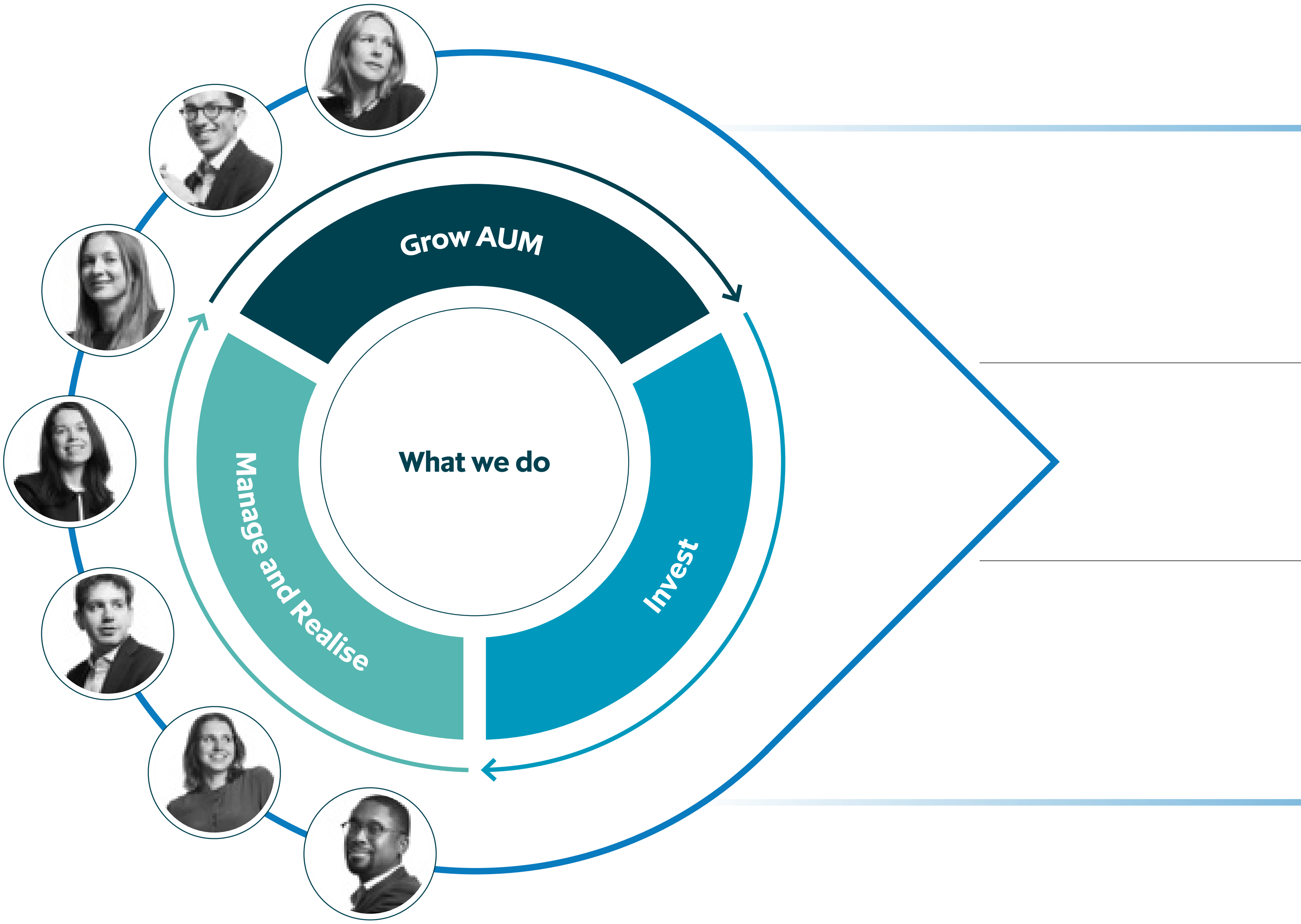
8 June 2021

[1]Intermediate Capital Group plc and its subsidiaries

The ICG business model

Generating a positive impact

ICG provides capital to help companies develop and grow. We develop long-term resilient relationships with our partners to deliver value for shareholders, clients and employees, and use our position of influence to positively impact the environment and society.



Our competitive advantages

Local presence, global network
470 employees in 14 countries underpin our ability to source, execute and manage investments

Ability to invest across the capital structure
We provide capital to companies in a form appropriate to their needs

Focus on clients' needs
Global marketing team ensure that we continue to meet the requirements of our clients

Capital to support growth
Our balance sheet is a strategic advantage that enables us to seed and accelerate new strategies and align interests with our clients

Our resilient business model delivers shared stakeholder and long-term societal value

How we generate shareholder value

Grow AUM

Raise and manage third party assets, largely in closed-ended funds

Earn management fees on committed or invested AUM

Invest

Identify and secure attractive investment opportunities

Earn performance fees if certain hurdle rates are met

Manage and Realise

Work with management teams in our investments to drive strategic change

Successfully realising investments crystallises returns for clients and shareholders

Shareholders and lenders
Read more on page 25

Clients
Read more on page 25

Employees
Read more on pages 26 and 36

Communities
Read more on page 27

Environment
Read more on pages 27, 30, 33 and 34

Suppliers
Read more on page 26

Regulators
Read more on page 28

Underpinned by our unified platform

Our culture on page 5

Our risk management on page 49

Our governance framework on page 66

Our fund distribution on page 7

Leveraging the power of our platform

In conversation with the executive team

BD

Benoît Durteste
Chief Executive Officer

VB

Vijay Bharadia
Chief Financial and Operating Officer

AHR

Antje Hensel-Roth
Chief People and External Affairs Officer

Our resilient model adapts to business development and other emerging trends while bringing together a network of skills and expertise, through long-standing relationships, to provide us with unique market insight and opportunities.

How do you grow AUM?

BD Delivering outstanding investment performance for our clients underpins the growth of our AUM.

Our successful track record enables us to drive growth in three key ways: raising larger funds for existing strategies; expanding established strategies into new geographies; and establishing new investment strategies. I'm very pleased that during this financial year our growth was driven by a combination of all three of those factors.

How do you deliver returns to shareholders?

BD Returns to our shareholders come from both underlying growth in our business and our progressive dividend policy.

Growth is the key driver of long-term shareholder value. This will come from increasing our third-party AUM, which will increase our third-party fee income and drive profits in our Fund Management Company (FMC).

Our progressive dividend policy, which is explicitly linked to profits from our FMC, is intended to ensure that shareholders benefit from the growth in FMC profits.

How do you attract and retain talent?

AHR Our people strategy rests on three pillars: outstanding career opportunities; exceptional engagement; and economic alignment.

We focus on attracting top talent globally from all parts of the market to create teams that bring complementary experiences and diversity of thought. What unites us all is an ambition to further enhance the value our company creates and the impact we can have personally – whether that is through raising funds, investing well or running a high quality operating platform.

Our vision is to provide an inclusive and respectful environment in which each individual is motivated to fulfil their potential and contribute to our business goals. We are proud to have employees representing 38 different nationalities in offices across 14 countries.

To help us achieve our ambitions, we have focused on a number of actions internally, including a Women's Development programme, a group-wide D&I committee, and a series of inclusive "network" groups for employees.

What have you learnt about the resilience of the ICG business model in the last twelve months?

VB As the crisis began to unfold, we were confident that our long-term contracted third-party fee income would be a resilient driver of profits: whatever the macro events, those fees provide us with a reliable and visible source of income over the long term. Similarly, we knew our balance sheet was very robust and could withstand significant external shocks due to its diversification, prudent capitalisation and strong liquidity profile.

Seeing this financial and operational resilience in action gave us great pride and confidence in the platform we have built. We continued to make targeted investments in our people and platform, and we were able to adapt quickly to the new operating environment.

While there are bound to be more unexpected events in the coming years, my key take-away from the last 12 months is that the ICG business model, operational capability and talent provide the Group with the agility to adapt quickly to changing circumstances.

How have you contributed to the wellbeing of your employees over the last year?

AHR Ensuring that our employees have been supported throughout the uncertainty of the last year has been a top priority. We already had an established Wellbeing strategy, and this offering has continued and extended throughout the year to ensure that employees and their families are supported both at home and in the office.

We continually monitor employee engagement, through surveys, focus groups, individual interactions and informal groups. We have also had valuable Board-level focus from Amy Schioldager, the NED with a specific responsibility for employee engagement, who has hosted meetings with our employees. Senior management have been regularly engaging through both formal and informal forums, with their teams, and with employees across the Group to maintain engagement and instil our cultural values.

What are the greatest challenges for ICG?

BD As we continue to grow and broaden our strategies, a key challenge will be attracting and retaining the best talent to ensure we are able to continue to provide strong returns for our clients. Our market is competitive, but we have a strong brand, an exceptional track record and an attractive offering for current and future employees.

VB Our business is growing rapidly. It's critical that our growth is sustainable, and that means continuing to invest in the operating platform that enables it, in both people and technology.

AHR Communication to our investors, our clients, our employees and other stakeholders is key. What we do can appear complex, but it is our responsibility to explain clearly and simply what we do, how we do it and why we do it, and to demonstrate how we have a positive impact on all our stakeholders.

INVESTING CREATING GROWING

Business model has proven its strength; we look forward with confidence

The last 18 months have been unparalleled by almost any measure. The speed with which society and the economy moved from cautious optimism in February 2020 to later facing deep uncertainty tested people and businesses everywhere. ICG was not immune to this. As we looked ahead to FY21 we were expecting to continue our growth trajectory, including launching several new strategies. Circumstances changed, causing us to pivot quickly during the first quarter of our financial year to focus on protecting our people, engaging with our clients on the potential impacts on fund investments, and working with our portfolio companies to ensure that they had the financial and operational resilience to navigate the new environment. I am proud of how our employees responded and worked together during this period, and I would like to take this opportunity to thank them for their continued contribution to the success of ICG.

Against that backdrop, ICG continued to grow and develop. We furthered our Environmental, Social and Governance (ESG) agenda, invested in our talent, and broadened our product offering through new strategies such as Life Sciences. We grew our Third Party AUM by 19%, expanded our client base by 8% and increased our headcount by 15%.

Client demand for our strategies in the year was materially higher than we had initially anticipated in an off-cycle year amid a challenging environment, with total fundraising of $10.6bn – our third largest year on record. The levels of activity were very high across both deployment and realisations: we deployed $7.2bn of Third Party AUM in our direct investment funds, realised $5.1bn of Third Party Fee Earning AUM to underpin our investment performance, and seeded investments for new strategies as a prelude to them raising third party funds in the future.

Today, we report impressive results and announce our 11th consecutive year of dividend growth. Our business model, which is built on long-term relationships, local presence, and the visibility of future Third Party Fee Income from our closed-end funds, has proved itself throughout this extraordinary period.

Procession House

With the Group's workforce having expanded rapidly in recent years, the Group moved to a new London office in September 2020. In keeping with the principles to which the Group holds itself accountable, various measures have been taken to ensure that both the fit-out and the building itself meet high ESG standards.

Situated near Blackfriars Bridge on the edge of the City of London, Procession House features:

- Efficient lighting and controls
- Sustainably sourced insulation
- 100% renewable energy
- Sustainably sourced finishes such as polishes and varnishes
- Water metering and the installation of efficient taps
- VOC and CO_2 monitoring of the air quality in the floor spaces
- Targeting to achieve >90% diversion from landfill rates

Fundraising success drives AUM growth

Raising $10.6bn of Third Party AUM in an off-cycle year is a particularly strong performance and, reflecting the increasing breadth of our platform, we had a total of 16 strategies raise capital during the financial year.

Senior Debt Partners IV, our direct-lending strategy which charges fees on invested capital, raised $3.9bn of Third Party AUM during the year. This brought the total Third Party AUM raised for Senior Debt Partners IV to $7.6bn at 31 March 2021. Towards the end of the financial year we launched Strategic Equity IV, our flagship GP-led secondaries strategy. This strategy charges fees on committed capital from the date of its first close, which was held on 19 March 2021, and had raised $1.3bn at 31 March 2021.

Capital Market Investments raised a total of $3.4bn, of which $1.2bn was in liquid funds and $2.2bn was in CLOs. Our liquid funds performed strongly and experienced net inflows during the year. The CLO market has been improving during the second half of financial year, enabling us to raise three new CLO vehicles (two in the US and one in Europe). We have also taken advantage of narrowing spreads by amending the terms of two existing CLOs to lock-in enhanced future returns.

The remaining $2.0bn of fundraising included $545m for two strategies that were raising first-time funds during the year ($297m for Infrastructure Equity and $248m for Sale and Leaseback), $524m for Recovery Fund II and $442m in aggregate for two Real Estate Debt strategies.

As we continue to build our franchise, we expect to raise larger funds for established strategies and to build demand for new strategies. The success we are experiencing in both our flagship and earlier-stage funds is a clear lead indicator of our long-term growth opportunities.

Continuing to develop our client franchise

Through the year we enhanced our interaction with our clients, shifting to online Investor Days and increasing the frequency of communications. During periods of uncertainty, investors generally deploy more of their capital with established managers who have a strong track record and brand and with whom they already have relationships. We observed this trend during FY21, and were beneficiaries of it, whilst also continuing to grow our client base. At 31 March 2021 we had a global client base of 476 investors (31 March 2020: 439) from a broad range of countries and institutions.

The continued success and growth of our client franchise is underpinned by the strength of our Marketing and Client Relations team. During the year we made a number of senior strategic hires into that team to ensure that we maintain the highest standards of client service to support the continued growth of our client franchise.

Managing our portfolios for long-term performance

We have a long-term perspective, and focus on investing in businesses with strong market positions and exceptional management teams where we can deploy our capital to help companies grow and develop. Our ability to invest across the capital structure is a particular strategic strength and allows us to provide capital in the form most appropriate to the company's needs.

Our funds delivered strong performance in the year, in particular those funds that have a higher proportion of equity-type investments. Our investments benefited from both our constant focus on downside protection as well as meaningful exposure to growing sectors such as healthcare, software and education.

Successful realisations are an important part of managing our funds' portfolios, enabling us to underpin fund performance and to return proceeds to our clients at an appropriate cadence and valuation. We took advantage of attractive opportunities during this year to realise $5.1bn of Third Party Fee Earning AUM.

Market environment

Market

Market activity

Description

- At the start of our financial year major equity indices globally were at or near their Covid-19 troughs, having fallen steeply during February and March 2020
- Through our financial year, markets rebounded strongly (FTSE 100 +23.1% and S&P 500 +63.6%), supported by substantial stimulus from governments and central banks
- The alternative asset management industry saw a slowdown in deal activity during H1 2020: the number of buyouts globally fell 24% compared to 2019[1], with the second quarter of the year being particularly impacted
- A strong recovery in volumes during the second half of 2020 combined with a c. 24% increase in average deal size compared to 2019[1] resulted in an 8% increase in global buyout deal value in 2020 compared to 2019. This was 7% above the five-year average globally and in Europe total deal value was 13% above the five-year average

What this means for ICG

- Our diverse range of strategies and ability to invest across the capital structure mean that we are positioned to invest throughout economic cycles
- We generate fees from long-term closed-end funds and make investments on behalf of our clients for the long term. As such, short-term market moves do not materially impact our ability to generate sustainable profits or the performance of most of the funds that we manage
- Our Investment Company co-invests alongside our funds and therefore its performance will be correlated to the performance of the funds

Read more

- Our business model → page 12
- The valuation of our balance sheet → page 38

Interest rates

Description

- Global interest rates have been at historically low levels since the Global Financial Crisis and at the onset of the Covid-19 pandemic, core government bond yields fell further
- The strength of the economic recovery and the levels of government stimulus have led some market participants to ask whether inflation and interest rates may increase in the coming years
- This prompted a sharp rise in core government bond yields in late February 2021, driven by higher real yields as investors brought forward the expected date of central bank rate increases

What this means for ICG

- Our main driver of profitability and growth is third-party fee income, which is not impacted by movements in interest rates
- Where our funds invest in a company's debt, these are typically 'floating rate' instruments where the portfolio company absorbs the impact of interest rate moves (which is typically hedged with a third party). Any rise in rates is therefore unlikely to impact our fund performance
- The majority of our debt at Group level is fixed rate

Read more

- Our business model → page 12
- Our debt facilities → page 38

Brexit

Description

- The UK left the European Union (EU) on 31 January 2020, entering a transition period. This ended with a trade and cooperation agreement between the UK and EU which came into effect on 1 January 2021
- The UK and EU confirmed on 26 March 2021 that they have agreed a Memorandum of Understanding to continue talks and co-operation on financial services

What this means for ICG

- We planned for a range of Brexit scenarios that might have impacted our employees, our business or our clients. In 2017 we established a fund manager in Luxembourg and opened an office with locally-based employees. This has allowed us to continue to service our existing European-domiciled funds and to passport these funds throughout the EU
- Throughout the Brexit process, the Group has advised and supported our EU national employees in the UK
- We will continue to monitor developments closely and will take necessary steps to ensure that any negative impacts of Brexit on our employees, our business and our clients are minimised

Read more

- Brexit planning → page 50

Industry

Demand for alternatives

Description

- Demand for alternatives is very strong, underpinned by investors' search for attractive risk-adjusted returns; the ability for investors to allocate a portion of their capital to longer-term investments that are less susceptible to public market movements; and the outperformance of private market investments compared to public markets
- Alternative assets under management have grown at a 10% CAGR from 2010 to 2020[2] and are expected to grow at a similar rate from 2020 to 2025. Within that, Private Equity is expected to grow at 16% CAGR and Private Debt at 11% over the same period

What this means for ICG

- The structural tailwinds supporting our AUM growth are expected to remain in place
- As clients seek to allocate more capital to alternatives, our track record, breadth of strategies and expertise in investing across the capital structure position us well to attract these assets
- We expect to benefit from the flight to quality due to our track record

Read more

- Our clients → page 3
- Our range of strategies → page 2

Responsible investing

Description

- The long-term trend towards focusing responsible investing continued in 2020 and 2021, and investors' interest in strategies which incorporate Environmental, Social and Governance (ESG) factors continued to increase against the backdrop of the Covid-19 pandemic

What this means for ICG

- We aim to be an important voice in the alternative asset management space for ESG issues. We are an active participant in a number of industry forums
- A number of our funds have sustainable characteristics. We continually review opportunities to develop and enhance the ESG focus of our funds
- We implemented a number of measures during the year to build on our ESG practices, such as issuing an ESG-linked RCF, implementing SFDR reporting with the vast majority of our funds reporting under Article 8, extending our Exclusion List, and integrating a proprietary Climate Risk Assessment tool into our investment processes

Read more

- Responsible investment → page 30
- ESG index → page 185

1. Bain: 2021 Global Private Equity Report
2. Preqin: Future of Alternatives 2025

ICG is well positioned to benefit from private market trends

Strong track record of investment performance

Read more on page 38

Structured and holistic approach to responsible investing

Read more on page 30

Multiple strategies to suit clients' investment objectives

Read more on page 2

Proven ability to innovate and pioneer new strategies in response to client demand and market opportunity

Read more on page 16

Large and sophisticated 'go-to-market' strategy through our client relations team

Read more on page 7

Scalable and unified operating platform

Read more on page 12

Integrated approach to ESG focussing on where we have the most material impact

We have a longstanding commitment to ESG, and we intend to stay at the forefront of this activity within our industry. Our priorities are to continue to integrate ESG systematically into all investment activities; to maintain transparent ESG communications with stakeholders; and to ensure our corporate behaviour models strong ESG practice. We have made progress against all these priorities during the year, and the Board has nominated Stephen Welton as the Non-Executive Director responsible for ESG matters.

Along with strong governance, which underpins all that we do, we see the greatest potential for ICG to make an impact in the areas of climate change and diversity and inclusion (D&I). I believe that in the short, medium and long term, continuing to make progress against our ESG objectives is critical for our business and for our stakeholder community.

Our investment activities present us with the most significant opportunity to make a positive impact. Each investment strategy uses our proprietary climate risk assessment tool in the initial investment process. This tool is used to assess each opportunity and considers both physical and transition risk (policy shifts, changing consumer demands and technological progress). Earlier this year we also strengthened our exclusion list to prevent any direct investment in companies which generate the majority of their revenue from coal, oil or gas. We currently have three sustainability-themed strategies: Infrastructure Equity, Sale and Leaseback and our Real Estate Partnership Capital VI fund. These strategies align with specific UN Sustainable Development Goals (SDGs), and all incorporate climate-focused SDGs including SDG 7 (Clean Energy) and SDG 13 (Climate Action). During the financial year the EU's Sustainable Finance Disclosure Regulation (SFDR) came into force, requiring funds to be categorised according to the extent to which they incorporate environmental and social criteria in their decision making. Most of our funds in the market are categorised as promoting environmental or social criteria (Article 8 under SFDR), and we are actively exploring strategies under Article 9 which have sustainable investment as their objective.

At the Group level we issued an ESG-linked RCF during the year, in which the economic terms are linked to us achieving specific objectives relating to carbon emissions and climate change, including our commitment to reduce our Scope 1 and Scope 2 carbon emissions by 80% by 2030. From a D&I perspective we undertook a group-wide employee survey, continued our program of Board-level engagement with employees, brought together our various employee-led networks under a D&I Hub, and supported several initiatives focussed on enhancing inclusion within our industry including #10000Blackinterns and Level20, and becoming a core partner of the US charitable organisation Seize Every Opportunity.

Well capitalised and resilient balance sheet bringing strategic benefits

Our balance sheet is a key strategic enabler for the Group. We use it to seed and accelerate new strategies, which drives long-term value for the Fund Management Company as these strategies mature. Commitments to our more mature strategies ensure alignment of interests between our shareholders, employees and clients.

Our balance sheet investment portfolio is widely diversified and is invested alongside our direct investment funds in circa 300 companies across 26 industries and 31 countries. Its value grew during the year from £2.2bn to £2.6bn, with the key driver being £376m of unrealised gains due to the strong performance of our funds.

During the year we continued to invest in our future growth by committing capital from our balance sheet to develop emerging strategies where the teams have not yet raised Third Party AUM. These commitments were made in respect of our Life Sciences strategy and, shortly after year end, our North American Private Equity and LP Secondaries strategies. These investments will accelerate raising third party funds for these strategies when market conditions allow. In addition to seeding new strategies, the balance sheet has invested alongside our clients to accelerate fundraising for our first vintage funds for Infrastructure Equity and Sale and Leaseback. Both developed a track record by investing balance sheet capital before launching their first funds.

The balance sheet is well capitalised, with a net gearing of 0.63x and available liquidity of £847m providing substantial flexibility to enable us to invest alongside our clients and to seed and accelerate new strategies.

Outlook: Capitalising on the substantial long-term growth opportunity

This year ICG has not only proven its operational and financial resilience, it has continued a trend of significant profitable growth.

The structural tailwinds supporting the growth of the alternative asset management industry remain intact, and we have an excellent brand and platform from which to execute on that opportunity. The power of our business model is now clearer than ever: we combine a global footprint with local teams, and have high visibility on future management fee income from our closed-end funds, and are able to invest across the capital structure.

2021 performance summary

We have made strong progress during the year against our strategic objectives:

- **Record profits: Group Profit before Tax of £507.7m and Earnings per Share of 162.3p**
- **Strong fundraising: $10.6bn raised, bringing Third Party AUM to $56.2bn**
- **Growth in Third Party Fee Income: £333.7m during the year, an increase of 20% compared to FY20**
- **Well capitalised and resilient balance sheet: £846.9m total available liquidity including undrawn £550m ESG-linked RCF; NAV per share increased to 566p; net gearing of 0.63x**
- **Progressive dividend policy: total dividend up 10% at 56.0p per share**

1 Grow AUM

$10.6bn

Third Party AUM raised across 16 strategies, bringing total Third Party AUM to $56bn

2 Invest

$7.2bn

Third Party AUM deployed from our direct investment funds

3 Manage and realise

very strong portfolio performance and realisations of $5.1bn of Third Party Fee Earning AUM

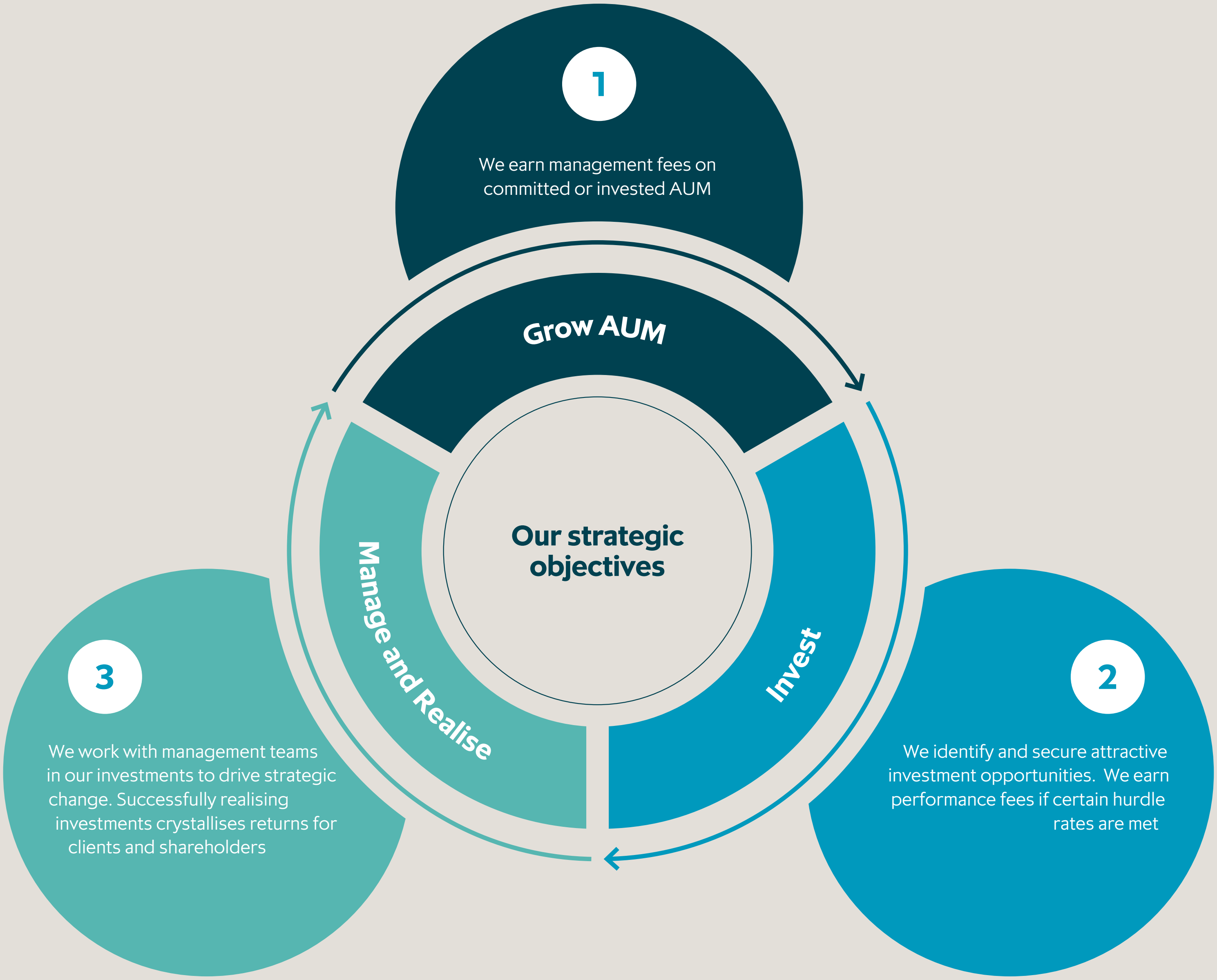
Results presented on an APM basis (see page 38)

Our confidence in our ability to execute on the opportunities available to us is underlined by our upgraded fundraising guidance: we now expect to raise $40bn in aggregate in the four years to the end of FY25, with at least $7bn raised in every financial year.

I am incredibly proud of the results the ICG team has achieved this year. FY22 has started well, with Europe VIII having its first close on 29 April 2021 and a strong pipeline of investments and realisations across all our strategies. We have a business model and financial profile that enable us to navigate the evolving and dynamic market conditions. We will continue to invest in our people and platform, while remaining disciplined and long-term in our approach to all that we do. I look forward with optimism and confidence that ICG is well placed to deliver substantial value to its stakeholders in the coming years.

Benoît Durteste
CEO and CIO

Our performance



Alternative performance measures

Our key performance indicators (KPIs) include alternative performance measures, providing additional insight into the performance of our business.

The IFRS financial information on page 126 includes the impact of the consolidated funds which are determined by IFRS to be controlled by the Group, although the Group's loss exposure to these funds is limited to the capital invested by the Group in each fund.

The glossary on page 180 includes the definitions of these alternative performance measures and reconciliation to the relevant IFRS measures.

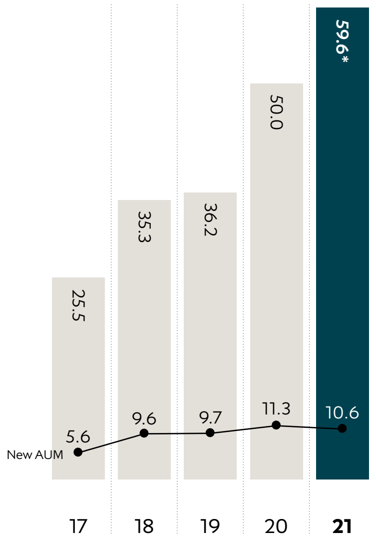
The following KPIs are alternative performance measures:

- Assets under management
- FMC operating margin
- Weighted-average fee rate
- Return on equity

Monitoring our progress

Total AUM ($bn)

$59.6bn



* Total AUM includes Balance Sheet Investments portfolio of $3.4bn.

Raising third-party funds is the lead indicator of the Group's profitability.

We expect to raise $40.0bn in aggregate over the next four years, and at least $7.0bn in every year.

Performance

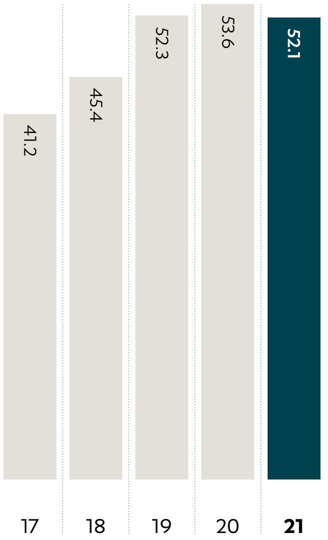
Exceptional fundraising performance in an off-cycle year raised $10.6bn of new Third Party AUM. This exceeded the pace of realisations from older funds resulting in growth in total AUM.

Alignment to strategic objective

1

FMC operating margin (%)

52.1%



The FMC operating margin is a measure of the efficiency and scalability of the business. The Group has invested substantially in its growth and the return on this investment is measured through the operating margin. The Group is targeting a margin above 50%.

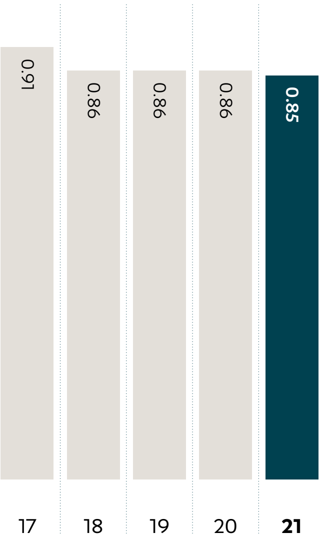
Performance

The FMC operating margin remains above our target as the Group continues to benefit from raising and deploying capital while maintaining discipline and control over the cost base.

1 2

Weighted-average fee rate (%)

0.85%



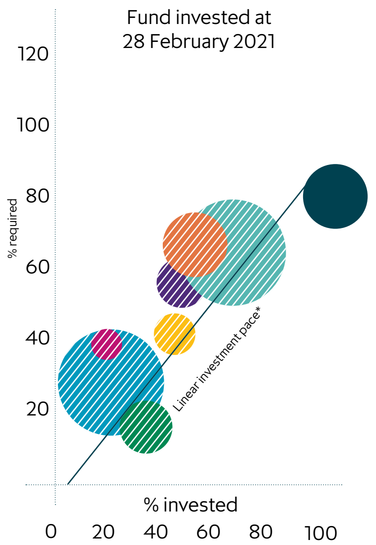
The weighted average fee rate on fee-earning AUM is a measure of profitability. Fees reflect the risk/return profile of the underlying asset. The weighted average fee rate across the Group will depend on the composition of AUM between the lower fee-earning credit funds and the higher fee-earning corporate and secondaries strategies.

Performance

The weighted-average fee rate on fee-earning AUM is 0.85%, in line with the prior year.

1

Deployment of direct investment funds (%)



* Circle size indicates the Fund size.

Closed-end funds have a finite life and represent 87% of AUM. For these funds it is important for the capital to be deployed over the investment period. We monitor this against a straight-line deployment basis.

Performance

Our ability to invest across the capital structure is a particular strategic strength during periods of uncertainty. Identifying attractive opportunities resulted in a higher pace of deployment.

2

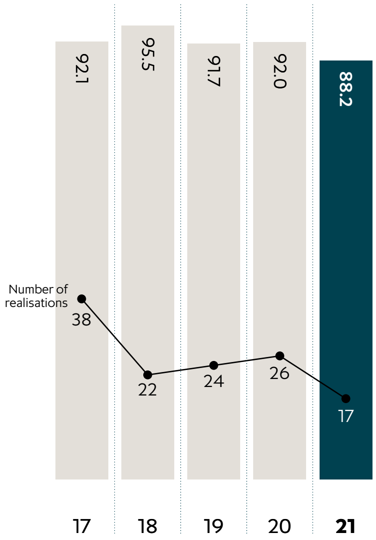
Strategic alignment

1 Grow AUM
2 Invest selectively
3 Manage portfolios to maximise value

North America Fund II
ICG Europe Fund VII
Sale & Leaseback
ICG Senior Debt Partners IV
Infrastructure Equity
ICG-Longbow V
Strategic Equity III
ICG Europe Mid-Market

Percentage of realised assets exceeding performance hurdle (%)

88.2%



A key indicator of our ability to manage portfolios to maximise value is the level of realised assets for which the return is above the fund performance hurdle rate. This is the minimum return level clients expect and the point at which the Group earns performance fees.

Details of the hurdle rate per fund can be found on page 186.

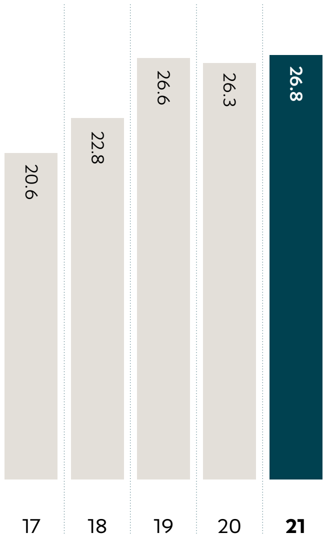
Performance

Successful realisations are an important part of managing our funds' portfolios. We took advantage of attractive opportunities during this year to realise $5.1bn of investments within Third Party Fee Earning AUM.

3

UK senior management gender diversity (%)

26.8%



We believe a more diverse and inclusive workforce will enhance the delivery of our strategic objectives and shareholder value. We have pledged to increase the number of women in senior management roles in an industry in which senior investment positions are held predominantly by men.

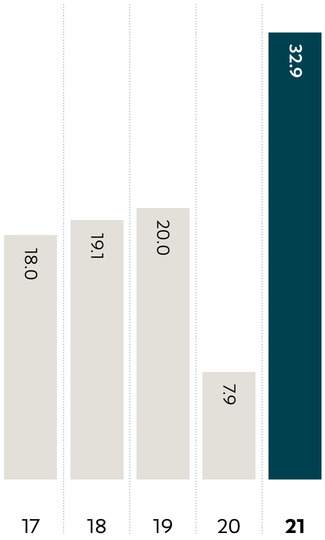
Performance

Continued progress in improving our gender balance across the business. We are developing business practices and a culture in which diversity and inclusion thrive. It will take time for the measures we have put in place to be reflected in these statistics.

1 2 3

Return on equity (%)

32.9%



The Group has targeted an ROE in excess of 13%.

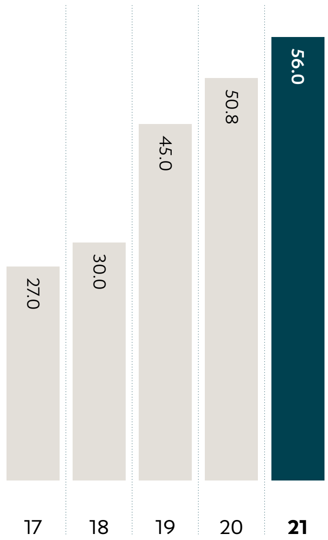
Performance

Record profits in both Fund Management Company and Investment Company have resulted in substantial growth in ROE.

N/A

Ordinary dividend per share (p)

56.0p



The Group's ability to pay dividends and return value to shareholders is a measure of its ability to generate returns from managing third-party funds.

The Group's dividend policy is to recommend a dividend pay-out of 80-100% of the Fund Management Company profit after tax on an APM basis.

Performance

We have maintained our progressive dividend.

N/A

Details of our Executive Director KPIs are shown on page 93.

Engagement with our stakeholders

Section 172 statement

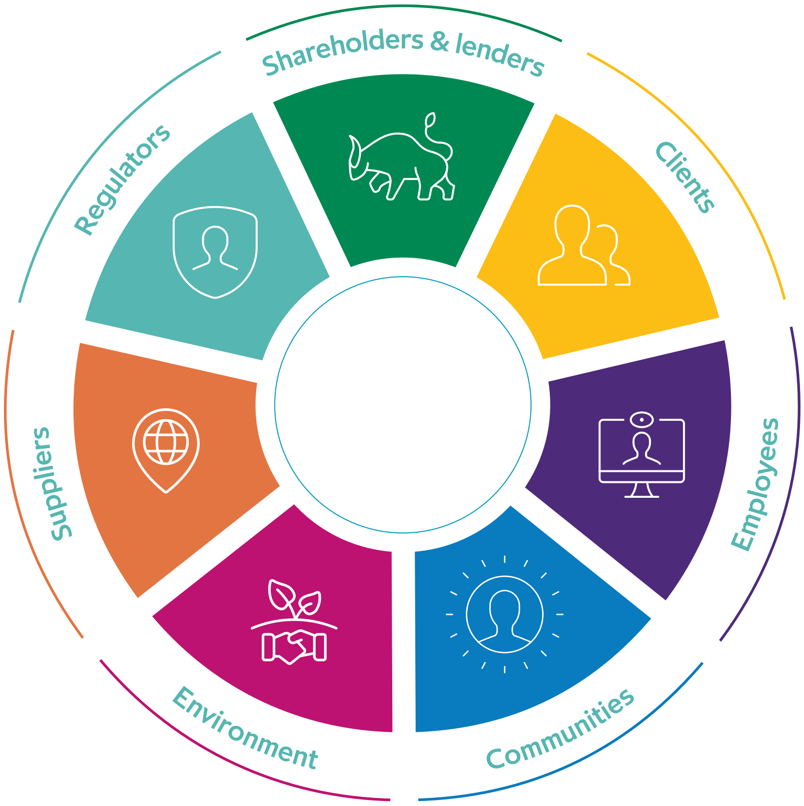
As required by the Companies Act 2006, the Directors have had regard to wider stakeholder needs when performing their duties under s.172. In particular, the Directors recognise the importance of acting in a way that promotes the long-term success of the Company to the benefit of its members as a whole.

We set out on the following pages how the Directors considered the interests of stakeholders. The clearest example of this is in capital allocation and the use of our balance sheet to support the long-term growth of our Fund Management Company. During the year, in determining the level of commitments our balance sheet would make to new funds, management and the Board balanced a number of considerations including:

- The long-term prospects of such new funds, what quantity of third-party AUM such funds and future vintages were likely to attract, and the management fee streams that would result from such third-party funds
- The level of balance sheet commitment needed to establish a track record to enable the Group to raise third-party AUM or to demonstrate alignment of interests between the Group and its clients
- The liquidity needs of the business
- The need to pay dividends to shareholders in line with our stated policy
- The prevailing market conditions

Our key stakeholder groups

The Directors consider that the following groups are the Group's key stakeholders. The Board seeks to understand the interests of each stakeholder group so that these may be properly factored into the Board's decisions. We do this through various methods including direct engagement by Board members where relevant; receiving reports and updates from members of management; and receiving input and counsel from external experts as appropriate.



Read about how the Board engages with stakeholders on page 60

Stakeholder engagement

Shareholders & lenders

Why is it important to engage?

Effective access to capital is crucial for the success of the Group, and fostering a supportive investor base that is interested in the long-term prospects of the Group is of strategic importance.

We seek to foster a two-way dialogue with both current and potential shareholders and lenders.

We strive to communicate clearly to them our performance and prospects.

We also seek to understand their views on our industry and our business so that these perspectives can be factored into management and Board decisions.

How have the Board and management engaged?

The Group conducts an active Investor Relations programme, engaging with shareholders, lenders and rating agencies throughout the year using a variety of channels. Details of this can be found on page 60.

The Board and management receive feedback on shareholder and lender views directly from shareholders, from the Group's Investor Relations function and from third parties such as our corporate brokers.

What were the key topics of engagement?

- Ability to deliver continued strong growth for shareholders
- Clear communication of strategy
- Understanding our shareholders' and lenders' ESG requirements
- Balance sheet liquidity

Outcomes as a result of that engagement

- Increased engagement with current and potential shareholders both through regular reporting and off-cycle
- Enhancing relationships with the analyst and broader financial community
- Appointed Citi Global Markets Limited as Joint Corporate Broker alongside Numis Securities Limited
- Positive outreach programme in place of Annual General Meeting which was "closed" due to restrictions on gatherings
- Maintaining and upgrading the credit rating of the Group

Clients

Why is it important to engage?

Clients entrust us with their money to invest on their behalf. The single largest driver of our long-term growth is continuing to attract increasing levels of capital from our clients.

Ensuring that we understand our clients' needs and serve them appropriately is fundamental to the success of the Group.

How have the Board and management engaged?

We are continually considering the position of our clients, and how we can best engage with them. More information on our clients can be found on page 3.

Our in-house distribution team engages regularly with all clients and potential clients, providing detailed updates on fund performance, new funds and other business developments.

We continued to hold annual client investor days and investor conferences, ensuring our clients had access to our in-house distribution team as well as senior management and members of our investment teams.

What were the key topics of engagement?

- Designing products to meet clients' needs
- Factoring ESG considerations into our investment processes
- Continuing engagement programme despite the constraints of the pandemic
- Reporting of portfolio performance

Outcomes as a result of that engagement

- Enhanced the reporting of ESG activities for portfolio companies
- Developed a number of funds with sustainable elements (for example Infrastructure Equity, Sale and Leaseback and Real Estate Fund VI)
- Continued to broaden our expertise and offering of funds to meet client needs such as hiring a Life Sciences team
- Offered successor vintages of established funds to meet client demand

	Employees	Suppliers
Why is it important to engage?	The success of the Group depends on collaboration and expertise across teams. Effective two-way communication with our employees is essential to build and maintain engagement. Our employee engagement informs us where we are doing well and where further development should be considered and applied.	We work to ensure that our key suppliers are engaged with our business and that each party understands the approach of the other. This enables our suppliers to better meet our needs and us to understand their perspective, as well as delivering appropriate oversight of the supplier relationship.
How have the Board and management engaged?	We have a number of formal and informal channels to achieve this, including our confidential employee engagement surveys, regular whole company business briefings and regular team meetings. Amy Schioldager is the NED responsible for employee engagement, and she held a number of formal and informal sessions with employees during the year in individual and group forums. Details of our employee engagement can be found on page 36.	We hold regular relationship meetings with our key suppliers to ensure that any issues in our interactions with them are fully considered and addressed.
What were the key topics of engagement?	– Managing the complexities (practically and emotionally) of working from home – Integrating new hires remotely – Succession planning – Ensuring that the employee experience is not impacted by our growth trajectory – Growth and development of our employees – Wellbeing of employees	– Ability of third-party administrators to support us during Covid-19 – Liquidity challenges faced by smaller suppliers – Ethical procurement practices
Outcomes as a result of that engagement	– Increased the level of formal engagement with senior management, for example through more regular 'town halls' – Implemented new system of performance management and reviews – Rollout of enhanced training and development programme for employees – Ongoing diversity initiative led by our Diversity and Inclusion hub – Virtual global induction event held for new joiners	– Reviewed prompt payment practices to ensure that suppliers are not left unpaid for inappropriate lengths of time – Supplier management programme reviewed and specialist in oversight of suppliers hired to review key relationships – Conducted Modern Slavery policy review

	Local community	Environment
Why is it important to engage?	We are a people business, with offices in 14 countries and investing money on behalf of clients including pension funds and insurance companies worldwide. Our actions have meaningful and direct impacts on local communities. It is incumbent upon us to ensure that we actively cultivate and maintain strong local relationships and help our local communities share in our success.	We are aware of the impact of our business operations on the environment. We are seeking to reduce our own negative impact, and those of our funds' portfolio companies.
How have the Board and management engaged?	We carried out a review of our contribution to wider society and we have decided to substantially increase our work in the area of social inclusion through education.	Details of our focus on environmental matters and climate risk can be found on pages 33 and 34.
What were the key topics of engagement?	– Identifying the most appropriate way for the Group to positively impact its local communities – Continued commitment of employee time to charitable initiatives	– How to integrate climate risks into our corporate decision making – Ensuring that investment decisions are made with appropriate regard to environmental factors, including our shareholders' and lenders' ESG requirements
Outcomes as a result of that engagement	– Established more robust internal governance around charitable giving – Donated £250,000 to the Covid-19 Solidarity Response Fund for the World Health Organization and City Harvest – £1.5m, three-year relationship with the Education Endowment Foundation supporting the Nuffield Early Learning Intervention and the Tutor Trust – Local charitable partnerships led by each of our offices	– Moved London head office to an energy efficient building, reducing our carbon footprint – Developed a Climate Risk Assessment tool that is being implemented firm-wide to ensure all investments are assessed with a view to climate risk (see page 30) – Focused on developing funds that have a positive environmental impact (see page 30) – Incorporated explicit ESG targets into the terms of our new Revolving Credit Facility (see page 32) – ESG training provided to all investment employees – Stephen Welton nominated as the NED responsible for ESG matters – Enhanced relationship with SolarAid to offset our carbon dioxide emissions

Regulators

Why is it important to engage	We are subject to regulation by a variety of financial regulators in a number of jurisdictions worldwide. Understanding and adhering to the standards set by these bodies is of paramount importance to our standing as an asset manager and to meeting the expectations of our stakeholders. We mandate our employees to comply with these standards, which are built into our business practices and processes.
How have the Board and management engaged	– We engage with regulators in a transparent manner, completing required filings and other submissions and acting responsively and thoughtfully to any inbound queries
What were the key topics of engagement	– We participate in industry bodies and consultations and provide input to regulators through these and similar channels
Outcomes as a result of that engagement	– We continued to strengthen our presence in Luxembourg to meet the regulatory requirements set out by the CSSF – We have overhauled our LIBOR-related documentation to take account of forthcoming changes and best practice – After participation in a number of industry round tables with regulators, we reviewed all fund documentation and related disclosures in respect of the implementation of the Sustainable Finance Disclosure Regulations

Financial reporting

During the financial year ended 31 March 2021 the UK's work from home requirement imposed as a response to the pandemic made the year end process more operationally challenging for the Group, and for our auditors to complete their audit. The Audit Committee recommended to the Board that, in order to ensure an orderly market announcement of the results for the financial year ended 31 March 2020, sufficient time for appropriate preparation and scrutiny of the Group's accounts should be made available.

Shareholder engagement

The Board recognised very early in the pandemic that additional engagement with shareholders would be necessary to ensure that the Group's financial strength was clearly understood. The Board supported management's enhancement of the ongoing shareholder relations programme, increasing communication with current and potential shareholders and ensuring that information provided to analysts and the broader financing community emphasised the long-term nature of the Group's fee streams and diversity of investment portfolio.

Capital allocation

Throughout the year, the Board carefully considered capital allocation in line with the business plan proposed by management (which was similar but not identical to the original pre-pandemic plan). It was concluded on each occasion that it was in the long-term interests of stakeholders for the Group to continue to seek to grow its range of funds and investment strategies, and that there were sufficient resources available to continue this. As such, the Group has continued to deploy capital from its balance sheet throughout the year in support of new and existing strategies.

Employee support and engagement

At all Board meetings during the year, including a number of ad hoc meetings, the Board received regular updates from the Chief People and External Affairs Officer about employee wellbeing, and offered their views on how employees could best be supported (through initiatives such as wellbeing programmes and technology provision).

Amy Schioldager, the designated NED for employee engagement, continued her work with employees, conducting focus groups during the year with a range of employees globally to obtain their feedback on the ongoing challenging circumstances. She reported on this work formally to the Nominations and Governance Committee leading to further discussion about the support provided to employees.

Additional Board meetings

During the initial phase of the pandemic, a number of additional ad hoc Board meetings were held. These were partly for the purpose of receiving a business update from the Executive Directors, but also served an important purpose in allowing the Board to pool their thoughts and ideas about responding to the pandemic in the interests of all our stakeholders. This contribution helped guide the Group in a prudent and forward-thinking manner through challenging market conditions.

Stakeholder focus during the pandemic

From the beginning of the Covid-19 pandemic, the Board has acted with a range of stakeholder interests in mind. Although other important stakeholder matters have been considered during the year (see page 60), a significant portion of the Board's time has been spent considering matters relating to the pandemic and the impact on the Group's business and stakeholders.

Dividend considerations

Throughout the first quarter of the financial year, the Board carefully considered the appropriate level for a potential dividend for FY20, noting the market sentiment and advice from industry bodies that dividends should not be paid if this would lead to undue pressure being placed on a company's resources. However, after careful consideration it was felt that this was not the case for the Group, even during the market uncertainty caused by the pandemic; it was also felt that it was in the best interests of all stakeholders to adhere to the previously disseminated dividend policy. As such, the Board recommended a dividend in line with that policy.

Community engagement and CSR

Given the very difficult circumstances across society, the Board considered it more important than ever that it should continue to support the Group's Corporate Social Responsibility programme during the pandemic, including an additional charitable allocation of £250,000 to seek to alleviate food poverty and to support the efforts of the World Health Organization. The charitable initiatives in the education sector sponsored by the Board in the prior financial year also benefited from continued support, leading to significant donations to two UK-based charities which delivered improved educational outcomes for underprivileged school children during the pandemic (see page 27 for more details).

Office move

In the first half of 2020 the Board elected to terminate the lease of its former London head office sooner than it would have otherwise been able to had the office been needed for employees. This reduced the carbon footprint of office occupancy. In September 2020, the Group took occupancy of a new head office. The building is designed to be energy efficient and to permit employees to work in more flexible and collaborative ways. During the design phase additional safety measures were implemented to protect our workforce against any risks arising from Covid-19 for those returning to the office.

Our approach to responsible investing

Focused on climate change

Climate stability is one of our key ESG priorities and this year we enhanced our Responsible Investing Policy, further formalising our commitment to foster a more sustainable economy and our focus on the need to address climate change.

Our industry has a key role to play in mitigating climate change and we have taken the decision to ban any direct investments in companies that generate a majority of revenue from coal, oil or gas (with some exemptions for gas infrastructure) across all our funds.

We have implemented a Climate Risk Assessment tool into all our investment process and, in strategies where we have the necessary level of access to and influence over management, we have set climate-related targets and conducted Fund-level carbon footprint analysis.

We believe collaboration across our industry is vital and we were an instigator and launch signatory of the UK network of Initiative Climat International (iCI) – a collective commitment to reduce the carbon emissions of private-equity-backed companies. Since its launch in July 2020, the iCI UK network has rapidly expanded to include 20 UK private equity and debt asset managers with a combined AUM of over £170 billion. As a member of the UK Operational Committee, the Group plays a key role in determining the agenda and is also actively involved in the Science-Based Target, the Carbon Footprint and the Regulatory working groups, developing standards and guidance, and sharing best practice across our industry.

"While the repercussions of the pandemic have shifted priorities for many companies and individuals, I believe that ESG issues, and particularly climate change, will be more relevant than ever in a post-Covid world."

Benoît Durteste

Annual ESG portfolio company survey

Climate change highlights

Climate featured strongly again this year with significant progress achieved across all key areas. 57 portfolio companies were approached with 49 responding to the survey across three investment strategies. Key highlights were as follows:

37%
of surveyed portfolio companies have assigned Board or management responsibility for climate change

(up from 26% in 2019)

43%
of surveyed portfolio companies have set climate change or energy related objectives and targets

(in line with 44% in 2019)

1 in 3
portfolio companies surveyed have assessed the business risks and opportunities associated with climate change

(increase from 1 in 4 in 2019)

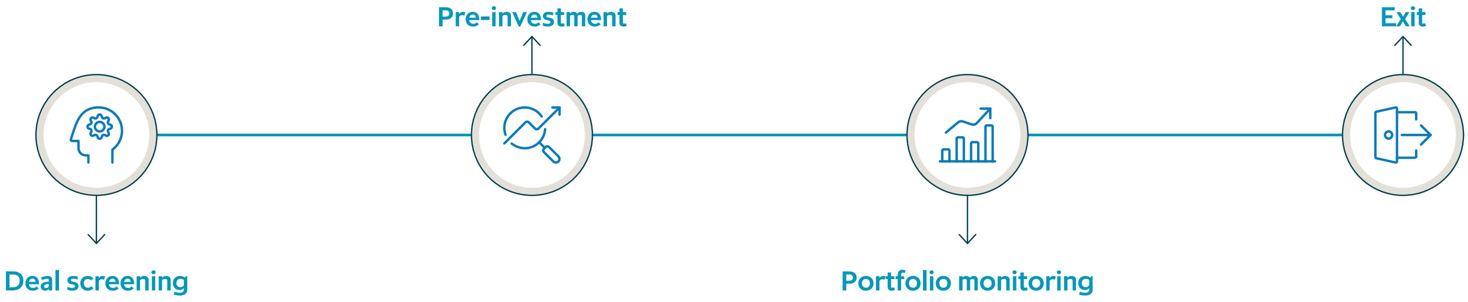
1 in 3
portfolio companies surveyed assess their carbon footprint

(up from 1 in 4 in 2019)

Embedding Responsible Investing across strategies

Our approach to ESG Integration

Our Responsible Investing Policy provides the overarching charter for our approach to responsible investment and covers 100% of the Group's assets under management. For each investment strategy, we analyse ESG issues at every stage of the investment process from screening, through due diligence, closing and monitoring to eventual exit. Each ICG investment strategy implements the relevant ESG considerations, depending on the nature of the strategy and the level of influence over and access to management.



Exclusion list	Due diligence	Engagement	Divestment
– Arms and munitions – Tobacco – Forced and child labour – Coal, oil and gas	– ESG due diligence findings included in all investment proposals – Climate risk screening	– Annual ESG survey completed by portfolio companies – Investment teams engage regularly with portfolio companies/GPs	– Preparation for exit and visibility for potential buyers

All strategies
– ESG Screening checklist
– Sector and industry ESG risk identifiers aligned with SASB:
  – Climate risk
  – Bribery and corruption
  – Reputational risk
  – Corporate governance
	Strategies with greater influence in the capital structure
	– Third-party expert ESG due diligence typically conducted as standard
		Strategies with greater influence in the capital structure
		– Raise issues to portfolio company boards
		– Establish bespoke ESG KPIs for portfolio companies
		– Implementation of ESG action plans and targets for portfolio company boards
		– Establish climate change and energy-focused KPIs and targets
		– Carbon footprinting of portfolio companies
			Strategies with greater influence in the capital structure
			– Conduct sell-side ESG due diligence prior to exit to include climate risk assessment and review of performance

ESG Tools – RepRisk screening and monitor	– Climate risk assessment incorporated as standard where external ESG due diligence is conducted	– Establish climate change and energy-focused KPIs and targets – Carbon footprinting of assets	

Portfolio company engagement

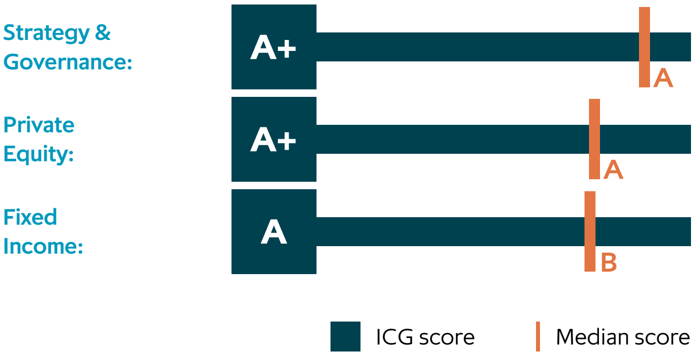
Over the past 12 months we have
Surveyed 57 portfolio companies with an 86% response rate
Tracked over 150 ESG KPIs across three funds

Covid-19 Response

We are proud to report that 63% of fund portfolio companies surveyed provided products or services (or made donations) to their communities to support Covid-19 relief efforts. These included:

- RSEA, a portfolio company in our Asia-Pacific fund, worked closely with the Australian government and was appointed to the Federal government's Covid-19 Response Team, providing pro-bono supply chain advice and assistance in sourcing ventilators and other essential PPE
- Garnica Spain, a portfolio company in our European fund, launched 'GarnicaHelps', a non-profit initiative, and manufactured and donated 1,067 wooden screens and 152 beds to Spanish hospitals and nursing homes during the crisis
- Coreapuff, a portfolio company in our Asia-Pacific fund, diversified in order to produce over one million facemasks a month using existing machinery and employees to supply five of the major supermarkets in Korea. It has also donated around 200,000 masks to 12 different local municipal and relief organisations to date

ICG's UNPRI Assessment Results 2020



ICG's Commitment to Climate Change

Case study

ESG-linked credit facility

£550m

Sustainability-linked Revolving Credit Facility launched

In February 2021 the Group launched its first £550m Sustainability-linked Revolving Credit Facility.

This was an important refinancing for the Group, supporting the growth objectives and providing alignment with the ESG ambitions around climate change.

The facility includes climate-related metrics. If the metrics are achieved the Group benefits on the facility margin and commitment fee.

1. Population of 1,681 Investment Managers

Greenhouse gas emission reporting

We report location-based and market-based Scope 2 emissions in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements (see page 113).

We recognise that businesses have a responsibility to protect the environment and understand the impact their operations have. We take appropriate measures to limit our energy use and carbon output.

Policies and standards

We have a Climate Change Policy (see page 30) and report our emissions in line with the World Resources Institute's Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. We consolidate our organisational boundary according to the operational control approach. We have adopted a materiality threshold of 5% for GHG reporting purposes.

Methodology

Consumption data has been converted into CO_2 equivalent using:

- UK Government 2019 Conversion Factors for Company Reporting; and
- International Energy Agency international electricity conversion factors (to calculate emissions from corresponding activity data).

The GHG sources are:

- Scope 1: Natural gas combustion within boilers, road fuel combustion within owned/leased vehicles, and fugitive refrigerants from air-conditioning equipment
- Scope 2: Purchased electricity consumption for our own use
- Scope 3: Business travel (grey fleet, rail, and air) and water use

Methodology continued

The location-based method reflects the average emissions intensity of national power grids from which energy is consumed.

The market-based figure reflects emissions from electricity purchasing decisions. When quantifying emissions using the market-based approach we have used a supplier-specific emissions factor where possible. If these factors were unavailable, a residual mix emissions factor was then used, and as a final alternative the location-based grid emissions factor was used.

Performance

Our Scope 1 and 2 (market-based) emissions have decreased by 64% compared to the prior financial year, primarily due to the closure of two London offices in the move to a new head office. The new office achieved a Gold SKA rating and does not use natural gas.

Scope 3 business travel emissions have substantially reduced due to restrictions on travel as a result of the Covid-19 pandemic.

For the first time, we are also including the emissions associated with the portfolio companies of ICG Europe Fund VII and ICG Infrastructure Equity Fund. These emissions represent the Scope 1-3 total (market-based) emissions from the 2019-20 reporting period.

The Group offsets all its reported emissions through supporting SolarAid, an international charity that combats poverty and climate change. During the year the Group donated a total of £76,915 including a donation of £11,915 to offset 3,160 tonnes of CO_2 generated by the Group in 2020.

Operational scope	Greenhouse gas emission source	2021	2020[1]	Units
Energy consumption	Electricity	1,480	1,468	mWh
	Fuel	38	68	mWh
Direct emissions (Scope 1)	Combustion of fuel and operation of facilities	11	66	Tonnes CO_2e
Indirect emissions (Scope 2)	Purchased electricity/heat (location-based)	396	448	Tonnes CO_2e
	Purchased electricity/heat (market-based)	184	479	Tonnes CO_2e
Indirect emissions (Scope 3)	Business travel: flights and rail	42	2,647	Tonnes CO_2e
Total greenhouse gas emissions		491	3,161	Tonnes CO_2e
Emissions per FTE[3]		1.1	6.6	Tonnes CO_2e per FTE
Direct and Indirect emissions	In-scope fund investments	54,997[2]	N/A	Tonnes CO_2e

1. 28% of the Scope 1 emissions, 69% of Scope 2 (location-based) emissions and 43% of Scope 2 (market-based) emissions arise in the UK and offshore areas.
2. These emissions represent the total Scope 1 and 2 (market-based) emissions from the 2019-20 reporting period for the portfolio companies of ICG Europe Fund VII and ICG Infrastructure Equity Fund.
3. 456 Full Time Equivalent (FTE) employees include contractors as well as permanent employees. The decrease in emissions per FTE is due to the impact of Covid-19 travel restrictions.

+ Read more about environmental matters on pages 27 and 34

Investment opportunities in a low carbon economy

Governance

The Group's Responsible Investing (RI) Policy covers 100% of the Group's AUM and provides the overarching charter for our approach to responsible investment. The RI Policy establishes our ESG investment priorities across a range of topic areas, including climate change. It is supplemented by a dedicated Climate Change Policy, which requires us to consider the implications of greenhouse gas emission reductions (mitigation) and the physical impacts of climate change (adaptation) in our investment research, valuation, and decision-making processes.

The Board reviews our approach to responsible investing and corporate sustainability and is accountable for our RI Policy, for monitoring its implementation and for approving material changes to it. During the financial year ended 31 March 2021 our RI Policy was updated to reflect our enhanced approach to climate-change-related topics. The Executive Directors are responsible for ensuring the effective implementation of our RI Policy.

The Group's Management Committee supports the Executive Directors in overseeing and monitoring our policies and procedures, addressing issues if they arise and approving new strategies, including those with specific climate-related objectives and targets.

Day-to-day implementation of the RI Policy is the responsibility of all investment professionals, guided by the Group's RI Committee. The RI Committee oversees the promotion, support and integration of responsible and sustainable business practices, including in respect of climate change matters, across the investment strategies and their portfolios.

Climate-related risk and opportunity considerations are included in investment proposals, which are presented to, and considered by, the relevant Investment Committee. Where there could be material ESG or climate-related risk and opportunity arising from a proposed investment, the Investment Committee invites a member of the responsible investing team to the discussion.

During the current year

- We completed the Carbon Disclosure Project (CDP) Climate Change disclosure for the seventh time in 2020. This includes questions on both our investment practice and processes and our operations. We received an 'A-' score for our performance in 2020, in line with the prior year
- The Board was provided with an update on climate-related risk and opportunity. This included training materials on potential financial and operational impacts of climate-related issues for the Group and our investments and the Group's new Climate Risk Assessment Process

Strategy

Funds managed by the Group invest in a range of asset classes, which differ in size, geographical location and industry sector. We monitor and manage these assets depending on the fund's investment horizon, risk profile and asset concentration. We analyse ESG issues, including climate change, at each stage of the investment process from screening, through due diligence, closing, monitoring and eventual exit. Each investment strategy implements the ESG considerations relevant to it, which depend on the nature of the strategy and the level of access to, and influence over, portfolio company management.

As a Group, our own operations are not exposed to material environmental risks since our global footprint operates from leased offices. We have a comprehensive risk governance framework and compliance processes and procedures to ensure that all risks, including ESG risks, are monitored and managed and that the Group is fully compliant with all applicable environmental legislation.

Climate change poses a significant threat not only to the global economy but to society as a whole, and this presents both risks and opportunities for investments over the short and long term. As such, we recognise that the financial impact from climate-related issues are most likely to materialise through our investment decisions. As set out in the Risk Management section opposite, we have developed processes to support us in understanding where climate-related risk may be realised and to support our engagement with investees.

We recognise that the low carbon economy transition represents a potential investment opportunity, and that transitioning to a more sustainable economy will require innovative strategies. We have considered climate-related opportunities in the development of new strategies, including when developing our new Sale and Leaseback and Infrastructure Equity investment strategies.

During the current year

- We have increased our efforts to better understand where climate-related risk and opportunity could be present in our portfolios
- We secured a £550 million ESG-linked Revolving Credit Facility, with adjustments to the margin and commitment fee linked to achieving specific climate-related metrics related to reducing our emissions and integrating climate risk into our investment analysis. *Read more on page 32*
- Our planned flagship Europe Fund VIII will incorporate climate change as one of its three key ESG themes and require portfolio companies to improve performance associated with energy efficiency and greenhouse gas emissions
- Our new real estate debt strategy ICG-Real Estate Debt Fund VI offers funding under a green loan framework, based on the Loan Market Association Green Loan Principles, to incentivise sustainable real estate activities
- We joined forces with a group of private equity investors to create the first international network of Initiative Climat International (iCI). In doing so, we committed to actively engage with portfolio companies globally to reduce carbon emissions intensity and secure sustainable investment performance by recognising and incorporating the materiality of climate risk

- Our new London head office has been furnished with the most energy efficient and sustainable materials possible and sources 100% renewable energy. We achieved a Gold SKA Rating, an environmental benchmark and standard, for the fit-out

Risk management

We have integrated the review, assessment and monitoring of climate change considerations into our investment process. For each potential investment opportunity, we identify whether there are any material climate change-related issues associated with the investment.

We use our Climate Risk Assessment Tool to guide this process. The tool assesses potential climate risk associated with an investment by evaluating industry sub-sector, low-carbon economy transition, and climate change physical risk-related issues. The tool draws upon various data sources which are regularly reviewed and updated as necessary. For opportunities identified as having a higher potential exposure to climate-related risks, additional analysis must be completed during the pre-acquisition due diligence process.

The Climate Risk Assessment Tool is embedded within our ESG Screening Checklist and this assessment is recorded in each investment proposal. This ensures that climate-related risk and opportunity exposure have been explicitly assessed by the relevant Investment Committee and considered when making the investment decision. Where material climate-related issues are identified, the Investment Committee may decide not to proceed; may request further action is taken to ensure these issues are properly investigated; or may require further actions to be taken following an investment.

In situations where we have significant influence over portfolio companies, external ESG due diligence, including a specific analysis of climate-related risks and opportunities, is conducted as standard and the results incorporated in the Investment Committee review process.

During the current year

In line with our commitment to support a more climate-resilient economy, we introduced new prohibitions on any direct investments in companies that generate the majority of their revenue from:

- Coal exploration, extraction, production, transportation, power generation, distribution and/or storage
- Oil (including oil from tar sands) exploration, extraction, production, transportation, power generation, distribution and/or storage
- Gas exploration, extraction and/or production

We worked with an external adviser to develop and implement the Climate Risk Assessment Tool for all new investments. For our existing portfolio, we:

- undertook an initial transition-risk screening exercise across over 10 key ICG strategies, representing almost 90% of AUM
- identified portfolio companies with higher exposure to climate-related risks, based on industry classification in accordance with the recommendations of the TCFD, supplemented to incorporate a further three additional industry sectors: pharmaceuticals, water and waste
- evaluated investments selected from each investment strategy to consider potential climate-related financial risk and opportunity. This assessment evaluated both the physical impacts of climate change and the low-carbon economy transition, using a business-as-usual scenario and a 2°C or lower scenario as per the recommendations of the TCFD. We have used the outcomes from this assessment to selectively engage with investees on the topic of climate change and the resilience of strategies to climate-related issues

Metrics and targets

We are focused on decarbonising our portfolio, integrating climate risk assessments into our investment decisions, and improving and monitoring energy efficiency and reducing emissions at both portfolio company and fund level. While we do not set emission targets for our fund portfolios systematically, where we have influence we encourage our portfolio companies to set targets to reduce their carbon footprint and to monitor a range of climate-related metrics relevant to sector and geography.

- We disclose our organisational greenhouse gas emissions in alignment with the World Resources Institute's Greenhouse Gas (GHG) Protocol Corporate Accounting and Reporting Standard. We quantify and report our Scope 1 and 2 emissions and voluntarily report our Scope 3 indirect emissions from business travel. *See page 33*
- We undertook a carbon footprint analysis of Europe Fund VII and the Infrastructure Equity Fund, and these financed emissions have been incorporated into our emissions reporting. *See page 33*
- We are on track to meet the target set in 2019 to reduce Scope 1 and Scope 2 carbon emissions across our operations by 80 percent by 2030
- As a member of iCI, we sit on three working groups, including the Carbon Footprint working group and the Science-Based Target (SBT) working group. The latter is actively engaging with the SBT Initiative to consider how science-based targets can be best applied to private equity and debt portfolios
- In order to improve and standardise carbon reporting we are involved in designing a tool for the private equity industry to measure Scope 1, 2 and (ultimately) 3 emissions

Our most critical asset

It is vital to our success to strategically manage our most critical asset, our employees. In order to do so well we have an extensive employee engagement programme.

Onboarding

We have developed a new multimedia global induction programme using a combination of collaborative tools, digital videos and face-to-face content which ensures our people feel welcomed and can be immediately effective.

Wellbeing

Our Wellbeing strategy adapts to ensure that our people feel supported wherever they are based. This year a dedicated Covid-19 support hub was established to signpost relevant and timely support. This included promoting our global Employee Assistance Programme, ensuring that all employees were aware of the confidential, independent support available to them and their families.

We launched a Wellbeing Survey to obtain feedback to help shape the programme for the months ahead. Our results indicated a need to focus upon self care in the short term together with a requirement for us to find innovative ways to signpost wellbeing initiatives. Wellbeing Champions were introduced across the globe to support our people by championing and promoting health and wellness campaigns and initiatives locally. The Wellbeing Champions also help identify employees who may be facing mental health challenges and will provide appropriate support. They all undergo appropriate training to support them in this key aspect of their role. Our Wellbeing Champions work collaboratively to ensure the programme of initiatives is fit for purpose and valued by our people.

Diversity & Inclusion

Our global Diversity & Inclusion (D&I) strategy looks to enhance diversity and foster an inclusive environment to enable us to attract, develop and retain the best talent available. We continue to monitor and actively work on ensuring that we maintain and nurture a workforce that is as diverse as possible. We have established the following initiatives:

D&I Hub

Our D&I Champions group, Networks and Wellbeing Champions have now formed a D&I hub where all the groups are working in collaboration with each other to provide a broad calendar of events and initiatives to engage and support the employees ranging from celebrating World Book Day, launching a Book Club and running a virtual 90 Days Around the World event.

Inclusion survey

We launched our first inclusion survey to enable us to hear from employees to help us build the future of our inclusive culture and to continue to help make ICG a place where everybody is heard and understood and can thrive. It has given us a baseline understanding of what matters to our employees, and will help inform the development of future initiatives.

#10000BlackInterns

In September 2020, ICG joined the #100BlackInterns initiative (now #10000BlackInterns) which seeks to provide meaningful opportunities to black students across the UK, helping them kick-start their careers in investment management and addressing under-representation in our industry.

We have committed to taking on three Interns into investment teams in Summer 2021.

SEO (Seize Every Opportunity)

We have also become a core partner and sponsor of SEO, a charitable organisation in the US which provides education and professional career opportunities for underserved communities. We are actively involved through providing mentorship to a Fellow from the programme, taking part in a Private Equity Simulation programme and offering internships within our investment teams in 2021.

Key take-aways from our group-wide employee survey

Clarify the future vision and direction of ICG
Six videocasts held to support greater understanding of the business and key priorities

Develop management capability
Launched Leading for Impact, the Group's leadership programme. Focused on self-awareness, enhancing management skills and positioning for future success. Delivered through modular cohort learning supported by 1:1 executive coaching to further enhance capabilities and leadership effectiveness

Enhance career development experience
Launched Workday Learning, ICG's global digital learning platform for all employees. The platform includes content from ICG and LinkedIn Learning. There is a diverse range of topics from communication skills and project management to strategic leadership

Invest in tools and resources to improve efficiencies
Roll-out of new laptops and improved technology in office locations

Enhance senior leader communications
Four Board-level engagement groups held with a cross-section of employees from different parts of the Group

Non-financial information statement

The Group complies with the Non-Financial Reporting requirements contained in sections 414CA and 414CB of the Companies Act 2006. This information is intended to help stakeholders better understand how we address key non-financial matters. This aligns with the work we already do in support of the Taskforce on Climate-Related Financial Disclosures, UN Global Compact and UN Sustainable Development Goals (see page 34). Further details of the activities we undertake in supporting these frameworks are available on our website. Details of our principal risks and how we manage those risks are included in the Strategic Risk section.

Employee matters

We aim for employees to have a sense of wellbeing and promote an inclusive working culture where they can freely question practices and suggest alternatives. We support agile working and offer access to a range of flexible benefits. We ensure our levels of overall remuneration are without gender bias and designed to attract, develop and retain talented employees.

Employee diversity

As at 31 March 2021, the Group has a permanent employee population of 470 of which 160 are women and 310 are men. There are three Executive Directors including one woman. Of the 23 senior managers reporting to the Executive Directors, six are women.

Board diversity

Biographical details of the Board and information on diversity are set out on pages 62 to 65.

Measurement

The Board approved a target of increasing the number of women in UK senior management to 30% by 2023 and a shareholder KPI has been established to reinforce a culture of inclusivity which supports a diverse and thriving workforce and lays the foundation for sustainable success (see page 21).

We have published our gender pay gap data which is set out on page 97.

Human rights and social matters

We do not tolerate discrimination of any nature and comply fully with appropriate human rights legislation.

Policies and standards

We are committed to preventing any form of slavery and human trafficking. We seek to ensure there are no such practices in our business and supply chain. During the year, we have carried out employee training and awareness raising and continued to include anti-slavery considerations in supplier selection and due diligence. We have also conducted a review of our own business, our investee companies that are covered by our statement, and material suppliers. No concerns were raised in any of our due diligence.

The Group's full policy on Modern Slavery can be found at www.icgam.com.

Anti-bribery and corruption

We are committed to ethical business across all our operations and investments. Our policy is never to offer, request or receive bribes, and to refuse any request to pay them. We actively seek to reduce opportunities for corruption. We do not invest in companies or projects that engage in corruption or appear to have a high risk of such behaviour and we investigate and deal with all reported or identified cases of corruption in line with our policy. The policy applies to all entities within the Group wherever we do business.

Environmental matters

The Group's disclosures in accordance with the Streamlined Energy and Carbon Reporting (SECR) requirements are set out on page 33.

Finance and operating review

The Board and management monitor the financial performance of the Group on the basis of Alternative Performance Measures (APM), which are non-IFRS measures. The APM form the basis of the financial results discussed in this review, which the Board believes assists shareholders in assessing their investment and the delivery of the Group's strategy through its financial performance.

The substantive difference between APM and IFRS is the consolidation of funds and related entities deemed to be controlled by the Group, which are included in the IFRS statements but excluded for the APM.

Under IFRS, the Group is deemed to control and therefore consolidate entities where it can make significant decisions that can substantially affect the variable returns of investors. This has the impact of including the assets and liabilities of these entities in the consolidated statement of financial position and recognising the related income and expenses of these entities in the consolidated income statement.

The Group's Profit after Tax on an IFRS basis was above the prior year at £461.0m (2020 £110.6m). On the APM basis it was also above the prior year at £462.7m (2020 £109.2m).

Detail of these adjustments can be found in note 4 to the IFRS financial statements on pages 136 to 139.

AUM and fund performance

Third Party AUM

To align our shareholder reporting with how we communicate with our clients, we are moving to report our AUM and related activity in US Dollar ($ or USD). A five year historical track record of our AUM progression in USD can be found in the Data pack available on our website at www.icgam.com, and the sensitivity of our Third Party AUM to foreign exchange rates is outlined on page 48.

Third Party AUM grew 19%, or $8.9bn, to $56.2bn.

We raised $10.6bn of Third Party AUM during the year and realised $4.6bn. We also recognised gains of $2.9bn through FX ($2.3bn) and other movements ($0.6bn), largely as a result of weakening USD against the EUR over the period and an increase in NAV in strategies where fees are based on market values (certain funds within Capital Market Investments and the NAV of ICG Enterprise Trust plc within Secondary Investments).

At 31 March 2021 we had $13.3bn of Third Party AUM available to deploy in new investments, $8.9bn of which is not yet paying fees but will do so when the capital is invested or enters its investment period.

Third party AUM	Corporate Investments $m	Capital Market Investments $m	Real Asset Investments $m	Secondary Investments $m	Total Third Party AUM $m
At 1 April 2020	22,822	15,257	5,454	3,712	47,245
Additions	4,810	3,358	988	1,468	10,624
Realisations	(1,763)	(1,433)	(636)	(761)	(4,593)
FX and other	1,338	816	511	211	2,876
At 31 March 2021	**27,207**	**17,998**	**6,317**	**4,630**	**56,152**
Change $m	4,385	2,741	863	918	8,907
Change %	19%	18%	16%	25%	19%
Change % (constant exchange rate)[1]	13%	14%	5%	21%	13%

1. Please see page 48 for an explanation of constant exchange rate calculation methodology.

Unless stated otherwise the financial results discussed in the Finance and operating review on pages 38 to 48 are on the basis of APM, which the Board believes assists shareholders in assessing the financial performance of the Group. A reconciliation of the APM to the IFRS measures can be found on pages 136 to 139 and in the Glossary on page 180.

Corporate Investments

Corporate Investments' Third Party AUM increased by 19% to $27.2bn, with $4.8bn of Third Party AUM raised. This was driven by Senior Debt Partners IV, which raised $3.9bn. Recovery Fund II raised $524m during the year, with the remainder raised by Asia Pacific Corporate ($280m) and Australia Loans ($111m).

Capital Market Investments

Capital Market Investments' Third Party AUM increased by 18% to $18.0bn, with $3.4bn of Third Party AUM raised. CLOs accounted for $2.2bn of the additional AUM, which was raised from two new US CLOs, one new European CLO and two CLOs that we amended to take advantage of attractive market conditions and lock-in enhanced future returns.

The remaining $1.2bn of new AUM was raised across five liquid and alternative credit strategies.

Real Asset Investments

Real Asset Investments' Third Party AUM increased by 16% to $6.3bn, with $988m of Third Party AUM raised. Our Real Estate Debt strategies raised $442m across two strategies. In addition, two first-time funds, Sale and Leaseback and Infrastructure Equity, raised $248m and $297m respectively.

Secondary Investments

Secondary Investments' Third Party AUM increased by 25% to $4.6bn, with $1.5bn of Third Party AUM raised. Strategic Equity IV was the main contributor to this increase, raising $1.3bn.

Third Party Fee Earning AUM

Third Party Fee Earning AUM grew 18%, or $7.2bn, to $46.7bn. We deployed $7.7bn of assets that pay fees once they are invested. We realised $5.1bn of investments within our Third Party Fee Earning AUM during the year; of this $0.5bn can be recycled and used for new investments, resulting in $4.6bn of Third Party AUM being realised and no longer being counted within the Group's AUM. We also recognised a gain of $2.5bn through FX and other movements.

Third Party Fee Earning AUM	Corporate Investments $m	Capital Market Investments $m	Real Asset Investments $m	Secondary Investments $m	Total Third Party Fee Earning AUM $m
At 1 April 2020	17,253	14,542	4,174	3,597	39,566
Funds raised: fees on committed capital	280	–	545	1,259	2,084
Deployment of funds: fees on invested capital	3,469	3,238	800	163	7,670
Total additions	3,749	3,238	1,345	1,422	9,754
Realisations	(2,215)	(1,495)	(593)	(785)	(5,088)
FX and other	983	920	406	188	2,497
At 31 March 2021	**19,770**	**17,205**	**5,332**	**4,422**	**46,729**
Change $m	2,517	2,663	1,158	825	7,163
Change %	15%	18%	28%	23%	18%
Change % (constant exchange rate)[1]	8%	14%	16%	20%	12%

1. Please see page 48 for an explanation of constant exchange rate calculation methodology.

Fund investment levels of key ICG funds

Investment levels are lead indicators of our potential fundraising timetable, and the investment rate for funds that charge fees on invested capital has a direct impact on our profitability.

During the year we deployed a total of $7.2bn Third Party capital on behalf of our direct investment funds (2020: $6.2bn). The deployment was broad-based across Senior Debt Partners IV and Europe VII within Corporate Investments, Strategic Equity III within Secondary Investments, and our Real Estate Partnership funds within Real Asset Investments.

The table below details the investment levels for funds whose fundraising cycle is dependent on the investment level of the current vintage:

Fund	Third Party AUM at 31 March 2021 ($m)	Third Party capital deployed during FY21 ($m)	Total Third Party capital deployed at 31 March 2021 ($m)	%age invested at 31 March 2021
Fees charged on committed capital				
Corporate Investments				
Europe Fund VII	4,692	938	3,379	72%
Asia Pacific Fund IV	425	147	147	35%
Europe Mid-Market	1,046	167	230	22%
Secondary Investments				
Strategic Equity III[1]	1,112	770	1,112	100%
Real Asset Investments				
Infrastructure Equity I	548	159	252	46%
Sale and Leaseback I	787	194	354	45%
Fees charged on invested capital				
Corporate Investments				
North American Private Debt Fund II	1,200	290	612	51%
Senior Debt Partners III[1]	2,357	507	2,357	100%
Senior Debt Partners IV[1]	5,167	1,370	1,705	33%
Real Asset Investments				
Real Estate Partnership Capital V	1,244	162	1,082	87%

1. Co-mingled fund, excluding mandates and (for Senior Debt Partners) undrawn commitments.

In addition to the funds in the table above, $2.0bn was deployed across a range of strategies including SMAs within Senior Debt Partners ($1.1bn) and Strategic Equity ($452m).

Gross MOIC of key ICG funds

Our clients entrust their capital with us to make attractive risk-adjusted returns over the life of the investments, and in line with the strategy of the funds in which they invest. Gross MOIC (Multiple of Invested Capital) is an indication of the returns our funds have made before fees, including both realised and unrealised returns, and therefore the value that we have generated. The target MOIC will vary between strategies and within strategies, and newer vintages with more recent investments will typically have a lower MOIC as the investments have not had time to grow in value.

We saw a particularly strong increase in Gross MOIC in funds that have a higher proportion of equity-type investments. The Gross MOIC of key ICG funds is set out below, all of which are on track to achieve the target MOIC for that fund.

Fund	Investment period started	31 March 2021	31 March 2020
Corporate Investments			
Europe Fund V	**Sept. 11**	1.8x	1.8x
Europe Fund VI	**Mar. 15**	1.9x	1.6x
Europe Fund VII	**Apr. 18**	1.5x	1.2x
Europe Mid-Market Fund	**May. 19**	1.1x	1.0x
Asia Pacific Fund III	**Jul. 14**	1.7x	1.4x
Asia Pacific Fund IV	**Feb.20**	1.2x	–
North America Private Debt Fund I	**Jun. 14**	1.4x	1.3x
North America Private Debt Fund II	**Jan. 19**	1.2x	1.1x
Senior Debt Partners II[1]	**Mar. 15**	1.2x	1.2x
Senior Debt Partners III[1]	**Dec. 17**	1.2x	1.1x
Senior Debt Partners IV[1]	**Jan. 20**	1.1x	–
Real Asset Investments			
Real Estate Partnership Capital III	**Dec. 12**	1.4x	1.5x
Real Estate Partnership Capital IV	**Feb. 15**	1.3x	1.5x
Real Estate Partnership Capital V	**Apr. 18**	1.4x	1.4x
Infrastructure Equity I	**Mar. 20**	1.1x	–
Sale & Leaseback I	**Sep. 19**	1.0x	1.0x
Secondary Investments			
Strategic Secondaries II[1,2]	**Mar. 16**	1.8x	1.6x
Strategic Equity III[1,2]	**Nov. 18**	1.5x	1.1x

1. Co-mingled fund, excluding mandates and (for Senior Debt Partners) undrawn commitments.
2. Strategic Equity data reported as at 31 December 2020.

Overview: Group financial performance

Third Party Fee Income grew 20% to £333.7m, driving a 14% increase in our Fund Management Company revenue to £388.5m. The Fund Management Company operating margin was 52.1% (2020: 53.6%), resulting in Fund Management Company Profit before Tax of £202.3m, an increase of 10% compared to FY20.

Strong performance of our funds led to exceptional Net Investment Returns for the Investment Company of £445.1m, a level which is not expected to be recurring. The substantial increase in Net Investment Returns compared to FY20 along with a reduced cost base drove a Profit before Tax of £305.4m in the Investment Company (FY20: loss of £(72.3)m), after recognising a £(7.3)m loss on fair value movements of derivatives (FY20: £26.6m gain).

The strong performance of the Fund Management Company along with the exceptional performance of the Investment Company resulted in a Group Profit before Tax of £507.7m (FY20: £110.8m).

Group earnings per share grew substantially to 162.3p (FY20: 38.3p).

We remain committed to our progressive dividend policy, and the proposed final dividend of 39.0p per share brings the total dividend per share to 56.0p for FY21, an increase of 10% compared to FY20. We continue to make the dividend reinvestment plan available.

Our balance sheet remains strong and well capitalised, with net gearing of 0.63x, total available liquidity of £846.9m and a net asset value per share of 566p.

	31 March 2021 £m	31 March 2020 £m	Change %
Third Party Management fees	**280.5**	254.3	10%
Third Party Performance fees	**53.2**	23.5	127%
Third Party Fee Income	**333.7**	277.8	20%
Other income	**54.8**	63.6	(14)%
Fund Management Company Revenue	**388.5**	**341.4**	**14%**
Fund Management Company Operating Expenses	**(186.2)**	(158.3)	18%
Fund Management Company Profit before Tax	**202.3**	**183.1**	**10%**
Fund Management Company Operating Margin	**52.1%**	53.6%	(3)%
Investment Company Revenue	**426.3**	27.0	n/m
Investment Company Operating Expenses	**(58.1)**	(68.1)	(15)%
Interest Expense	**(55.5)**	(57.8)	(4)%
Fair value (loss)/gain on derivatives	**(7.3)**	26.6	n/m
Investment Company Profit before Tax	**305.4**	**(72.3)**	**n/m**
Group Profit before Tax	**507.7**	**110.8**	**n/m**
Tax	**(45.0)**	(1.6)	n/m
Group Profit after Tax	**462.7**	**109.2**	**324%**
Earnings per share	**162.3p**	38.3p	124.0p
Dividend per share	**56.0p**	50.8p	5.2p
Net gearing	**0.63x**	0.74x	(0.11)x
Net asset value per share	**566p**	461p	105p

Fund Management Company

The Fund Management Company is the Group's principal driver of long-term profit growth. It manages our Third Party AUM, which it invests on behalf of the Group's clients.

During the period the Fund Management Company generated Profit before Tax of £202.3m (FY20: £183.1m).

Third Party Fee income

Third Party Fee income grew 20% to £333.7m in FY21 (FY20: £277.8m), with strong increases across Corporate Investments, Capital Market Investments and Real Asset Investments. The (1)% decline within Secondary Investments is due to £4.3m of catch-up fees being recognised in FY20 for Strategic Equity III. Excluding this, Third Party Fee Income within Secondary Investments grew 10%.

Our Third Party Fee Income is largely comprised of Management fees, which have a high degree of visibility. Performance fees are a small but integral part of our revenue, and over the last five years have accounted for an average of 11.6% of our Third Party Fee Income. In FY21 Performance fees accounted for 16.0% (FY20: 8.5%) of our Third Party Fee Income, including £38.1m recognised in Corporate Investments, £8.6m in Capital Market Investments and £6.5m in Secondary Investments.

Third party fees are 84% denominated in Euros or US dollars. The Group's policy is to hedge non-Sterling fee income to the extent that it is not matched by costs and is predictable. Third Party Fee Income included a £1.6m FX headwind in the year (FY20: £4.0m FX benefit).

The weighted average fee rate, excluding performance fees, across our fee earning AUM was 0.85%.

	31 March 2021 £m	31 March 2020 £m	Change %
Corporate Investments – Management fees	**148.1**	136.5	8%
Corporate Investments – Performance fees	**38.1**	19.9	92%
Corporate Investments	**186.2**	**156.4**	**19%**
Capital Market Investments – Management fees	**59.8**	52.9	13%
Capital Market Investments – Performance fees	**8.6**	0.3	n/m
Capital Market Investments	**68.4**	**53.2**	**29%**
Real Asset Investments– Management fees	**36.5**	25.1	45%
Real Asset Investments – Performance fees	**–**	–	n/m
Real Asset Investments	**36.5**	**25.1**	**45%**
Secondary Investments – Management fees	**36.1**	39.8	(9)%
Secondary Investments – Performance fees	**6.5**	3.3	97%
Secondary Investments	**42.6**	**43.1**	**(1)%**
Third Party Fee Income	**333.7**	277.8	20%
o/w Management fees	**280.5**	254.3	10%
o/w Performance fees	**53.2**	23.5	127%

Corporate Investments

Within Corporate Investments, the increase in management fees was due to fundraising for Asia Pacific IV (which charges fees on Committed Capital), and deployment of capital for Senior Debt Partners III and IV (which charge fees on invested capital).

Capital Market Investments

Capital Market Investments Management fees benefitted from the continued momentum in fundraising for our liquid open-ended strategies. The increase in Management fees was also driven by the new CLOs that were raised, as well as the full year impact of CLOs raised during FY20.

Real Asset Investments

The increase in Real Asset Investments management fees was due to the full year impact of fees on Sale and Leaseback I following the fund's first close in FY20, as well as the new Third Party AUM that it and Infrastructure Equity I raised during the financial year.

Secondary Investments

Third Party Fee Income from Secondary Investments was 1% lower than FY20. FY20 included one-off catch-up fees for Strategic Equity III, that did not recur in FY21, which was partially offset by the increased NAV of ICG Enterprise Trust plc and the first close occurring for Strategic Equity IV.

Other income

The FMC recorded dividend receipts of £33.4m (FY20: £41.2m). The reduction was due to the rating downgrades experienced by CLOs at the beginning of the Covid-19 pandemic, which temporarily restricted cash that otherwise would have been distributed to the CLO equity held by the Group. During the year the CLO market improved and we experienced a positive trajectory of CLO dividends in H2 FY21, which is continuing.

Revenue of £21.4m was recognised in the FMC for managing the Investment Company portfolio (2020: £22.4m).

Operating expenses and margin

Operating expenses of the FMC were £186.2m (2020: £158.3m), and the FMC Operating margin was 52.1% (FY20: 53.6%). The increase in operating expenses was mainly driven by staff-related expenses due to the full year impact of hires made in FY20 and a number of new hires made in FY21, along with the seniority mix. These investments in our platform are crucial to ensure that we have the depth and breadth of experience to continue to execute on the opportunity we see for the Group.

	31 March 2021 £m	31 March 2020 £m	Change %
Salaries	**63.3**	55.7	14%
Incentive scheme costs	**73.1**	56.8	29%
Administrative costs	**49.8**	45.8	9%
FMC Operating expenses	**186.2**	158.3	18%
FMC Operating margin	**52.1%**	53.6%	

The Fund Management Company therefore recorded a Profit before Tax of £202.3m (FY20: £183.1m).

Investment Company

The Investment Company invests the Group's proprietary capital to seed and accelerate emerging strategies, and invests alongside the Group's more established funds to align interests between our clients, employees and shareholders. It also supports a number of costs including for certain central functions, a part of the Executive Directors' compensation, and the portion of the investment teams' compensation linked to the returns of the balance sheet investment portfolio.

Balance sheet investment portfolio

The balance sheet investment portfolio (excluding warehoused investments) increased 13% during the year to £2,491.7m at 31 March 2021. This is equivalent to $3,434m, resulting in Total AUM for the Group of $59,586m (31 March 2020: $49,973m), of which the balance sheet investment portfolio accounted for 5.8% (31 March 2020: 5.5%).

The increase in the balance sheet investment portfolio (excluding warehoused assets) was due to £372.0m of unrealised gains, driven by the very strong performance of our funds alongside which the balance sheet investment portfolio is invested. New investments of £454.6m were slightly below realisations of £480.1m.

The balance sheet investment portfolio is 43% Euro denominated, 23% US dollar denominated and 22% Sterling denominated. FX and other movements included £68.0m of accrued interest income, as well as a decrease of £119.3m in the Sterling value of the portfolio as a result of FX movements due to Euro and US dollar strengthening against Sterling during the year.

The balance sheet investment portfolio is highly diversified. Within the direct investment funds, which constitute 81% of the total value, the investments are across around 300 companies, 31 countries and 26 industries. We have exposure to number of sectors that have performed strongly over the last year, including healthcare, software and technology.

In addition, the balance sheet had £64.6m (FY20: £12.8m) of assets that it is warehousing before transferring the investments to a third party fund, bringing the total value of the balance sheet investment portfolio at 31 March 2021 to £2,556.3m (31 March 2020: £2,209.3m).

	As at 31 March 2020 £m	New investments £m	Realisations £m	Unrealised gains/(losses) £m	FX & Other £m	As at 31 March 2021 £m
Corporate Investments	1,327.0	198.6	(266.8)	242.6	6.3	**1,507.7**
Capital Market Investments	432.7	52.8	(42.2)	57.5	(36.0)	**464.8**
Real Asset Investments	296.7	129.7	(126.4)	13.8	(10.0)	**303.8**
Secondary Investments	140.1	73.5	(44.7)	58.1	(11.6)	**215.4**
Total Balance Sheet Investment Portfolio (excluding warehoused investments)	**2,196.5**	**454.6**	**(480.1)**	**372.0**	**(51.3)**	**2,491.7**
Warehoused investments	*12.8*	*80.1*	*(29.7)*	*3.5*	*(2.1)*	**64.6**
Total Balance Sheet Investment Portfolio (including warehoused investments)	2,209.3	534.7	(509.8)	375.5	(53.4)	**2,556.3**

Net Investment Returns

Net Investment Returns of £445.1m represent 18.7% of the average balance sheet investment portfolio value (2020: 2.2%), of which £5.0m were from the assets the balance sheet is warehousing. We do not view this as a recurring level of Net Investment Returns, as valuations this year have rebounded from the lows at the end of FY20 and our portfolio has performed exceptionally strongly.

Net Investment Returns by strategic asset class on an absolute basis were as follows:

	As at 31 March 2021 £m	As at 31 March 2020 £m	Change %
Corporate Investments	**303.0**	104.6	19%
Capital Market Investments	**57.9**	(87.3)	n/m
Real Asset Investments	**20.9**	9.3	125%
Secondary Investments	**58.3**	21.7	169%
Total Net Investment Returns (excluding warehoused investments)	**440.1**	**48.3**	**n/m**
Warehoused investments	***5.0***	*1.1*	*n/m*
Total Net Investment Returns (including warehoused investments)	**445.1**	49.4	n/m

This translated into the following Net Investment Returns as a percentage of the average balance sheet investment portfolio:

	Balance sheet investment portfolio at 31 March 2021 £m	FY21 Average balance sheet investment portfolio £m	Target return profile %	FY21 Net Investment Returns %
Corporate Investments	**1,507.7**	1,417.4	15 – 20%	21.4%
Capital Market Investments	**464.8**	448.7	5 – 10%	12.9%
Real Asset Investments	**303.6**	300.1	c.10%	7.0%
Secondary Investments	**215.6**	177.8	15 – 20%	32.8%
Total Net Investment Returns (excluding warehoused investments)	**2,491.7**	**2,344.0**		**18.8%**
Warehoused investments	***64.6***	*38.7*	*n/a*	*12.9%*
Total Net Investment Returns (including warehoused investments)	**2,556.3**	2,382.7		18.7%

In addition to the Net Investment Returns, the Investment Company recorded other operating income of £2.6m and paid a fee of £21.4m (FY20: £22.4m) to the Fund Management Company. This resulted in the Investment Company recording revenues of £426.3m (FY20: £27.0m).

Investment Company expenses

Operating expenses in the Investment Company of £58.1m were down 15% from FY20. The £10.0m decrease is due to a £17.1m reduction in incentive scheme costs, partially offset by a £7.1m increase in other staff and administrative costs.

	31 March 2021 £m	31 March 2020 £m	Change %
Salaries	**12.4**	8.9	39%
Incentive scheme costs	**30.4**	47.5	(36)%
Administrative costs	**15.3**	11.7	30%
IC Operating expenses	**58.1**	68.1	(15)%

Interest expense of £55.5m (2020: £57.8m) was £2.3m lower than the prior year.

The Investment Company therefore recorded a Profit before Tax of £312.7m (FY20: loss of £(98.9)m before fair value movements in derivatives). We recorded a fair value loss of £(7.3)m (FY20: gain of £26.6m) in movements on derivatives, resulting in a Profit before Tax for the Investment Company of £305.4m (FY20: loss of (72.3)m).

Group

Tax

The Group recognised a tax charge of £45.0m (FY20: £1.6m), resulting in an effective tax rate for the year of 8.9% (FY20: 1.5%). The increase in the effective tax rate compared to FY20 is largely driven by the Investment Company, which generated a taxable profit in FY21 compared to a loss in FY20.

As detailed in note 14, the Group has a structurally lower effective tax rate than the statutory UK rate. This is largely driven by the Investment Company, where certain forms of income benefit from tax exemptions. The effective tax rate will vary depending on the income mix.

Net debt and liquidity

At 31 March 2021, the Group had net financial debt of £1,027.2m, total available liquidity of £846.9m, and net gearing of 0.63x.

During the year the Group entered into a new £550m ESG-linked multicurrency Revolving Credit Facility to replace our existing £500m Revolving Credit Facility and £50m bilateral facility. The facility, which has an initial term of three years with the possibility to extend for an additional two years, was oversubscribed by a syndicate of leading global financial institutions and provides us with a substantial liquidity cushion for the coming years. The terms are linked to specific targets for our carbon emissions and for integrating Climate Risk Assessments into our investment decisions, underlining our commitment to implementing meaningful ESG measures to benefit the environment and society.

Net financial debt increased slightly from £967.2m to £1,027.2m, with cash reducing from £947.9m to £296.9m. The reduction in cash was largely due to the debt repayments of £495.6m and dividend payments that the Group made during the year, including repaying £250m of our RCF which we had drawn down in early March 2020 at the onset of the Covid-19 crisis:

	£m
Cash at 1 April 2020	**947.9**
Net cash used in operating activities	(1.2)
Debt (repayment) – RCF	(250.0)
Debt (repayment) – term debt	(245.6)
Dividend paid	(150.9)
FX and other	(3.3)
Cash at 31 March 2021	**296.9**
Available undrawn debt facilities	550.0
Cash and undrawn debt facilities (Total available liquidity)	**846.9**

The Group's drawn debt is provided through a range of facilities, including a €500m bond issued in February 2020 with a seven year maturity. The weighted-average life of drawn debt at 31 March 2021 was 4.2 years, and the facilities are provided in a range of currencies (the Group hedges certain foreign currency exposures). All facilities, except the ESG-linked RCF, are fixed-rate instruments. Committed debt facilities in place at 31 March 2021 were as follows:

	Currency	Drawn £m	Undrawn £m	Total £m	Interest rate	Maturity
ESG-linked RCF	**GBP**	**–**	**550.0**	**550.0**	**L + 1.40%**	**Jan-24 + 2yrs**
Eurobond	EUR	425.5	–	425.5	1.63%	Feb-27
EMTN 2015	GBP	160.0	–	160.0	5.00%	Mar-23
Total bonds		**585.5**	**–**	**585.5**		
PP2013 – Class B	USD	46.4	–	46.4	6.25%	May-23
Private Placement 2013		**46.4**	**–**	**46.4**		
PP 2015 – Class B	USD	30.5	–	30.5	4.95%	May-22
PP 2015 – Class C	USD	58.0	–	58.0	5.21%	May-25
PP 2015 – Class F	EUR	37.5	–	37.5	3.38%	May-25
Private Placement 2015		**126.0**	**–**	**126.0**		
PP 2016 – Class A	USD	90.7	–	90.7	4.19%	Sep-21
PP 2016 – Class B	USD	82.0	–	82.0	4.66%	Sep-24
PP 2016 – Class C	USD	39.2	–	39.2	4.96%	Sep-26
PP 2016 – Class D	EUR	18.7	–	18.7	2.27%	Jan-22
PP 2016 – Class E	EUR	25.5	–	25.5	3.04%	Jan-27
PP 2016 – Class F	EUR	18.7	–	18.7	2.74%	Jan-25
Private Placement 2016		**274.8**	**–**	**274.8**		
PP 2019 – Class A	USD	90.7	–	90.7	4.76%	Apr-24
PP 2019 – Class B	USD	72.6	–	72.6	4.99%	Mar-26
PP 2019 – Class C	USD	90.7	–	90.7	5.35%	Mar-29
PP 2019 – Class D	EUR	37.4	–	37.4	2.02%	Apr-24
Private Placement 2019		**291.4**	**–**	**291.4**		
Total Private Placements		**738.6**	**–**	**738.6**		
Total		1,324.1	550.0	1,874.1		

Shareholder equity increased to £1,619.5m (FY20: £1,306.5m) due to the substantial retained profits generated during the period and the fact that the Group undertook no share buybacks during the year (FY20: £40.3m). The movements in the Group's cash position, debt facilities and shareholder funds resulted in a reduction in net gearing compared to FY20, which at 31 March 21 stood at 0.63x (FY20: 0.74x).

	31 March 2021 £m	31 March 2020 £m	Change %
Cash	**296.9**	947.9	(69%)
Gross drawn debt	**1,324.1**	1,915.1	(31%)
Net financial debt (A)	**1,027.2**	967.2	6%
Shareholder equity (B)	**1,619.5**	1,306.5	24%
Net gearing (A/B)	**0.63x**	0.74x	(15%)

Net asset value

	£m	Pence per share
At 1 April 2020	1,306.5	461
FMC Profit after Tax	166.2	59
IC Profit after Tax	296.5	105
Change in net debt	(28.6)	(10)
Dividends paid	(150.9)	(53)
FX and other	29.8	4
At 31 March 2021	1,619.5	566

Medium-term guidance

Our medium-term guidance is set out below:

Fundraising	Performance fees	FMC Operating margin	Net Investment Returns	Net gearing
– $40bn in aggregate over next four years – At least $7bn in every year	– 10 – 15% of total third party fees	– Above 50%	– Low double-digit percentage points	– No higher than 1.0x

Foreign exchange rates and Third Party AUM activity in Euros

The following foreign exchange rates have been used throughout this review:

	Average rate for FY21	Average rate for FY20	31 March 2021 period end	31 March 2020 period end
GBP:EUR	**1.1254**	1.1447	**1.1750**	1.1249
GBP:USD	**1.3173**	1.2712	**1.3783**	1.2420
EUR:USD	**1.1705**	1.1105	**1.1730**	1.1041

At 31 March 2021 our Third Party AUM was $56,152m. If GBP:USD had been by 5% higher (1.4472) our reported Third Party AUM would have been $453m higher. If EUR:USD had been 5% higher (1.2317) our reported Third Party AUM would have been $1,501m higher.

Where noted, this review presents changes in AUM on a constant exchange rate basis. For the purposes of these calculations, FY20 AUM numbers have been translated from their underlying fund currencies to USD at the respective FY21 period end exchange rates. This has then been compared to the FY21 closing AUM to arrive at the change on a constant currency exchange rate basis.

For reference, our Third Party AUM activity in Euros is presented below:

	31 March 2021	31 March 2020	Change
Third Party AUM activity			
Third Party AUM	**€47,866m**	€42,829m	12%
Third Party Fee Earning AUM	**€39,833m**	€35,868m	11%
Third Party AUM additions during period	**€9,041m**	€10,150m	(11)%
Third Party AUM realisations during period	**€3,913m**	€1,665m	135%
Third Party AUM deployed during period from direct investment funds	**€6,223m**	€5,629m	11%

Managing risk

Effective risk management is a core competence underpinned by a strong control culture.

Our approach

The Board is accountable for the overall stewardship of the Risk Management Framework (RMF), internal control assurance, and for determining the nature and extent of the risks it is willing to take in achieving the Group's strategic objectives. In so doing the Board sets a preference for risk within a strong control environment to generate a return for clients and investors and protect their interests.

The risk appetite is reviewed by the Risk Committee, on behalf of the Board, and covers the principal risks that the Group seeks to take in delivering the Group's strategic objectives. The Risk Committee is provided with management information on a quarterly basis and monitors performance against set thresholds and limits to support the achievement of the Group's strategic objectives , within the boundaries of the agreed risk appetite. The Board also seeks to promote a strong risk management culture by encouraging acceptable behaviours, decisions and attitudes toward taking and managing risk throughout the Group.

Managing risk

Risk management is embedded across the Group through the RMF, which ensures that current and emerging risks are identified, assessed, monitored, controlled and appropriately governed based on a common risk taxonomy and methodology. The RMF is designed to protect the interests of all stakeholders and meet our responsibilities as a UK listed company and parent of a number of regulated entities. The Board reviews the RMF regularly, and it forms the basis on which the Board reaches its conclusions on the effectiveness of the Group's system of internal controls.

Lines of defence

We operate a risk framework consistent with the principles of the 'three lines of defence' model. This ensures clarity over responsibility for risk management and segregation of duties between those who take on risk and manage risk, those who oversee risk and those who provide assurance.

- The first line of defence is the business functions and their respective line managers, who own and manage risk and controls across the processes they operate
- The second line of defence is made up of the control and oversight functions, including the Legal, Risk and Compliance teams, who provide assurance that risk management policies and procedures are operating effectively
- The third line of defence is Internal Audit who provide independent assurance over the design and operation of controls established by the first and second lines to manage risk

Assessing risk

The Group adopts both a top-down and a bottom-up approach to risk assessment:

- The Risk Committee undertakes a top-down review of the external environment and the strategic planning process to identify the most consequential and significant risks to the Group's businesses. These are referred to as the principal risks
- The business undertakes a bottom-up review which involves a comprehensive risk assessment process designed to facilitate the identification and assessment of key risks and controls related to each business function's most important objectives and processes. This is primarily achieved through the risk and control self-assessment process (RCSA)

The risk assessment process is supported by the Group's Risk Taxonomy which is a top-down comprehensive set of risk categories designed to encourage those involved in risk identification to consider all types of risks that could affect the Group's strategic objectives.

Key developments in FY21

During the year progress has been made to further deliver and embed the risk management development plan (RMDP) that commenced in prior years, focusing on the ongoing delivery of the RCSA programme. Other key initiatives included:

- The impact of the Covid-19 pandemic has continued to be at the forefront of our risk assessment and mitigation planning processes. The crisis management and business continuity protocols of the Group remained effectively invoked and have provided a clear framework to support continuity
- We carried out a robust assessment of our principal risks, which has led to a revised set of risks that more comprehensively capture those that would threaten our business model. The revised risks more accurately reflect the threats faced by the Group in executing its strategic objectives
- We have applied our experience of the Covid-19 crisis to developing more severe scenario planning in our annual Internal Capital Adequacy Assessment Process (ICAAP) process. Our emerging risk profile has also been developed further to better understand the potential impacts on our principal risks
- We further refined our risk appetite framework by enhancing the risk appetite statements and metrics, which are now better structured, articulated and subject to clearer governance
- Our full Brexit strategy was successfully implemented, and we now have an established European platform with Luxembourg as our central hub

Covid-19

The Group has contended with several challenges posed by the Covid-19 pandemic, including market volatility and new ways of working. Thanks to the investment we have made in technology over recent years, the dedication and commitment of our employees and their ability to adapt successfully to new ways of working, and the strength of our platform, we have been fully operational throughout the pandemic and productivity has remained high.

Our priority has been to protect and support the wellbeing of our employees during the period. We have focused on delivering effective communications, encouraging employees to stay regularly connected and looking at how wellbeing benefits can provide additional support. We have also made sure that our employees have sufficient flexibility and support to do their jobs to the best of their abilities under such challenging circumstances.

We continue to actively support our portfolio companies' management teams, while also adapting to remote working to source and originate investment opportunities. We have also navigated the challenges and continue to raise funds as well as interacting regularly with our clients and providing updates on the status of our fund portfolio.

It is too early to reach a meaningful conclusion on the longer-term impacts of the Covid-19 pandemic. We continue to monitor the situation and are confident that we are able to adapt and develop plans as necessary.

Principal risks and uncertainties

The Group's principal risks are individual risks, or a combination of risks, that can seriously affect the performance, future prospects or reputation of the Group. These include those risks that would threaten the Group's business model, future performance, solvency or liquidity. The Group considers its principal risks across three categories:

1. **Strategic and business risks**
The risk of failing to deliver on our strategic objectives resulting in a negative impact on investment performance and Group profitability.

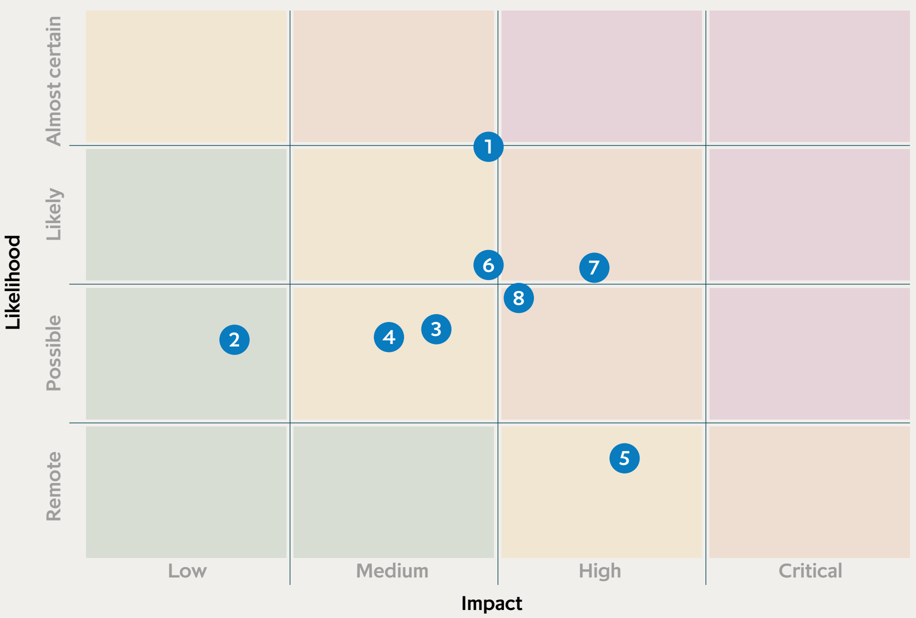
2. **Financial risks**
The risk of an adverse impact on the Group due to market fluctuations, counterparty failure or having insufficient resources to meet financial obligations.

3. **Operational risks**
The risk of loss resulting from inadequate or failed internal processes, people or systems and external events.

Reputational risk is not in itself one of the principal risks; however, it is an important consideration and is actively managed and mitigated as part of the wider risk management framework.

We use a principal and emerging risks process to provide a forward-looking view of the potential risks that can threaten the execution of the Group's strategy or operations over the medium to long term. We proactively assess the internal and external risk environment, as well as review the themes identified across our global businesses for any risks that may require additional monitoring, updating our principal and emerging risks as necessary. The Covid-19 outbreak led to a number of significant developments over the course of the year, and the Board, Risk Committee and Executive Directors continue to monitor the impacts on our business as a result of the crisis, which are considered within the relevant principal risks.

The Group's RMF identifies eight principal risks which are accompanied by the associated responsibilities and expectations around risk management and control. Each of the principal risks is overseen by an accountable Executive Director, who is responsible for the framework, policies and standards that detail the related requirements. The Directors confirm that they have undertaken a robust assessment of the principal risks in line with the requirements of the UK Corporate Governance Code. The principal risks are described in the following table.



Strategic & Business	Risk trend
1. External Environment Risk	↓
2. Fund Performance Risk	↔
Financial	
3. Financial Risk	↔
Operational	
4. Key Personnel Risk	↔
5. Legal, Regulatory & Tax Risk	↔
6. Operational Resilience Risk	↔
7. Third Party Provider Risk	↔
8. Key Business Process Risk	↑

External Environment Risk

Strategic alignment
1 2 3

Risk trend
↓

Risk appetite
Moderate

Executive Director Responsible
Benoît Durteste

Risk Description

Geopolitical and macroeconomic concerns and other global events such as pandemics and natural disasters that are outside the Group's control could adversely affect the environment in which we, and our fund portfolio companies, operate and we may not be able to manage our exposure to these conditions and/or events. In particular, these events have contributed and may continue to contribute to volatility in financial markets which can adversely affect our business in many ways, including by reducing the value or performance of the investments made by our funds, making it more difficult to find opportunities for our funds to exit and realise value from existing investments and to find suitable investments for our funds to effectively deploy capital. This could in turn affect our ability to raise new funds and materially reduce our profitability.

Key Controls and Mitigation

- The Group's business model is predominantly based on illiquid funds which are closed-end and long-term in nature. Therefore to a large extent the Group's fee streams are 'locked in'. This provides some mitigation in relation to profitability and cashflows against market downturn. Additionally, given the nature of closed-end funds, they are not subject to redemptions
- A range of complementary approaches are used to inform strategic planning and risk mitigation, including active management of the Group's fund portfolios, profitability and balance sheet scenario planning and stress testing to ensure resilience across a range of outcomes
- The Board, the Risk Committee and the Risk function monitor emerging risks, trends and changes in the likelihood of impact. This assessment informs the universe of principal risks faced by the Group

Trend and Outlook

The financial year has been dominated by the social and economic impacts of Covid-19 globally, which we expect to continue for some time. Despite the challenges, and remaining alert to the ongoing macro uncertainty and the impact of the pandemic, we have maintained very positive momentum in our business, raising significant third-party AUM and deploying a substantial amount of capital across all our strategic asset classes. We have also invested in our capabilities to accelerate our future growth, most recently adding a Life Sciences team to enhance our capability in the Healthcare sector.

Despite fundraising being ahead of our initial expectations for an off-cycle year, it is likely to remain challenging due to the impacts of the pandemic, especially as our clients prioritise existing relationships over new ones. Therefore, we are still anticipating a slowdown of fundraising for new strategies which may result in delayed diversification of our business in the medium to longer term.

We have so far successfully navigated the unprecedented uncertainties caused by the pandemic, but the longer-term impacts cannot be determined with any certainty. We will therefore continue to monitor and respond to further changes as needed in the months ahead.

Fund Performance Risk

Strategic alignment
1 2 3

Risk trend
↔

Risk appetite
Low to moderate

Executive Director Responsible
Benoît Durteste

Risk Description

Current and potential clients continually assess our investment fund performance. There is a risk that our funds may not meet their investment objectives, that there is a failure to deliver consistent performance, or that prolonged fund underperformance could erode our track record. Consequently, investors in funds might decline to invest in future investment funds we raise and might withdraw their investments in our open-ended strategies. Poor fund performance may also deter future investment in our funds and thereby decrease the capital invested in our funds and our management fee revenue, impacting our ability to compete effectively. This could in turn materially affect our profitability and impact our plans for growth.

Key Controls and Mitigation

- A robust and disciplined investment process is in place where investments are selected and regularly monitored by the Investment Committees for fund performance, delivery of investment objectives, and asset performance
- All proposed investments are subject to a thorough due diligence and approval process during which all key aspects of the transaction are discussed and assessed. Regular monitoring of investment and divestment pipelines is undertaken on an ongoing basis
- Monitoring of all portfolio investments is undertaken on a quarterly basis focusing on the operating performance and liquidity of the portfolio

Trend and Outlook

The strength of our resilient and growth-orientated business model has been evident in our performance for the financial year, notwithstanding the extraordinary and challenging environment we are operating within. Diversification is a core strength of our business model and we have very little exposure to industries which have been most negatively affected by the Covid-19 crisis. Our key funds are in line with or ahead of their required hurdle rates or respective industry benchmarks.

Our fundraising timetable has accelerated, with ICG Strategic Equity IV launched earlier than expected and had a first close just before year end. Our closed-end fund model also provides visibility on future assets under management and Fund Management Company profits.

Looking ahead, we remain confident in our ability to grow our AUM over the long term, supported by strong investor demand for our fund strategies and underpinned by our investment-performance track record. However, we are mindful that the disruptions caused by the pandemic may continue for some time and the businesses of our funds' investments could be impacted further, potentially decreasing the value of our funds' investments and thereby adversely impacting our funds' performance and therefore the Group's co-investments with our funds.

Strategic alignment

1 Grow AUM

2 Invest selectively

3 Manage portfolios to maximise value

Financial Risk

Strategic alignment 1 2 3

Risk trend ↔

Risk appetite
Low to moderate

Executive Director Responsible
Vijay Bharadia

Risk Description

The Group is exposed to liquidity and market risks. Liquidity risks refer to the risk that the Group may not have sufficient financial resources to meet its financial obligations when they fall due. Market risk refers to the possibility that the Group may suffer a loss resulting from the fluctuations in the values of, or income from, proprietary assets and liabilities. The Group does not deliberately seek exposure to market risks to generate profit; however, on an ancillary basis we will invest alongside clients into our funds, warehouse assets in preparation for new fund launches or hold investments in Collateralised Loan Obligations (CLOs) in accordance with regulatory requirements. Consequently, the Group is exposed to having insufficient liquidity to meet its financial obligations, including its commitments to its fund co-investments. In addition, adverse market conditions could impact the carrying value of the Group's investments resulting in losses on the Group's balance sheet.

Key Controls and Mitigation

- Debt funding for the Group is obtained from diversified sources and the repayment profile is managed to minimise material repayment events. The profile of the debt facilities available to the Group is reviewed frequently by the Treasury Committee
- Hedging of non-sterling income, expenditure, assets and liabilities is undertaken to minimise short-term volatility in the financial results of the Group
- Market and liquidity exposures are reported monthly and reviewed by the Group's Treasury Committee
- Long-term forecasts and stress tests are prepared to assess the Group's future liquidity as well as compliance with the regulatory capital requirements
- Investment Company (IC) commitments are reviewed and approved by the CEO and the CFOO on a case-by-case basis assessing the risks and return on capital
- Market risk arising from adverse market fluctuations affecting the IC is monitored by assessing the assumptions used in valuations of underlying investments

Trend and Outlook

The pandemic continues to present uncertainty to the financial markets, and market risk has been one of the impacted areas. The Group has implemented appropriate measures to mitigate the impact of foreign exchange and interest rate fluctuations and will continue to monitor and respond to fluctuations, as political and economic uncertainties evolve.

The Group's new treasury system has stabilised well post the recent implementation and the focus is now on utilising the functionality to capture process efficiencies and control enhancements across the Treasury and Finance functions.

We continue to manage our balance sheet prudently, with a strong focus on liquidity. The Group remains well capitalised, with available cash and unutilised bank lines. In January 2021 we entered into a new £550m ESG-linked Revolving Credit Facility (see pages 32 and 46) to replace existing facilities, further enhancing our long-standing focus on our broader positive impact on society. Details of the Group's liquidity, gearing and headroom are on pages 46-47.

Key Personnel Risk

Strategic alignment 1 2 3

Risk trend ↔

Risk appetite
Low to moderate

Executive Director Responsible
Antje Hensel-Roth

Risk Description

The Group depends upon the experience, skill and reputation held by our senior executives and investment professionals. The continued service of these individuals, who are not obligated to remain employed with us, is uniquely valuable and a significant factor in our success. Additionally, a breach of the governing agreements of our funds in relation to 'Key Person' provisions could result in the Group having to stop making investments for the relevant fund or impair the ability of the Group to raise new funds if not resolved in a timely manner. The loss of key personnel could have a material adverse effect on our revenues, profitability and cashflows and could harm our ability to maintain or grow assets under management in existing funds or raise additional funds in the future.

Key Controls and Mitigation

- The ability to attract, retain and develop talent is supported by a range of complementary approaches including a well-defined recruitment process, succession planning, a competitive and long-term approach to compensation and incentives, and a focus on development through the appraisal process and mentoring programmes which is supported by a dedicated Learning and Development team. This includes developing opportunities and tools for current and future skills, personal skills and leaders to create an environment for our employees' success
- Continued focus on the Group's culture by developing and delivering initiatives that reinforce the appropriate behaviours which generate the best possible long-term outcomes for our employees, clients and shareholders
- Promotion of a diverse and inclusive workforce with active support across a wide range of health and wellbeing activities
- Regular reviews of resourcing and key person exposures are undertaken as part of business line reviews and the fund and portfolio company review processes
- The Remuneration Committee oversees the Directors' Remuneration Policy and its application to senior employees, and reviews and approves incentive arrangements to ensure they are commensurate with market practice

Trend and Outlook

The engagement of our employees across the Group continues to be of paramount importance and focus during the pandemic. The Group's employee networks provided support to help employees adjust to new ways of working and assist with their caring responsibilities during this challenging time. The Wellbeing programme is focused on the activities and benefits that are most relevant to our employees, and improvements will be made over the coming months to help us to continue to support all aspects of their wellbeing.

Careful consideration is being given to recruitment and integration as the Group continues to grow. We are progressing a number of key initiatives to ensure we are appropriately resourced in strategically important areas. We have successfully completed a number of key hires for existing strategies looking to scale up, and for new strategies that we plan to launch in future.

The introduction of a revamped performance management process is supporting an overall more thoughtful approach to leadership and talent development. We have also launched our first global digital learning platform, Workday Learning, which provides our employees with instant access to a larger array of courses to support their ongoing development.

Despite the encouraging vaccination programmes, the pandemic still represents a significant threat to our employees' wellbeing and morale, and navigating the pandemic and its aftermath remains an ongoing challenge. Our future efforts will focus on determining how and when to bring operations back to some semblance of normal and return all of our employees to a safe workplace once local government restrictions are lifted.

Legal, Regulatory and Tax Risk

Strategic alignment 1 2 3

Risk trend ↔

Risk appetite
Low

Executive Director Responsible
Vijay Bharadia

Risk Description

Regulation defines the overall framework for the investment management of the Group's strategies and funds and our supporting business operations. The failure of the Group to comply with the rules of professional conduct and relevant laws and regulations could expose the Group to regulatory censure, penalties or legal or enforcement action.

Additionally, the increase in demand for tax-related transparency means that tax rules are continuing to be designed and implemented globally in a more comprehensive manner. This raises a complex mix of tax implications for the Group, in particular for our transfer pricing, permanent establishment and fund structuring processes. The tax authorities could challenge our interpretation of these tax rules, resulting in additional tax liabilities.

Changes in the legal and regulatory and tax framework applicable to our business may also disrupt the markets in which we operate and affect the manner in which we conduct our business. This could in turn increase our cost base, lessen competitive or market opportunities, reduce our future revenues and profitability, or require us to hold more regulatory capital.

Key Controls and Mitigation

- Compliance and Legal functions dedicated to understanding and fulfilling regulatory and legal expectations on behalf of the Group, including interactions with our regulators and relevant industry bodies. The functions provide guidance to, and oversight of, the business in relation to regulatory and legal obligations
- Compliance undertake routine monitoring and deep-dive activities to assess compliance with regulations and legislation
- The Tax function has close involvement with significant Group transactions, fund structuring and business activities, both to proactively plan the most tax efficient strategy and to manage the impact of business transactions on previously-taken tax positions
- Regulatory, legislative and tax developments are continually monitored to ensure we engage early in any areas of potential change

Trend and Outlook

During the year, the Group successfully implemented our full Brexit strategy and we now have an established European platform with Luxembourg as our central hub.

We have continued to invest in relevant system capabilities to enhance compliance and legal processes and internal reporting, including further embedding subsidiary governance and installing an entity management system. A review of the current Group Tax policies and procedures is also underway to identify process improvements.

The Group remains responsive to a wide range of developing regulatory areas; our plans to transition away from LIBOR equivalents continue on track; and work is underway to examine the implications of the upcoming Investment Firms Regulation and Investment Firms Directive. The directive is wide ranging and we are assessing what adjustments need to be made to our capital, liquidity risk, reporting, and remuneration requirements. Additionally, rapidly developing regulatory requirements in the areas of climate risk and financial reporting will remain a key focus as we position the Group to continue to meet these obligations.

Operational Resilience Risk

Strategic alignment 1 2 3

Risk trend ↔

Risk appetite
Low to moderate

Executive Director Responsible
Vijay Bharadia

Risk Description

The Group is exposed to a wide range of threats which can impact our operational resilience. Natural disasters, terrorism, environmental issues and pandemics have the potential to cause significant disruption to our operations and change our working environment. Our disaster recovery and business continuity plans may not be sufficient to mitigate the damage that may result from such a disaster or disruption. Additionally, the failure of the Group to deliver an appropriate information security platform could result in unauthorised access by malicious third parties, breaching the confidentiality, integrity and availability of our data and systems. Regardless of the source, any critical system failure or material loss of service availability could negatively impact the Group's reputation and our ability to maintain continuity of operations and provide services to our clients.

Key Controls and Mitigation

- Business Continuity and Disaster Recovery plans are reviewed and approved on at least an annual basis by designated plan owners, and preparedness exercises are complemented by an automated Business Continuity Planning tool
- Providing laptops for all employees globally removes the physical dependency on the office and allows employees to work securely from home
- The Group's technology environment is continually maintained and subject to regular testing, such as penetration testing, vulnerability scans and patch management. Technology processes and controls are also upgraded where appropriate to ensure ongoing technology performance and resilience
- An externally managed security operations centre supplies the Group with skilled security experts and technology to proactively detect and prevent potential threats and to recover from security incidents, including cyberattacks

Trend & Outlook

The initial impacts of the Covid-19 crisis tested the operational resilience of the Group in an unprecedented manner. We have been fully operational throughout the pandemic, demonstrating remarkable resilience, and technology has played a critical role in delivering a positive colleague and client experience. The rollout of laptops and the implementation of MS Teams now enable a seamless work environment globally, which is key to our business continuity in a virtual environment as it removes a physical dependency on the office.

Any return to our office locations has been carefully considered with employee wellbeing a priority factor and risk assessments being conducted in line with local guidance, and robust return-to-office procedures. While our working arrangements will continue to evolve with the ongoing and varied impact of Covid-19 regionally, we are prepared for our offices to operate with fewer people on site for an extended period of time, if required. In response to the constraints caused by the pandemic, our shareholder and client interactions have become fully virtual for the first time and we expect this to be the case until we can bring operations back to the norm of in-person meetings.

In response to the continued heightened risk of cyber security as a result of the pandemic, we have implemented a number of initiatives to further protect against the potential leakage of sensitive data. Additionally, we have increased our phishing tests globally and carried out a cyber scenario exercise designed to strengthen incident preparedness and business continuity plans. The Group's technology and resilience requirements will continue to be kept under review to support the growth of the business.

Third-Party Provider Risk

Strategic alignment 1 2 3

Risk trend ↔

Risk appetite
Moderate

Executive Director Responsible
Vijay Bharadia

Risk Description

The Group outsources a number of critical functions to Third-Party Service Providers (TPP) as part of our business model, as well as managing outsourcing arrangements on behalf of our funds. The risk that the Group's key TPPs fail to deliver services in accordance with their contractual obligations could compromise our operations and impair our ability to respond in a way which meets client and stakeholder expectations and requirements. Over reliance on one or only a very limited number of TPPs in a specific and critical business area could also expose the Group to heightened levels of risk, particularly if the service is not easily substitutable. Additionally, the failure of the Group to maintain sufficient knowledge, understanding and oversight of the controls and processes in place to proactively manage our TPPs could damage the quality and reliability of these TPP relationships.

Key Controls and Mitigation

- The TPP oversight framework consists of policies, procedures and tools to govern the oversight of key suppliers, including our approach to selection, contracting and on-boarding, management and monitoring, and termination and exit. In particular, we undertake initial and ongoing due diligence of our TPPs to identify and effectively manage the business risks related to the delegation or outsourcing of our key functions
- Ongoing monitoring of the services delivered by our TPPs is delivered through regular oversight interactions where service levels are compared to the expected standards documented in service agreements and agreed-upon standards

Trend and Outlook

Balancing the risks and benefits of using TPPs to deliver key business services has always been a key focus for the Group, and during a crisis we recognise that these risks are significantly heightened. The transition to working remotely, underpinned by technology, has allowed the Group and our TPPs to continue servicing our clients. We are working closely with our TPPs to evaluate their resilience strategies and plans to ensure ongoing and uninterrupted support for our important functions and services during the pandemic.

During the year, progress has been made to further deliver the resulting recommendations identified during the target operating model assessment that commenced the previous year. A number of tactical process enhancements are underway, with the objective of enhancing the core tenets of the framework to be applied to the oversight of TPPs. Additionally, we have recruited a specialist to oversee our third-party fund administrators to optimise commercial contracts, service levels and enhanced monitoring capabilities.

Business Process Risk

Strategic alignment 1 2 3

Risk trend ↑

Risk appetite
Low to moderate

Executive Director Responsible
Vijay Bharadia

Risk Description

All operational activities at the Group follow defined business processes. We face the risk of errors in existing processes, or from new processes as a result of ongoing change activity which inherently increases the profile of operational risks across our business. The Group operates within a system of internal controls that provides oversight of business processes, which enables our business to be transacted and strategies and decision making to be implemented effectively. The risk of failure of significant business processes and controls could compromise our operations and disadvantage our clients, or expose the Group to unanticipated financial loss, regulatory censure or damage to our reputation. This could in turn materially reduce our profitability.

Key Controls and Mitigation

- Key business processes are regularly reviewed, and the risks and controls are assessed through the RCSA process
- A 'three lines of defence' model is in place, which ensures clarity over individual and collective responsibility for process risk management and to ensure policies, procedures and activities have been established and are operating as intended
- Ongoing monitoring of underlying causes of operational risk events, to identify enhancements that require action
- A well-established incident management processes for dealing with system outages that impact important business processes
- An annual review of the Group's material controls is undertaken by senior management and Executive Directors

Trend and Outlook

We have not experienced any material impact to our internal control over our key business processes, despite the fact that most of our employees have been working remotely due to the pandemic.

Advances continues to be made to optimise our business processes and adapt them to new organisational needs. During the year, progress has been made to further deliver the resulting recommendations identified during the target operating model assessment that commenced the previous year and a number of ongoing initiatives are underway to improve key business process efficiency. We also completed an upgrade of systems, providing more immediate access to new functionality and minimising the ongoing support required internally.

Our transformation programme will deliver efficient and more reliable processes; however, while this programme is being implemented, this principal risk will remain elevated.

Emerging risks

Emerging risks are thematic risks with material unknown components that may form and crystallise beyond a one-year time horizon. If an emerging risk were to materialise, it could have a material effect on the Group's long-term strategy, profitability and reputation. Existing mitigation plans are likely to be minimal, reflecting the uncertain nature of these risks at this stage. Currently identified emerging risks are as follows:

ESG

Environmental, Social and Governance (ESG) risks cover a broad agenda that has the potential to impact the Group. ESG risks are evolving from emerging risks to foundational factors that must be considered by the Group across our core risk areas. The Group has a long-standing commitment to ESG and our approach, aided by regulatory initiatives, continues to advance. Integrating ESG risk factors into our RMF is necessary for an improved understanding of the context in which the Group operates and a greater ability to respond to the needs of our clients and the wider community. In particular, given the long-term and persistent nature of climate risk, we are committed to aligning our reporting and disclosures with the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations (see page 34). However, ESG expectations and standards are still evolving. The necessary convergence of regulations and standards may present implementation challenges for the Group's business strategies, processes and internal governance requiring enhanced experience in regulatory transition to ensure seamless adherence and minimal disruption to operations.

Business change and transformation

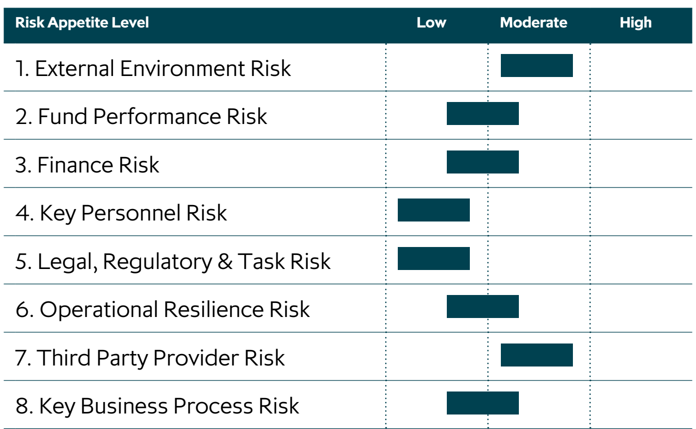
The Group has a number of transformation programmes underway to deliver our strategy for growth, improve client experiences and outcomes, strengthen our resilience and control environment and support scalable growth. A failure to deliver any one or more of these programmes within timelines, scope and cost may impact our business model and ability to deliver our strategy. Strong project governance is in place for all aspects of the transformation programme, with reporting and escalation of risks to senior management, the Executive Directors and the Board. Our exposure to change and transformation risk will remain heightened but within our risk appetite through the financial year ending 31 March 2022 and beyond. A significant volume of activity and benefits is due to be delivered in the year. Further transformation delivery is planned for subsequent years, in addition to those change programmes that are always required to meet ongoing business and regulatory developments.

Risk appetite for the principal risks

Risk appetite is defined as the level of risk which the Group is prepared to accept in the conduct of our activities. It sets the 'tone from the top' and provides a basis for ongoing dialogue between management, Executive Directors and the Board with respect to the Group's current and evolving risk profile, allowing strategic and financial decisions to be made on an informed basis. The risk appetite framework is implemented through the Group's operational policies and procedures and internal controls and supported by limits to control exposures and activities that have material risk implications.

The current risk profile is within our risk appetite and tolerance range:

Risk Appetite Summary



Viability statement

In accordance with the UK Corporate Governance Code, the Directors have carried out a comprehensive and robust assessment of the prospects and viability of the Group.

The Group's long-term prospects are primarily assessed through the strategic and financial planning process. The main output of this process is the Group's strategic plan. The strategic plan is approved by the Board following a robust review and challenge process. This assessment also reflects the Group's strategic priorities (see page 21).

The review of the strategic plan is underpinned by the regular briefings received by the Board on macroeconomics, markets, new products and strategies, people management and processes (see page 60). New strategy reviews consider both the market opportunity for the Group and the associated risks, principally the ability to raise third-party funds, and deliver strong investment performance.

Period for assessing viability

The period covered by the Group's strategic plan, ICAAP reporting, shareholder fundraising guidance and the deployment duration for some of the larger strategies is three years. This, combined with an assessment of the period over which forecasting assumptions are most reliable, has led the Directors to choose a period of three years to September 2024 for their formal assessment of viability. The Directors are satisfied that a forward-looking assessment of the Group for this period is sufficient to enable a reasonable statement of viability.

Assessment of viability

The assessment of the Group's viability requires the Directors to consider the principal risks that could affect the Group, which are outlined on the previous pages. The Directors review the principal risks regularly and consider the options available to the Group to mitigate these risks so as to ensure the ongoing viability of the Group is sustained.

Stress testing is performed on the Group's strategic plan, which considers the impact of one or more of the key risks crystallising over the assessment period. The severe but plausible stress scenario applied to the strategic plan is a significant reduction in AUM arising as a result of one or more of the following principal risks crystallising:

- External environment risk
- Fund performance risk
- Key personnel risk
- Legal, regulatory and tax risk

Having reviewed the results of the stress tests, the Directors have concluded that the Group would have sufficient resources in the stressed scenario and that the Group's ongoing viability would be sustained. The stress scenario assumptions include maintaining the Group's dividend policy but this and other assumptions would be reassessed if the circumstances determined this to be necessary over the longer term.

In addition, the Group undertakes a reverse stress test to identify the circumstances under which the business model becomes unviable. The most likely scenario to cause the business model to be unviable is investment write-downs. The reverse stress test determines the level of investment write-downs required to breach debt covenants and trigger a business model failure point, in the absence of any management actions.

Analysis of this scenario concluded that write-downs significantly in excess of those experienced during the global financial crisis or the Covid-19 related market downturn experienced in early 2020, without any mitigating actions, would be required in order for the Group to breach its banking covenants.

Viability statement

Based on the results of the analysis, and in accordance with the provisions of the UK Corporate Governance Code, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years. The Directors' assessment has been made with reference to the Group's current position and prospects, the Group's strategy, the Board's risk appetite, the Group's principal risks and the management of those risks, as detailed in the Strategic Report on pages 1 to 57.

Given the above, the Directors also considered it appropriate to prepare the financial statements on the going concern basis as set out on pages 111 and 133.

Resilience in a challenging year

Lord Davies of Abersoch, Chairman
During the uncertainty of the Covid-19 pandemic, good corporate governance has provided direction to the Group and enabled it to adapt to a new way of working

Dear Shareholders

Your Board continues to maintain high standards of corporate governance to ensure we operate in the interests of all our stakeholders. Upholding of these standards is vital as our business continues to grow and develop.

The work of the Board during the year is set out in detail overleaf. The challenges and the effects of the Covid-19 pandemic have inevitably been a key part of the Board's agenda during the year, and we were proactive in adjusting our governance arrangements to deal with these matters and ensure appropriate oversight.
In the early part of the financial year, and in light of the fast-evolving situation across the globe, the Board increased its schedule of regular and ad hoc engagement. Meetings became virtual and focused on material developments, with the Board and the Risk Committee receiving detailed reports in respect of the Group's operational performance and the steps being taken to ensure that risks were being appropriately identified and managed, and assurance that the audit of the Group could be completed in an effective and timely manner. The Board and management worked closely through unprecedented times, sought detailed external advice and maintained regular communication. Our subsequent review concluded that this cohesion helped the Group rise to the challenge of an extraordinary year.

At the onset of the pandemic, there were some questions about whether ESG would take a back seat as the world faced immediate danger. I am pleased to see that the opposite has happened, and that ESG has become ever more prominent in how businesses think about what they do and why they do it. Your Board believes that the Group should be a responsible participant in society and seeks to direct our strategy in the light of this. ESG considerations are a crucial part of the Board agenda, and during the year we have received detailed reports from the Responsible Investment Officer, and have had external governance and ESG specialists present to the Board. We have recently appointed Stephen Welton as the NED responsible for ESG matters; he will liaise with management on a regular basis and ESG matters will be formally reviewed by the Board regularly.

I believe we are fortunate that our Board has a diverse membership of gender, ethnicity and background, and this contributes to broad and wide-ranging discussions and solutions. I am focused on maintaining and enhancing this diversity, as well as ensuring long-term succession planning. During the year we appointed two new Non-Executive Directors: Rosemary Leith, who joined on 1 February 2021, and Matthew Lester, who joined on 1 April 2021. We also appointed Antje Hensel-Roth to the Executive Committee as Chief People and External Affairs Officer. All three appointments bring significant experience to the Board from a range of backgrounds, and I am delighted to have their contributions to our deliberations.

Throughout the year, the Board and its Committees carefully considered the requirements of the revised Corporate Governance Code. We complied with those requirements for the year ending 31 March 2021. We also recognise the importance of our wider stakeholders in delivering our strategy and business sustainability. We are conscious of our responsibilities and duties to our stakeholders as part of our duty under section 172 of the Companies Act 2006. The impacts of our decisions on different stakeholder groups are uppermost in our minds when discussing issues at Board meetings.

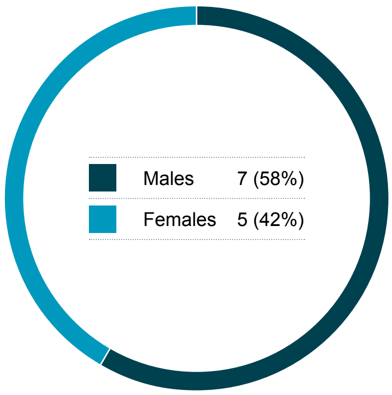
As I said in my introductory letter to this Annual Report, I believe that society faces substantial economic and social challenges in the years ahead. ICG has a history of over 30 years and it is the Board's duty to look not only to the financial year ending 31 March 2022, but to the years beyond and to ensure that your Group is positioned to succeed and thrive. Purpose and culture, which drive the value we create for our stakeholders, and which are underpinned and reinforced by effective corporate governance, are at the heart of that long-term focus and will remain a vital part of the Board's agenda.

On a personal level, I am grateful for the support we have had from our stakeholders throughout the year, and look forward to continuing our constructive dialogue.

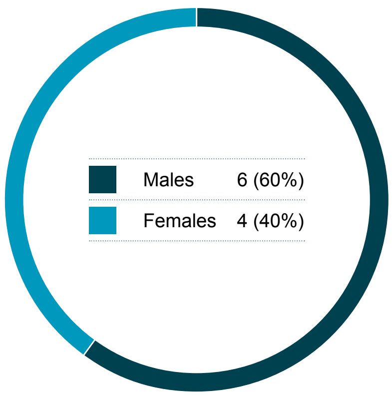
Lord Davies of Abersoch
Chairman

8 June 2021

2021: Board diversity by gender



2020: Board diversity by gender



Details of Director skills are set out on page 86.

The Board's Year

The work of the Board during the year was conducted through ten formal meetings increased from the usual six due to the circumstances of the Covid-19 pandemic and regular informal engagement with executive management. The activity at formal meetings was reflective of a number of themes.

Strategy, new products and markets

At each meeting, the Board received a detailed update from executive management in respect of the overall markets and the macroeconomic situation, progress by the Group in respect of fundraising, business development, deployment and realisations. The effect of the Covid-19 pandemic on the Group's portfolio and investment pipeline was a particular area of focus and was discussed in detail at each meeting; in addition, a series of ad hoc meetings were held between April and June 2020 to ensure that the Board was kept up to date on the impact of the pandemic on these matters. These ad hoc meetings also sought views from external advisers to ensure that the stakeholder perceptions of the Group were being considered. The Board also received four detailed presentations from portfolio managers during the year in respect of the performance of and outlook for key investment strategies; this was part of the ongoing oversight programme of investment areas and was not solely related to the pandemic. The presentations included detailed reviews of established business areas such as the Senior Debt Partners strategy and Capital Markets Investments, as well as consideration of new areas such as US Private Equity and Life Sciences.

Financial performance, outlook and capital

Progress against the Group's Board-approved budget and the market-consensus view of our financials was a topic on each Board agenda, and was discussed in detail by the CFOO in his formal updates to each meeting. The budget for the financial year ended 31 March 2022 was also reviewed and challenged by the Board during the year, and ultimately approved after discussion. The Board was also responsible for reviewing the recommendations of the Audit Committee as to reporting financial results at full year and half year, and as to final and interim dividends, and approving these after appropriate challenge. The balance sheet capital position was also kept under review during the year in a series of presentations by the CFOO and the Group's Treasurer, culminating in a process whereby the Group's facility agreement was renewed with a new panel of banks (including a metric whereby the applicable interest rate can be reduced if the Group meets certain agreed ESG targets).

Operations, risk management and systems

The Board continued to demonstrate a strong oversight of the Group's operating platform during the year, receiving regular updates on how the corporate functions of the Group are adapting to support the continued growth of the business. The Board regularly discussed the importance of scalability as the Group continues to grow over the long term, and received detailed reports on the investments made in the Group's operational capacity, technology and resources, and the enhancements effected across a number of areas. The Board also reviewed and approved key compliance policies, and oversaw the transition planning for both the Company's move of head office and a bespoke return-to-work plan prepared to take account of Covid-19 restrictions.

Management and leadership

The Board values a culture of transparency and challenge, and as such placed considerable emphasis on considering the external board evaluation conducted during the first half of 2020. The outcome of that evaluation was discussed in full at the start of the year with actions being set, with a follow-up discussion being held six months later to discuss progress against those actions and a further internally-led assessment being reported on by the Chairman at the end of the financial year. The Board also recognises the importance of long-term succession planning, and conducted focused discussions in the year in respect of such for NEDs as well as a number of members of senior management.

Stakeholders and shareholders

A continual theme in the Board's discussions during the year was the increasing importance of the Group considering its obligations to stakeholders, the environment and society as a whole. This culminated in the appointment of Stephen Welton as the NED with responsibility for ESG matters; he will work with executive management of the Group and the Board will receive formal presentations on ESG matters twice a year, building on the presentation already received during the year from the Head of Responsible Investment.

The Board also sought external views during the year. The results of a Shareholder Perception Survey conducted by Teneo were presented to the Board for information, which noted in particular the increasing importance of ESG considerations amongst the shareholders, and the Board was provided with a presentation by Robey Warshaw, a corporate finance and advisory business, concerning the Company's general performance, engagement with shareholders and corporate messaging. Input was also received from Sacha Sadan, former Director of Corporate Governance of LGIM, on areas of shareholder focus (including but not limited to ESG matters). The Board also regularly received input from shareholders, with the Head of Investor Relations providing updates to each regular meeting and the Company Secretary providing a summary of governance-related input received from shareholders at the time of the Group's AGM. During the year, the Board also oversaw the appointment process in respect of the Group's corporate brokers to provide insight into shareholder matters, leading to the appointment of Citi and the reappointment of Numis.

Culture and values

The Board continued to provide important oversight and leadership in respect of the Group's culture and values. During the year, the Board conducted a formal review of the Group's progress in relation to diversity and inclusiveness. The ongoing work of the recently refreshed Diversity and Inclusiveness Champions group was reported on, and the Board provided their insight from experience in other sectors or companies. The Board was also regularly updated on the Group's philanthropy programme and the deployment of the charitable budget, with Andrew Sykes continuing his historic input as the NED who had led the Charity Working Group since its establishment in 2019. Amy Schioldager, in her role as the designated NED for employee engagement, also provided reports on her engagement activities with employees and her reflections on the culture of the Group.

Employee-related matters

Both the circumstances of the Covid-19 pandemic and the ongoing desire to recruit and develop the best talent meant that employee matters continued to be a top priority for the Board during the year. Each Board meeting received a full update from the Chief People and External Affairs Officer about all relevant matters in respect of our workforce. While this included regular updates on matters such as training and development, workforce diversity and succession planning, a key area throughout the year related to workforce wellbeing, with the Board being continually updated on this area and offering insight on how the Group could continue to best support its employees during an extended period of remote working.

Recurring matters

The Board also reviewed and/or approved a number of other standing matters, including reviewing the Terms of Reference of the Board and its Committees, compliance with Terms of Reference on an ongoing basis, the recommendation for re-election of all Directors, the renewal of the Group's insurance policies, the Notice of Annual General Meeting, outside interests of Directors, reviewing fees of all NEDs (excluding the Chairman) and checking the shareholdings of senior executive employees are in line with the internal shareholding policy.

Broad and diverse experience

Lord Davies of Abersoch

Benoît Durteste

Vijay Bharadia

Antje Hensel-Roth

Rosemary Leith

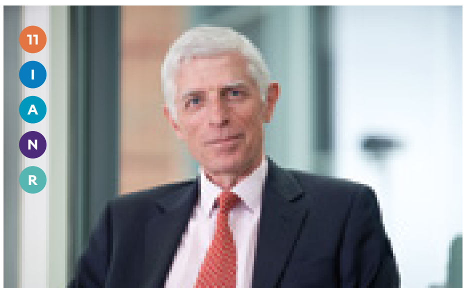
Matthew Lester

Virginia Holmes

Michael 'Rusty' Nelligan

Kathryn Purves

Amy Schioldager



Andrew Sykes

Stephen Welton

Board Committees

A	Audit	R	Remuneration
I	Independent	Ri	Risk
N	Nominations and Governance	●	Committee Chair

1 Lord Davies of Abersoch
Chairman
Joined Board: 2019 (Chairman since 2019)

Lord Davies has extensive experience as an Executive and a Non-Executive Director in the financial services sector. In addition, he has wide-ranging governance experience, having served on the boards of a number of significant companies, charities and other bodies across various jurisdictions as well as having been the Minister for Trade, Investment and Small Business for the UK Government.

Other Directorships
Corsair Capital LLC, LetterOne SA, World Rugby Executive Committee Member, Lawn Tennis Association Ltd and Glyndebourne Productions Limited.

2 Benoît Durteste
Chief Executive Officer and Chief Investment Officer
Joined Board: 2012 (Chief Executive Officer since 2017)

Benoît Durteste has been ICG's Chief Executive Officer and Chief Investment Officer since 2017. He is an experienced investor with a strong understanding of the markets in which the Group operates. During his time on the Board he has been a strong contributor to the Group's strategic development, including leading its European investment business. He contributes a thorough understanding of financial markets and the Group's investment portfolio to Board proceedings. Benoît joined ICG in September 2002 with previous experience at Swiss Re, GE Capital Private Equity and BNPParibas Levfin.

Other Directorships
ICG Group entities, ICG investee entities and Chairman of the BVCA Alternative Lending Committee.

3 Vijay Bharadia
Chief Finance and Operating Officer
Joined Board: 2019

Vijay Bharadia has extensive experience as a Chief Financial Officer in the alternative asset management sector. He has worked for the past decade as International Chief Financial Officer for Blackstone with responsibility for financial, tax and regulatory reporting across Europe and Asia, as well as holding a wider operational and governance brief. Prior to that, he worked at Bank of America Merrill Lynch in a variety of roles, latterly as Co-Chief Financial Officer for EMEA Equities. Vijay was appointed as ICG's Chief Finance and Operating Officer and joined the Board in 2019.

Other Directorships
ICG Group entities and Barts Charity.

4 Antje Hensel-Roth
Chief People and External Affairs Officer
Joined Board: 2020

Antje Hensel-Roth has a wealth of experience in human capital management; prior to joining ICG she was Global Co-Head of the Investment Management Practice at Russell Reynolds Associates, during which time she acted as an adviser to the global alternative investment community. Since joining ICG in 2018, she has been a strong contributor to the strategic direction of the Group, and this was recognised with her appointment to the Board in 2020. Antje is responsible for leading our strategic human capital management with a particular focus on business diversification strategies; she also leads on communications and external affairs.

Other Directorships
None.

5 Rosemary Leith
Non Executive Director
Joined Board: 2021

Rosemary Leith brings to the Board her deep expertise built over the past 25 years in finance, principal investment, start-up creation and growth in Europe and North America. She is currently a Non-Executive Director of HSBC (UK) PLC and YouGov plc. Rosemary is a Trustee of the National Gallery (London) and a Fellow at Harvard University's Berkman Center for Internet & Society. She has extensive experience in the technology and digital fields, including as a co-founding Director of the World Wide Web Foundation, and advises and invests in several technology businesses.

Other Directorships
HSBC (UK) Bank PLC, YouGov plc and World Wide Web Foundation.

6 Matthew Lester
Non Executive Director
Joined Board: 1 April 2021

Matthew Lester serves as Chairman of Kier Group plc and Chair of the Audit and Risk Committee of Capita plc. Matthew is a senior finance leader with extensive public company experience, having previously served as Group Chief Financial Officer of both Royal Mail plc and ICAP plc. He also previously served as a Non-Executive Director of both Man Group plc and Barclays Bank plc.

Other Directorships
Kier Group plc and Capita plc

7 Virginia Holmes

Non Executive Director

Joined Board: 2017

Virginia Holmes brings to the Board an extensive knowledge of the financial services industry, including both investment management and banking. Her executive experience includes serving as Chief Executive of AXA Investment Managers in the UK and more than a decade with the Barclays Bank Group. She is an experienced director of a number of UK PLCs (including serving on remuneration committees), who enhances the corporate governance understanding of the Board and aids it in considering its relationships with stakeholders.

Other Directorships

Syncona Ltd, European Opportunities Trust PLC, and USS Investment Management Ltd.

8 Michael 'Rusty' Nelligan

Non Executive Director

Joined Board: 2016

Rusty Nelligan was a partner with PwC, retiring in 2016. As lead client partner for global companies in financial services and pharmaceutical life sciences, he was responsible for direction, development and delivery of services for independent audits, assurance and advisory projects relating to corporate governance, internal controls, risk management, regulatory compliance, acquisitions and financial reporting. Rusty was employed by PwC in the US from 1974, in Europe from 1994, and is a US Certified Public Accountant. His extensive and current experience of working closely with major international financial and corporate institutions on matters of corporate governance, financial reporting and internal controls has proven a valuable addition to the Board and Company's development in a growth environment.

Other Directorships

None.

9 Kathryn Purves

Non Executive Director

Joined Board: 2014

Kathryn Purves was previously the Chief Executive of IFG Group plc, a wealth management and financial advisory group, leaving this role in 2020 following the sale and de-listing of IFG. Prior to this, her most recent executive role was as the Chief Risk Officer of Partnership Assurance Group plc. Kathryn brings relevant expertise to the Board from her role as a non executive of a number of financial services companies, including as Chair of Saunderson House and Redington. Kathryn's executive experience, particularly in risk management, has proved a valuable resource to the Board and she enhances oversight in a key area for the Group. She also brings valuable investment experience to the Board. Before joining Partnership in 2008, she worked within the private equity industry for 10 years, most recently at Phoenix Equity Partners.

Other Directorships

James Hay Partnership, Saunderson House, Aztec Group and Redington.

10 Amy Schioldager

Non Executive Director

Joined Board: 2018

Amy Schioldager was a senior executive at BlackRock where she was a member of the global executive committee and Head of Beta Strategies. She brings extensive knowledge of international investment markets and a track record of global expansion. She is based in the US; a region that is a key growth area for the Group. She was the Founder of BlackRock's Women's Initiative and Vice Chair of BlackRock's Corporate Governance Committee and brings valuable expertise to the Board in these areas.

Other Directorships

American International Group, Inc.

11
Andrew Sykes
Non Executive Director
Joined Board: 2018

Andrew Sykes has a wealth of financial services and non executive experience. He was previously Chairman of Smith & Williamson Holdings Ltd, and Chairman of SVG Capital plc. Andrew spent 26 years of his executive career at Schroders PLC. He is an experienced director of UK listed companies with a deep knowledge of the financial services sector and of corporate governance requirements, which, together with his background as a senior executive in the asset management sector, has proven to be invaluable in helping oversee the Group's continued growth.

Other Directorships
Governor of Winchester College and member of Nuffield College Investment Committee.

12
Stephen Welton
Non Executive Director
Joined Board: 2017

Stephen Welton has over 25 years' experience in the development capital and private equity industry as well as angel investing. He has been the Founder and Chief Executive of the Business Growth Fund (BGF), the UK's largest growth capital investor, since its launch in 2011 until July 2020, having previously spent over 10 years at CCMP Capital. He started his career in banking and has also worked as the Chairman and Chief Executive Officer of various growth companies. His current Executive Chairman role of BGF and deep investment experience mean that he is well placed to contribute to the Board on matters relating to strategy and business development.

Other Directorships
Executive Chairman Business Growth Fund plc (BGF) and a number of subsidiaries and Council Member of the PM's Build Back Better Business Council.

Corporate governance framework

Board of Directors

- Comprises the Chairman, Executive and Non-Executive Directors (NEDs)
- Has the authority to conduct the business of the Company in accordance with the Company's constitutional documents
- Runs the Group for the long-term benefit of shareholders and other stakeholders

See pages 62 to 65 for further details

Executive Directors

- Has day-to-day authority (delegated from the Board) for the management of the Group and its business
- Has general responsibility for:
  - The Group's resources
  - Executing the approved strategy
  - Financial and operational control
  - Managing the business worldwide

See page 109 for further details

Audit Committee

- Composed of NEDs
- Oversees external and internal audit and the Group's financial reporting and disclosure

Committee liaises with:

- CFOO
- Head of Finance
- Head of Investor Relations
- Internal Audit

See page 70 for the report of the Audit Committee

Risk Committee

- Composed of NEDs
- Oversees the Group's risk management framework and system of internal controls

Committee liaises with:

- Head of Risk
- Global Head of Compliance

See page 79 for the report of the Risk Committee

Remuneration Committee

- Composed of NEDs
- Determines the Group's Remuneration Policy
- Reviews the remuneration of senior management

Committee liaises with:

- CPEAO
- Human Resources
- Company Secretary

See page 87 for the report of the Remuneration Committee

Nominations and Governance Committee

- Composed of NEDs
- Evaluates the Board's composition, performance and succession planning
- Oversees the Group's culture and diversity and inclusion initiatives
- Considers candidates for Board positions

Committee liaises with:

- CPEAO
- Human Resources
- Company Secretary

See page 83 for the report of the Nominations and Governance Committee

Board roles

Chairman

- Lord Davies of Abersoch, who is responsible for:
  - Organising the business of the Board
  - Ensuring its effectiveness and setting its agenda
  - Effective communication with the Group's shareholders and other stakeholders

See page 58 for the Chairman's letter to shareholders

Non-Executive Directors

- Virginia Holmes, Rosemary Leith, Matthew Lester, Rusty Nelligan, Kathryn Purves, Amy Schioldager, Andrew Sykes and Stephen Welton act as NEDs of the Company
- All NEDs are independent
- Responsible for providing independent oversight of, and challenge to, the Executive Directors

See pages 62 to 65 for Directors' profiles

Chief Executive Officer (CEO)

- Benoît Durteste, who oversees the Group and is accountable to the Board for the Group's overall performance

Chief Finance and Operating Officer (CFOO)

- Vijay Bharadia, who leads and manages the Group's financial affairs and the operating platform of the Group

Chief People and External Affairs Officer (CPEAO)

- Antje Hensel-Roth, who has responsibility for strategic human capital management, communications and external affairs

Senior Independent Director

- Andrew Sykes, who acts as a sounding board for the Chairman and, where necessary, acts as an intermediary for shareholders or other Directors if they feel issues raised have not been appropriately dealt with by the Chairman

Key Board support roles

Company Secretary

- Responsible for advising on legal, governance and listing matters at Board level and across the Group
- Provides advice and support to the Board and its Committees
- Manages the Group's relationships with shareholder bodies
- Each Committee's Secretary provides advice and support within the specialist remit of that Committee; they are responsible for ensuring that the Committee members receive relevant information and that appropriate matters are discussed

Committee Secretaries

- Nominations and Governance Committee: Company Secretary
- Remuneration Committee: Company Secretary
- Audit Committee: Head of Finance
- Risk Committee: Head of Risk

Financial year ended 31 March 2021 Board and Committee meeting attendance

Director	Board	Audit[3]	Risk[3]	Remuneration[3]	Nominations[3]
Lord Davies of Abersoch	9/9	-	-	5/5	3/3
Benoît Durteste	9/9	-	-	-	-
Vijay Bharadia	9/9	-	-	-	-
Antje Hensel-Roth[1]	8/8	-	-	-	-
Virginia Holmes	9/9	-	4/4	5/5	-
Rosemary Leith[2]	1/1	-	1/1	1/1	-
Rusty Nelligan	9/9	5/5	4/4	-	-
Kathryn Purves	8/9	5/5	4/4	-	3/3
Amy Schioldager	9/9	4/5	3/4	-	-
Andrew Sykes	9/9	5/5	-	5/5	3/3
Stephen Welton	9/9	-	-	5/5	3/3
Secretary	9/9	-	-	-	-

1. Antje Hensel-Roth joined the Board on 16 April 2020.
2. Rosemary Leith joined the Board on 1 February 2021.
3. Other Directors attended part or all of some or all meetings at the invitation of the Committee Chair.

Board Development

Rosemary Leith
Non-Executive Director

"My induction ensured I could contribute immediately."

Antje Hensel-Roth
Chief People & External Affairs Officer (CPEAO)

"Good governance and stakeholder relationships are critical to the achievement of our strategic objectives. My induction broadened and deepened my knowledge and understanding of this area."

Key meetings and knowledge-sharing
Rosemary Leith was appointed to the Board on 1 February 2021 and received a tailored induction programme.

A detailed induction programme for Matthew Lester, who joined the Board on 1 April 2021, was also arranged.

The new NED induction was conducted virtually with in-person meetings arranged as follow ups, and included:

- A Group strategy briefing from the CEO
- An operational matters briefing from the CFOO
- A talent review with the CPEAO
- A board-practices session with the Company Secretary
- Investment strategy briefings from business unit heads
- Detailed sessions with the heads of key corporate teams such as Finance, Compliance, Risk and Investor Relations.

Key meetings and knowledge-shares
The CPEAO's induction mainly covered public company aspects as she was already very familiar with the Group's business but was assuming her first role as the director of a PLC. Meetings included:

- A workshop with the Company Secretary and the Head of Investor Relations on matters relating to public company regulation and governance
- A workshop with the Head of Investor Relations on matters relating to shareholder relations
- Detailed sessions with the Group's brokers and external legal advisers for their perspective on the Group, its business, its narrative with stakeholders and its obligations as a public company.

Ongoing training and development

Business and market environment
During the year, the main focus of development for the Board has been to continue improving their detailed knowledge of the Group's business and the market environment. Business unit heads present developments in their areas, including risks and opportunities for growth, to the Board on a regular basis. Business areas reviewed during the year included Capital Market Investments, the Senior Debt strategy, a proposed North American Private Equity strategy, and other established investment strategies. These sessions give the NEDs a deeper understanding of the Group's business, strategies and markets, and an understanding of team structures to assist with succession planning. They also provide greater opportunity for the NEDs to challenge Executive Directors and senior management.

Knowledge-sharing
The heads of the Group's control and oversight functions made regular presentations. The Board and its Committees also received technical updates from external advisers, including financial advisers, lawyers and brokers, on matters such as ESG considerations, external market conditions and the stakeholder narrative in respect of the Company.

Training
A regular training programme has been established. Training ensures the NEDs receive detailed and more operationally-focused presentations about specialist topics relating to the Group's business. In addition, the Group monitors other external training undertaken by the NEDs. The Executive Directors attend Board training and have also undertaken courses on anti-money laundering, anti-bribery and corruption and information security. Each also receives formal and ad hoc updates on statutory and regulatory developments from internal and external parties. The Executive Directors regularly lead business-focused update sessions for all employees on the Group's strategy and markets.

Tailored training processes were held for Rosemary Leith and Matthew Lester.

Board evaluation exercise

2021 internal evaluation recommendations and action

The Board reviews its own performance annually. The assessment covers the effectiveness and performance of the Board as a whole, the Board Committees and an evaluation of each Director. It is led by the Chairman, with support from the Company Secretary, and includes an independent evaluation of the Chairman by the SID.

The exercise conducted in 2021 concluded that the Board and each Committee continue to operate effectively. The assessment found that the culture of the Board is transparent and cohesive, and that all Board members (including the Chairman) continue to operate effectively and contribute well to the debate at the Board. The review noted the impact of the new Chairman and his commitment to providing support, advice and challenge to the CEO and the CFOO; it also concluded that the Board had been able to act effectively and quickly during the Covid-19 pandemic despite the challenges presented by virtual meetings.

The review also concluded that in the prior year it had been necessary (due to both the Group's swift growth and the circumstances of the pandemic) for Board time to be spent on tactical or operational matters. While this had been appropriate in the circumstances, there is a desire from all Board members to re-focus on the Group's strategy and spend more time on this area. As a result, a strategy day has been arranged to allow a full and open debate away from the normal Board agenda and ensure that the Group's strategy for the post-pandemic landscape is considered.

Other points of refinement or enhancement were noted following the survey, including a desire to ensure greater clarity in the corporate messaging around ESG and an enhancement of the Board's oversight of ESG activities. While a great deal is being done by the Group to address these points, Stephen Welton has been appointed as a designated NED to be responsible for ESG oversight.

2020 External Board evaluation and follow-up actions

In early 2020, an independent external review had been conducted by Consilium Board Review, an independent consultancy. This review and its conclusions were described in full in last year's Annual Report

The findings of the exercise have informed the areas of focus (and agendas) for the Board and the Committees during the year. The majority of the points flagged have been successfully resolved:

- The new Chairman has continued to focus on Board development and succession planning, culminating in the appointment of two further NEDs
- The Board has continued to meet key portfolio managers to enhance the Board's detailed knowledge of the investment business
- The Board's calendar and rolling agenda (and those of the Committees) have been reviewed to ensure that appropriate focus and time are given to each item
- The Group's investor relations approach has been refined, and the Board is working very closely with the newly appointed Head of Investor Relations
- The operating platform of the Group has been closely monitored by the Board, with regular updates and presentations
- The new Chairman's role will include further Board development as the Group continues to grow
- The Board continues to focus on the investment strategies, meeting key portfolio managers to enhance the Board's detailed knowledge of the investment business
- The Board considers on an ongoing basis how NEDs and Executive Directors can develop a partnership which allows NEDs to add as much value as possible (as well as continuing to act as balance and a challenge)
- The Board's calendar and rolling agenda (and those of the Committees) are regularly reviewed to ensure that appropriate focus is given to critical matters

Ensuring oversight

The purpose of the Audit Committee is to assist the Board in fulfilling its oversight responsibilities relative to the integrity of financial reporting and effectiveness of internal controls. We oversee the Group's financial reporting and related elements of its accounting, disclosures, internal controls and regulatory compliance, in addition to the internal and external auditing processes.

Areas of focus

Governance

- Committee governance
- Best practice developments
- People and business changes
- Relevant policy review

Financial reporting

- Content of annual and other periodic financial reporting
- Alternative Performance Measures
- Annual Report presentation: fair, balanced and understandable
- Accounting policies

Estimates and judgements

- Identification, process, data, assumptions and assurance
- Going concern and viability

External audit

- Appointment and remuneration of external auditors
- Independence and objectivity
- Audit scope, quality and effectiveness
- Audit firm and leadership rotation and tender process

Internal controls and internal audit

- Direction of internal audit function
- Financial operations: leadership, effectiveness
- Internal controls over financial reporting
- Material controls underlying overall risk management

Committee members

- Rusty Nelligan (c)
- Kathryn Purves
- Amy Schioldager
- Andrew Sykes
- Matthew Lester (from 1 April 2021)

Dear shareholder

I am pleased to present the Committee's report for the year ended 31 March 2021. Separate sections on Committee governance, review of the year, external audit, internal controls and internal audit follow.

A key priority for the Committee is that this Annual Report and Accounts published by the Group is an accurate representation of its position, performance and development, and that it provides a reliable basis for decision making. To achieve this we actively evaluate financial reporting, operations and accounting policies; monitor the system of internal controls established by management, through select observation and inquiry; consider the nature and quality of work and reports issued by assurance providers; and review and approve the results published by the Group.

The quality and integrity of financial reporting are integral to establishing and maintaining trust between the Group and its stakeholders, including investors. We welcome the increase in expectations in this area and closely monitor the guidance issued by the Financial Reporting Council (FRC) and others in developing our reporting. We are closely following the recent consultation on the future of corporate reporting and will continue to consider emerging guidance and practice for our ongoing development.

We are also closely monitoring the consultation on the White Paper issued by the UK Government on audit reform, overseen by the Department for Business, Energy, and Industrial Strategy Select Committee, which contains far-reaching changes to auditing, regulatory oversight of audit committees, and other elements of corporate governance.

Uncertainty has been the backdrop to this year, as the economic consequences of the response to Covid-19 unfolded and had to be balanced with protecting health and life. While disruption to the activities of the Group was limited, the Committee has continuously evaluated critical activities, viability and going concern assessments, valuations and financial reporting, internal controls effectiveness, and assurance. Critical assumptions, judgements, estimates, risks, and uncertainties taken into account in the reporting process were subject to appropriate scrutiny and debate.

Key activities and priorities

Focus	Outcomes
Current year	
Financial reporting and clear communication of the impact of Covid-19 on the business	– Enhanced reporting and oversight of key components of financial reporting
Internal control framework, including fraud risk assessment	– Directed finance Initiative to enhance resource and process; monitored implementation of operational changes, including fraud-risk assessment
Internal audit review and development planning	– Completed External Quality Assessment and directed the implementation of changes to address recommendations
UK audit reform	– Received a briefing from EY on developments with respect to audit quality and reform of the UK audit market
Next year	
Development of Audit and Assurance Policy	
Internal control framework and enhancement of assurance processes	
Financial reporting developments	
UK audit reform	

High quality assurance, including that provided by internal audit, is a key input to the work of the Committee. During the year the Committee appointed Protiviti to undertake an External Quality Assessment (EQA) of the Group Internal Audit function. This review identified a number of opportunities to enhance this activity, and the Committee has directed and monitored actions planned and already taken in response to the report.

We have overseen a change in Internal Audit leadership to Roger Thomson with effect from 12 April 2021. Roger has extensive experience as a professional internal auditor, and he will have a mandate to continue development of this key function. I want to thank Jessica Milligan for her significant contributions to the initiation and development of Internal Audit since 2014 and wish her further success in her new important responsibilities within Group Finance.

The external audit is also a critical component of our financial reporting. This has been EY's first year as external auditor, and I would like to acknowledge the extra efforts made by both EY and Deloitte, their predecessor, in facilitating a smooth handover in extraordinary times. EY have assimilated the large volume of background knowledge required to audit the Group effectively, and the Committee has benefited from a fresh perspective.

In February 2021, the Company received a letter from the Corporate Reporting Review Team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company's 2020 Annual Report and Accounts. The letter focused on (a) the significant judgement in respect of non-consolidation of carried interest partnerships and (b) the cashflow statement.

Following the review, certain line items have been restated in the Group Statement of Changes in Equity, the Parent Company Cashflow Statement and, the Parent Company Statement of Financial Position. The Company has also adopted a number of recommendations in preparing its 2021 Annual Report and Accounts. We remain in correspondence with the FRC in respect of their outstanding enquiries on the non-consolidation of the carried interest partnerships and aspects of the cashflow presentation.[1]

During the year the Group has continued to develop its process and control framework. This has included a focused initiative in respect of the Finance function to enhance resource and process. In addition, these operational enhancements have been complemented by the work done to improve the Group's risk management framework, detailed on pages 38 to 48.

The Audit Committee has continued to coordinate with the Risk Committee and the Remuneration Committee with the aim of effectively covering pertinent topics in the most suitable forum.

The Committee plays a vital role in assisting the Board in its oversight responsibilities for the integrity of financial reporting, effectiveness of internal controls, and assessment of quality of the assurance functions. I would therefore be pleased to discuss the Committee's work with any shareholder.

Rusty Nelligan
Chair of the Audit Committee

8 June 2021

1. When reviewing the Company's 2020 Annual Report and Accounts, the FRC has asked us to make clear the limitations of its review are as follows: its review is based on the 2020 Annual Report and Accounts only and does not benefit from a detailed knowledge of the Group's business or an understanding of the underlying transactions entered into; communications from the FRC provide no assurance that the Company's 2020 Annual Report and Accounts are correct in all material respects and are made on the basis that the FRC (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders; and the FRC's role is not to verify information provided but to consider compliance with reporting requirements.

Committee governance

On behalf of the Board, the Committee encourages and seeks to safeguard high standards of integrity and conduct in financial reporting and internal control.

Our work focuses on the evaluation of significant estimates and judgements underlying the financial statements and the overall fairness and clarity of reported financial information.

Roles and responsibilities

The Committee meets regularly, at least four times a year. It is responsible for:

- Reviewing the annual and interim accounts before they are presented to the Board, in particular addressing any significant issues arising from the audit; accounting policies and clarity of disclosures; compliance with applicable accounting and legal standards; and information used in making significant judgements, including fair values, going concern and viability
- Monitoring the integrity of the financial statements of the Group, including its annual and half-yearly reports, trading updates and any other formal announcements relating to its financial performance, and advising the Board whether it considers the Annual Report to be fair, balanced and understandable
- Selecting and recommending the appointment and reappointment of the external auditor, including tenders where necessary; and negotiating and agreeing audit fees and scope of work
- Reviewing the performance of the external auditor in respect of scope of work, reporting, and quality of audit and overall service
- Reviewing independence, including key-partner rotation, and remuneration of the external auditor and the relationship between audit and non-audit work
- Approving the appointment or termination of the Head of Internal Audit; approving the internal audit charter; and monitoring the effectiveness of the internal audit function in the context of the Group's overall risk management framework
- Reviewing and assessing the annual internal audit plan and resources, receiving and evaluating internal audit reports, and monitoring management's responsiveness to internal audit findings and recommendations.

In carrying out its duties, the Committee is authorised by the Board to obtain any information it needs from any Director or employee of the Group.

Composition

The Committee consists of independent NEDs only. The current members are Rusty Nelligan (Chair of the Committee), Matthew Lester, Kathryn Purves, Amy Schioldager and Andrew Sykes. Biographical details can be found on pages 62 to 65.

The Committee members have a wide range of business and financial experience, including accounting and auditing, risk management, asset management and investment, regulation and compliance, M&A, tax and international business practices. These skills ensure the Committee has the relevant sector competence to enable it to fulfil its terms of reference in a robust and independent manner. Rusty Nelligan, a US Certified Public Accountant, was previously a partner at PWC working for over 20 years as lead client partner for European-headquartered global companies in financial services and pharmaceutical life sciences. The Board considers that he has competence in accounting and auditing as well as recent and relevant financial experience.

The Executive Directors and Chairman of the Board are not members of the Committee but regularly attend meetings at the invitation of the Chair of the Committee, together with EY, the Group's external auditor, the Head of Internal Audit, the Head of Finance and the Head of Risk.

The Committee meets separately with the external auditors and Head of Internal Audit without management present at least twice a year to ensure that they are receiving full cooperation from management, obtaining all the information they require and are able to raise matters directly with the Audit Committee if they consider it is desirable to do so.

In addition, the Chair of the Committee meets with the external auditors, Head of Internal Audit, Executive Directors, and other members of financial and operational management separately, and as appropriate, throughout the year.

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2021. The terms of reference are available on the Group's website www.icgam.com, or by contacting the Company Secretary.

Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2021; the Committee was found to be operating effectively. For more details of this exercise, please see page 69.

Summary of meetings in the year

The Committee held five meetings during the year in line with the quarterly reporting dates. The Committee members attending each of the meetings can be found on page 67.

In addition, there was one sub-committee meeting in May 2020 to review key aspects of the 2020 Annual Report and for management to update the Committee on the estimates and judgements applied to the valuation of the investment portfolio.

Review of the year

The agenda of the Committee comprises recurring, seasonal and other business. Over the course of the year, the Committee considered and discussed the following significant matters:

The matter and its significance	Work undertaken	Comments and conclusion
Performance measures Alternative performance measures can add insight to the IFRS reporting and help to give shareholders a fuller understanding of the performance of the business **See KPIs on page 21 and the finance and operating review on page 38**	The Group uses a number of alternative performance measures, including but not limited to: – Cash and debt position – Cash generated from operating activities – Gearing – Balance sheet investment portfolio – Net investment return – FMC operating margin A full list can be found in the glossary on page 180. Strategic KPIs that are alternative performance measures are detailed on page 21. We discussed the use of alternative performance measures with the Executive Directors and the external auditor and reviewed their continued appropriateness and consistency with prior years. Internal audit provided assurance that the alternative performance measures had been prepared on a basis consistent with prior years and were subject to adequate review and validation controls.	We were satisfied that alternative performance measures, which are widely used in the asset management industry, can provide insight into performance from the perspective of our shareholders and other stakeholders. A review of the alternative performance measures was undertaken and we were satisfied that they did not detract from IFRS measures and were: sufficiently defined; consistently applied; and, where relevant, reconciled to IFRS measures.
Consolidation of investments in funds The Group holds investments in a number of funds which it manages. Judgement is required assessing whether these funds are controlled by the Group and therefore need to be consolidated into the Group's financial statements **See note 28 on page 170 and the Auditor's Report on page 117**	We challenged the information analysed by management to assess which third-party funds, carried interest partnerships, and portfolio companies are either controlled by the Group or over which the Group exercises significant influence. All accounting policies and disclosures were reviewed for continued appropriateness and consistency in light of business developments and changes in accounting standards.	We concluded that the Group controlled 17 structured entities and three carried interest partnerships. The Group exercised significant influence over five other entities during the financial year. Accordingly, the controlled entities have been consolidated into the Group's financial statements, and the entities over which the Group exercises significant influence have been equity accounted. This has had the impact of grossing up the balance sheet, with total assets and total liabilities both increasing by £4.3bn (2020: £3.6bn). The Committee concluded that the accounting policies and disclosures were appropriate and had been updated properly. Based on our inquiries of the Executive Directors and external auditors, we concluded policies are being properly applied in areas such as assessing control and significant influence, revenue recognition, valuation of financial assets, impairments and taxation provisions. We concluded that the areas of judgement (see page 132) are properly explained. We gained comfort from the Executive Directors and the external auditors that the Group complied with its reporting requirements.

The matter and its significance	Work undertaken	Comments and conclusion
Annual Report Taken as a whole, the Annual Report needs to be fair, balanced and understandable so that it is relevant to readers **See page 116**	We held preparatory discussions with the Executive Directors to determine the format of the Annual Report and reviewed the assigned responsibilities for its content and overall cohesion and clarity. The Executive Directors compared our 2021 Annual Report with that of other alternative asset managers and best practice more widely. In light of that work we commented on design and content, ensuring that feedback on the prior year Annual Report had been addressed and the impact of Covid-19 had been carefully considered in the context of the Group. We reviewed management's decision to present the Group and Parent Company Cashflow Statements using the indirect method to enhance understanding and align to our peer group. We reviewed all sections of the 2021 Annual Report having particular regard for the Committee's specific responsibilities for the financial statements. We used the Executive Directors' and the Committee's collective knowledge to determine the overall fairness, balance and understandability prior to final approval by the Board. In this context, we especially considered judgemental matters such as the key risks (see page 49), estimates and the period covered by the viability statement(see page 57).	The Committee received confirmation that individual responsibilities had been fulfilled and confirmed that the overall report was consistent with the Directors' knowledge and understanding of the Group. This supported the Committee's, and the Board's, assessment that the Annual Report taken as a whole is fair, balanced and understandable. We were satisfied that the information presented in the Strategic Report was consistent with the performance of the business reported in the financial statements. In particular, we were satisfied that the estimates and quantified risk disclosures in the financial statements are consistent with those identified in the Strategic Report and, to the extent possible, addressed the impact of Covid-19 on the Group's activities. The Committee concluded that appropriate judgements had been applied in determining the estimates and that sufficient disclosure had been included to allow readers to understand the uncertainties surrounding outcomes. We were satisfied that the viability statement should consider a three-year time horizon given that 87% of AUM is in long-term closed-end funds and the cash resources available to the Group. This reflects our internal planning cycle, ICAAP reporting and the deployment duration for some of the larger strategies.

The matter and its significance	Work undertaken	Comments and conclusion
Investment valuation Investments with managed funds, in portfolio companies, in senior and subordinated notes of CLO vehicles and in Disposal groups held for sale represent 34% of our total assets under IFRS. As the assets are mainly unquoted and illiquid, considerable professional judgement is required in determining their valuation **See notes 5 and 10 to the financial statements and the Auditor's Report on page 117**	The Committee monitored the work undertaken by the Group's Valuation Committee (GVC). The GVC determines the value of the Group's direct investments and reviews and challenges the values determined for co-investments and fund investments by the underlying fund Investment Committee. We reviewed reports on the valuation processes undertaken and the significant judgements made in determining the value of the investments. We challenged the methodologies and assumptions used. Management was challenged to ensure that the most appropriate valuation methodology was applied to ensure that the investments were valued in accordance with the Group's accounting policies, which remain unchanged, and International Private Equity and Venture Capital Valuation or other relevant guidelines where applicable. The Committee inquired into the progress of ongoing asset realisations after the year end as an indicator of the reliability of the valuation process. In addition to the Executive Directors' procedures and the work of the external auditors, internal audit periodically reviews the valuation process and provides the appropriate assurance to the Committee of the Executive Directors' compliance with the Group's valuation policies, process and procedures.	The Committee reviewed the conclusions of the GVC, carefully considering the impact of the current economic environment on the judgement required. We reviewed the methodologies used to value the Group's investments and concluded that the valuations had been performed in line with the accounting policies. In our review of the financial statements we were satisfied that sufficient disclosures had been provided on the estimates and judgements made in determining the value of the portfolio.
Revenue recognition Revenue recognition involves certain estimates and judgements, particularly in respect to the timing of recognising performance fees, which are subject to performance conditions **See note 3 to the financial statements and the Auditor's Report on page 117**	We reviewed the revenue recognition of management fees, performance fees and investment income to confirm that the treatments were consistent with the Group's accounting policies.	The Committee concluded that revenue has been properly recognised in the financial statements.
Accounting policies Accounting policies are the specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting financial statements **See notes to the financial statements on page 132 onwards**	We reviewed the proposed change in the method used to prepare the Consolidated and Parent Company Cashflow Statement.	The Committee agreed with management that adoption of the indirect method brings the Group in line with the presentation adopted by its peers.

In addition to the significant matters addressed above, the Committee maintained a rolling agenda of items for its review including auditor independence and external audit effectiveness, internal audit, capital strategy, financial and management reporting, risk and treasury management capabilities, relevant people changes, the going concern concept of accounting (see page 111), the viability statement (see page 57), the Auditor's Report (see page 117), accounting developments and the Auditor's management letter. No issues of significance arose.

External audit

The Group complies with the UK Corporate Governance Code, the Financial Reporting Council (FRC) Guidance on Audit Committees and the EU Regulation on Audit Reform. In addition, we comply with all aspects of the Competition and Markets Authority Statutory Audit Services Order.

Appointment and rotation

The Group's policy is to submit the external audit to tender every ten years, as a fair balance between the costs and disruption of a tender and the benefits of a potential fresh pair of eyes and challenge, and for the external audit firm to be rotated at least every 20 years. Under transition arrangements of the relevant regulations, the Group was required to rotate its external audit firm for the financial year ended 31 March 2022 at the latest. The Group elected to make this rotation with effect from the financial year ended 31 March 2021.

The Committee recommended that EY should be proposed to shareholders as the Group's auditors for the financial year ended 31 March 2021. The shareholders voted in favour of this appointment at the 2020 AGM.

The Committee confirmed to the Board that EY had a senior, experienced team with good working knowledge of auditing valuations of unquoted, illiquid investments. Furthermore, the Committee felt that throughout the tender process and ongoing transition EY had demonstrated its commitment to providing the Group with a high quality, focused audit, together with efficient coordination, and effective communication and support. During the transition period EY has ensured that no prohibited services were provided to the Group.

Execution

The Committee discusses and agrees the scope of the audit prior to its commencement. For the financial year ended 31 March 2021, the full scope audit coverage amounted to 96% (2020: 92%) of the Group's profit before tax and 96% (2020: 96%) of the Group's net assets. Specific review procedures were performed on another 17 non-significant entities.

The Committee reviews with EY the risks of material misstatement of the financial statements and confirms a shared understanding of these risks. While planning the audit, EY sets out the key tests that they perform on the higher-risk areas, and the Committee provides input on areas that it wants to receive particular attention.

In the current period, the Committee focused on critical estimates and assumptions underlying investment valuation judgements, taking into account the economic uncertainty as a result of the Covid-19 pandemic. The Committee challenged several scenario and sensitivity conclusions, and advocated additional analysis of the balance sheet and disclosures to the financial statements.

The Committee Chair meets or calls the lead audit partner generally monthly throughout the year and more frequently at the public reporting periods, to review Group developments and audit progress. The Committee also discusses with EY, prior to recommendation of the financial statements to the Board, the audit findings, including audit differences, and observations on internal controls, operations and resources. This includes discussions in private sessions without the Executive Directors present.

In accordance with relevant independence standards, the external auditors do not place direct reliance on the work of internal audit.

The Committee are satisfied that the audit is probing, challenging and effective and that the approach provides a reliable audit opinion with a reasonable expectation of detecting material errors, irregularities and fraud.

Materiality

The Committee reviews accuracy of financial reporting with EY including both accounting errors of lesser significance that will be brought to our attention and amounts that would need to be adjusted so that the financial statements give a true and fair view. In principle, errors can arise for many reasons ranging from deliberate fraud to estimates made which did not consider all available information.

For the financial year ended 31 March 2021, overall audit materiality was set at £25.5m (2020: £7.1m). This equates to 5% (2020: 5%) of Group profit before tax. This is within the range that audit opinions are conventionally thought to be reliable.

The auditors use overall materiality combined with their knowledge of the Group, controls environment and assessment of significant risks, to determine which Group entities require full-scope audits or specific audit procedures in order to confirm that the financial statements are free of material misstatement. Further details can be found in the Auditor's Report on page 117.

To manage the risk that aggregate uncorrected errors become potentially material, the Committee agreed with EY to draw attention to all identified uncorrected misstatements greater than £1.3m (2020: £357,000).

Quality and effectiveness

In assessing the quality and effectiveness of the external audit, the Committee looks at the audit team's demonstrated competence, experience, diligence, objectivity, professional scepticism, current knowledge and its relationship with the Executive Directors and senior management. In particular, the Committee assesses the depth of review and level of challenge provided by the external auditors over the significant judgements and estimates made by management.

The Committee observed healthy debate initiated by EY, and received high-quality reports with detailed information on the scope and results of their work, including challenge to management judgements, estimates and assumptions. The Committee gained valuable insight from EY on the nature of operations underlying the Group's production of financial information, and received a current assessment of internal controls over financial reporting, to the extent observed as a by-product of their audit of the consolidated financial statements.

EY and management were challenged to update their assessment of the depth and quality of disclosure in the financial statements and the effectiveness and efficiency of the internal controls over the financial reporting close process. This resulted in additional focus and resources and a path to further continuous improvement.

The overall assessment of audit quality includes an annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. This assessment is based in part on results of observation, inquiry and challenge, throughout the year, as well as periodic reflection and input collected separately from Committee members, Executive Directors and other relevant senior management. The annual evaluation of EY will be formally considered by the Committee in September 2021.

In addition to the annual evaluation and regular review of reports and the working practices of the EY audit team, the Committee undertakes an ongoing assessment of external audit quality and effectiveness including, but not limited to, the following:

- The content of EY's annual Transparency Report which sets out their commitment to audit quality and governance
- Insights arising from the Audit Quality Review team (AQRt) of the Financial Reporting Council's annual audit of a sample of EY's audits. Following discussion with EY, insofar as any issues might be applicable, the Committee determines that EY has proper and adequate procedures in place for the audit
- The formal terms of engagement with the auditor, and the audit fee. The Committee determined that the Group audit fee of £1.5m (2020: £1.3m) appropriately reflected the scope and complexity of the work undertaken by EY
- The audit status update received from EY at every Audit Committee meeting, including findings, fees, and compliance with independence requirements

On the basis of this review and our ongoing interactions and observations, the Committee remains confident in EY's work.

Non-audit services

The Board has an established policy setting out what non-audit services can be purchased from the firm appointed as external auditors. The Committee monitors non-audit services provided to the Group by EY to ensure there is no impairment to their independence or objectivity.

The policy sets out the categories of non-audit services which the external auditor is and is not allowed to provide to the Group. We received confirmations from the Executive Directors and EY of adherence to this policy and monitor non-audit services against a fee cap. A copy of the policy can be found on the Group's website, www.icgam.com.

During the year, the Group paid £0.2m (2020: £0.4m (Deloitte LLP)) to EY for the provision of corporate non-audit services. Of the fees, £0.1m is in respect of services in their capacity as auditor. The ratio of non-audit services to 70% of audit fees on a three-year rolling basis was 0.1:1. A detailed analysis of fees paid by the Group to EY is shown in note 12 on page 149.

Internal controls

Risk management and internal control matters are the responsibility of the Group's Risk Committee. Its report is set out on pages 79 to 82.

The Group has an established control framework, designed to manage but not eliminate risks and provide reasonable but not absolute assurance against material losses or misstatements.

Effectiveness

The Committee reviews the effectiveness of the financial control environment, including controls over financial reporting and the preparation of financial information included in the Annual Report. That assessment is taken into account by the Board when it undertakes its review of the effectiveness of material controls (see page 81).

The Committee reviews the operation of the finance function to ensure it is sufficiently resourced and has the appropriate processes and controls over financial reporting to fulfil its duties.

Developments

During the year, the Group initiated a programme of work to develop the operating model for finance and other operations, and continued development of its process and control framework. These changes were advocated by the Committee and are considered necessary steps in view of continued regulatory development and business growth.

The Group also expanded its implementation of control reviews over fund management operations, under ISAE 3402 Assurance Reports on Controls at a Service Organisation.

Internal audit

The Group has an internal audit function led by an experienced Head of Internal Audit, reporting to the Chair of the Audit Committee. The Head of Internal Audit has access to external service providers with specialised skills, to augment internal resources as needed.

Approach

In conformity with the Financial Services Code (Guidance on effective internal audit in the financial services sector), a risk-based planning process is performed annually. This includes consideration of business objectives and a focus on those risks identified as being most likely to impact delivery of the Group's strategy.

The resulting plan is reviewed and approved by the Committee, with regular updates provided. This is kept under constant review, with any significant changes recommended to the Committee for approval.

The Group has a number of regulated entities that have specific requirements for internal audit activities. These requirements are taken into account in the planning process and, as appropriate, relevant reports on audit scope and findings are shared with the Boards of the regulated subsidiaries.

Execution

The Committee considered and approved the updated internal audit strategy and plan for fiscal years 2021 and 2022. Updates on delivery of this plan, together with related status of remedial actions, are reported at each meeting of the Committee.

During the year, in accordance with the plan, 13 risk-based reviews were completed, responded to by management and reviewed by the Committee. We pay particular attention to identified themes across the business, relative importance and relationship of findings, recommended and agreed remedial actions and compliance with timescales for resolution and follow-up.

The Committee is satisfied that delivery of the approved internal audit strategy and plan is providing timely and appropriate assurance on the controls in place to feasibly manage the principal risks to the Group.

Developments

A new Head of Internal Audit joined the Group shortly after the end of the financial year. The Committee monitored the handover of responsibilities from the prior Head of Internal Audit who has taken up a new role with the Group.

Effectiveness

An External Quality Assessment was undertaken during the year. This review assessed conformance with the IIA Standards and the Financial Services Code, and the effectiveness within the context of the function's charter and stakeholder expectations. The Committee reviewed the report and directed management to implement recommendations for improvement relating principally to further development of certain process and procedures for planning and coverage, issue tracking, and documentation of work performed.

In the current period, the Committee concluded that the internal audit function is operating effectively, at the present level of operations. We will continue to monitor resourcing in view of regulatory development and business growth.

Creating an effective risk framework

The role of the Committee is to support the Board in identifying and managing risk; complying with regulations; and promoting good conduct.

Areas of focus

Principal and emerging risks

- Identification and management of principal risks
- Risk appetite and tolerances
- Identification of emerging risks

Governance

- Committee governance
- Oversight of risk and compliance policies
- Best practice and governance code developments

Risk management framework

- Effectiveness of risk management systems
- Review of risk events and remedial actions
- Risk function resourcing

Regulatory risks

- Impact and implementation of regulatory change
- ICAAP
- Compliance function resourcing

Committee members

- Kathryn Purves (c)
- Rusty Nelligan
- Virginia Holmes
- Amy Schioldager
- Matthew Lester
- Rosemary Leith (from 1 February 2021

Dear shareholder

As a Committee, we support the business by monitoring the risks which matter most.

The Committee monitors the Group's risks on an ongoing basis and supports at all times the Group's agreed risk appetite, covering the extent and categories of risk which the Board considers as acceptable for the Group. Using the information and evaluations obtained from our regular top-down and bottom-up reviews, alongside the principal risk exposure ratings, the Committee creates an effective framework for overseeing and developing a Group-wide approach and culture regarding risk.

The Committee continues to work with management to position the Group conservatively in response to a heightened risk environment. During 2020, the Committee maintained its focus on the impacts of the Covid-19 pandemic crisis, which has continued to be at the forefront of our risk assessment and mitigation planning processes. Despite the significant market volatility in the early stages of the pandemic and the necessary switch to remote working to keep our employees safe, we have been able to operate effectively for our clients and stakeholders, with little to no disruption.

Our overall response was governed by the Crisis Management Team (CMT) which met regularly throughout the year. The central coordination of the response by the CMT, combined with the response and autonomy of local Incident Management Teams, meant we were able to reconfigure our global offices to meet local government guidelines thereby allowing employees to safely return when and where this was permitted and appropriate.

One of the principal risks prioritised by the Committee throughout the year has been our people risk profile in view of the longevity of the pandemic and the impacts on our employees. The Committee has recognised the increased demands and outside pressures on employees as a result of the pandemic, and there has been significant focus on employee wellbeing and resilience in light of prolonged periods of home working. We strengthened our communications to employees to help them feel supported and engaged. In often challenging circumstances, our employees have proved to be resilient and dedicated and have performed exceptionally well. The Committee will continue to monitor closely the impacts on colleague sentiment and engagement.

The Committee considered closely the anticipated heightened operational resilience risks and despite the challenges of the pandemic progress has been made in delivering technological developments which have helped to further improve our cyber security. We have taken further steps to strengthen the control environment to improve the Group's ability to respond to incidents, and to continue delivering key services to our clients. New hardware and software have enhanced our core technology infrastructure, while investment and operations platforms continue to be enriched, with enhancements in this space continuing through 2021 to provide added security, resilience, and efficiency.

The Group places significant focus on complex regulatory changes, as well as ensuring effective horizon scanning of upcoming trends and evolving risks. The Committee has provided effective oversight and ensured effective controls are in place to comply with existing regulatory obligations, including greater consideration of these at an individual legal entity level. The Committee considered regular updates on emerging regulatory and legal risks and continued to closely monitor a number of significant regulatory change and oversight programmes to ensure successful execution.

The Committee continued to monitor the potential risk impacts of Brexit, considering in particular the impact risk of an exit without an agreement in place. Our full Brexit strategy was successfully implemented in the required time frame, and we now have an established European platform with Luxembourg as our central hub. We will continue to closely monitor future negotiations and regulatory developments, including any frameworks for regulatory cooperation between the UK and the EU that might affect our business and our clients.

The Committee discussed the evolution of risks under the latest principal risk refresh which has led to a revised set of risks that more comprehensively capture those that would threaten our business model. The Committee also reviewed and proposed updates to the risk appetite framework to ensure that the risk appetite statements, risk metrics and limits reflect changes to the risk profile in view of the external environment and ongoing transformation of the business.

The Committee supports the Risk Management Development Programme (RMDP) and continues to monitor and challenge the progress being made in the identification, assessment and management of operational risk. The Committee received regular updates on the progress of the Risk and Control Self-Assessment (RCSA) programme and business transformation activity within our Finance and Operations functions, aimed at introducing process efficiency and further reducing our operational risk exposure.

ESG and in particular climate change is a key area of focus for the Group. The Committee received an update from the Responsible Investing Officer regarding the Group's ESG initiatives and was pleased to see the Group continuing to adopt a proactive response to the challenges, risks and opportunities arising from climate change. This progress was welcomed, while acknowledging the need for risk management practices to evolve further across the whole industry in respect of climate change risk. Considering the pace of developments in this area, the Committee will continue to closely monitor ESG and climate change risks, together with the delivery of the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and other stakeholder commitments.

For the year ahead, transformation activity and operational resilience will continue to be key themes and our risk exposure will remain heightened through the financial year ended 31 March 2022 and beyond as a significant volume of activity and benefits are due to be delivered in the year, whilst further transformation delivery is planned for subsequent years.

The Committee will continue to ensure that we are adopting a proactive response to the challenges, risks and opportunities to which the Group is exposed.

I would be pleased to discuss the Committee's work with any shareholder.

Kathryn Purves
Chair of the Risk Committee

8 June 2021

Governance of risk

On behalf of the Board, the Committee encourages, and seeks to safeguard, high standards of risk management and effective internal controls.

Roles and responsibilities

The Committee meets regularly and is responsible for providing oversight and challenge on:

- The Group's risk appetite, material risk exposures and the impact of these on the levels and allocation of capital
- Changes to the risk appetite framework and quantitative risk limits, ensuring its ongoing integrity and suitability to support the Board's strategic objectives
- The design, structure and implementation of the Group's risk management framework (RMF) and its suitability to identify and manage current risks and react to forward-looking issues and the changing nature of risks across all principal risks
- Risk reports on the effectiveness of the Group's RMF and system of internal controls, including notification of material potential or actual breaches of risk limits and internal control processes and the remedial action taken or proposed
- Risks in relation to major investments, major product developments and other corporate transactions
- Regulatory compliance across the Group, which includes reviewing and approving the Group's compliance policies and monitoring compliance with those policies
- The remit of the Risk and Compliance functions, ensuring they have adequate resources and appropriate access to information to enable them to perform their functions effectively

The Committee also reviews and recommends:

- The Internal Capital Adequacy Assessment Process (ICAAP) Report at least annually and more frequently as necessary, to the Board
- The extent of Directors' and Officers' insurance coverage, to the Board
- The prosecution, defence or settlement of litigation or alternative dispute resolution for material potential liabilities, to the Board
- The effectiveness of the Group's RMF and internal controls systems, to the Board
- Alignment of the remuneration policy with risk appetite, and adjustments to any employee's remuneration for events that have been detrimental to the Group or events that have exceeded the Board's risk appetite, to the Remuneration Committee
- All material statements to be included in the Annual Report, Interim Report, prospectuses or circulars, concerning risk management, to the Audit Committee

Composition

The current members are Kathryn Purves (Chair of the Committee), Virginia Holmes, Rosemary Leith, Rusty Nelligan, and Amy Schioldager. Biographical details can be found on pages 62 to 65.

The Committee members have a wide range of business and financial experience, including risk management, fund management and investment, regulation and compliance, M&A, tax and international business practices. In particular, Kathryn Purves was the CRO of Partnership Assurance Group plc. These skills enable the Committee to fulfil its terms of reference in a robust and independent manner.

The Executive Directors of the Board are not members of the Committee but attend meetings at the invitation of the Chair of the Committee. The Head of Risk, Head of Group Compliance, Head of Internal Audit and the Company Secretary attend all the meetings.

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2021. The terms of reference are available on the Group's website, www.icgam.com, or by contacting the Company Secretary.

Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2021; the Committee was found to be operating effectively. For more details of this exercise, please see page 69.

Monitoring the effectiveness of controls

The Risk Committee is provided with a number of risk reports, which it uses to continually review the Group's RMF, and works closely with the Audit Committee to review the system of internal controls. The reports enable the Committees to develop a cumulative assessment and understanding of the effectiveness with which internal controls are being managed and risks are being mitigated by management across the Group.

As part of their review the Committees consider whether the processes in place are sufficient to identify all material controls, defined as those critical to the management of the principal risks of the business. Additional reporting on the effectiveness of material controls is provided to the Audit Committee on an annual basis to support the review of the effectiveness of controls in managing the principal risks.

The Board, on recommendation from the Risk and Audit Committees, and considering the work of Internal Audit overseen by the Audit Committee, confirms that the Group's risk management and internal control systems are operating effectively, and material controls operated effectively throughout the year.

Summary of meetings in the year

The Committee held five meetings during the year. In each of its meetings, it received a report from the Head of Risk providing an assessment of each principal risk versus appetite, key risk events, key emerging risks, actions taken or being taken to manage the risks, and from the Head of Group Compliance on global compliance (including the Group's monitoring programme) and implementation of relevant regulatory developments.

Over the course of the year the Committee considered and discussed the following significant matters:

- The Committee has monitored the impact of the pandemic on the Group's business, specifically covering operational resilience, employee wellbeing, liquidity and impacts to the Investment Company portfolio, and considered frequent updates from management (both formally and informally) as events have unfolded. The Committee takes the operational resilience of the Group's services very seriously and has drawn valuable insight from the discussions this year
- Following its specific request, the Committee received an update from the Group's Responsible Investing Officer regarding the Group's ESG initiatives and was pleased to see the Group continuing to adopt a proactive response to the challenges, risks and opportunities arising from climate change. This progress was welcomed while acknowledging the need for risk management practices generally to evolve further across the whole industry in respect of climate change risk
- The Committee held dedicated sessions to review and update the Group's principal risks and to review and challenge the proposed updates to the risk appetite framework to ensure that the risk appetite policy, statements, metrics and risk limits appropriately reflect changes to the Group's risk profile in view of the external environment and ongoing transformation of the business
- Delivery and embedding of the RMDP that commenced in 2019 has remained a key focus, with the Committee receiving regular updates on the roll out of the RCSA programme and changes made to the RMF policy. The Committee was also briefed on the changes to the Group Risk Taxonomy, in particular the separation of ESG and Climate Risk as stand-alone risks
- A number of transformation programmes are underway to deliver our strategy for growth and the Committee has been briefed by management on the strengthening of project governance that is in place for all aspects of the transformation programme. In particular, the Committee received detailed updates regarding the transformation activities being undertaken in the Finance and Operations functions to support ongoing overall efficiency and to reduce operational risk exposures
- The Head of Information Technology briefed the Committee on the ongoing steps being taken within the Group to ensure that the Group manages cyber risks appropriately, and the measures taken to move to a distributed technology model which removes a physical dependency on the office, thus strengthening the Group's overall resilience. For our ICAAP, the Committee received a detailed briefing on the enhancements and was satisfied that the internally generated scenarios were appropriately calibrated, and also stressed the particular vulnerabilities of the Group. They were further satisfied that the Group would meet internal and regulatory requirements for capital and liquidity in such scenarios. The Committee received updates on the progress of the global transition to alternative risk-free reference rates including on preparations by the LIBOR transition programme to manage and mitigate the financial and non-financial risks associated with the transition
- The Committee also evaluated the Group's approach to the implementation of the European Securities and Markets Authority (ESMA) guidance regarding the increasing standard and consistency of liquidity stress testing of our investment funds and welcomes visibility of the regular liquidity stress testing reports that are produced under this new framework

Other matters considered

In addition to the significant matters addressed above, the Committee maintained a rolling agenda of items for its review, including the adequacy of resourcing in the compliance and risk functions, updates on key policies and a review of the annual Whistleblowing report and the Money Laundering Officer's report. The Committee meets privately with both the Head of Risk and the Global Head of Compliance on a semi-annual basis.

Internal Audit, Risk and Compliance monitoring

Internal Audit, Risk and Compliance work closely together to ensure appropriate coverage of the Group's activities.

The Committee supported the Audit Committee in its oversight of the internal audit programme (see page 78), which is risk based. It is designed to permit changes to the programme in the light of changed circumstances.

In conjunction with the Audit Committee, the Committee reviews and approves the programme of compliance monitoring to be undertaken during the following fiscal year and at each of its subsequent meetings reviews the status and output of compliance monitoring actually undertaken relative to the planned programme.

During the year the Committee ensured that appropriate monitoring was undertaken in accordance with the approved programme for the year. No significant matters of concern were identified.

Ensuring a balance of skills, diversity and experience

The role of the Committee is to oversee the membership of the Board to ensure a balance of skills, diversity and experience among the Directors, oversee senior management succession planning and the governance practices and processes of the Group.

Areas of Committee focus

Culture, diversity and inclusion
- Employee engagement
- Gender diversity considerations

Succession planning
- Non-Executive, Executive and senior management succession planning
- Talent development

Director skills and experience
- Director induction
- Director training

Appointments
- Board composition
- Additional appointments

Committee members
- Lord Davies of Abersoch (c)
- Kathryn Purves
- Andrew Sykes
- Stephen Welton

Dear shareholder

I am pleased to present the Nominations and Governance Committee report for the financial year ending 31 March 2021.

Good governance requires the appropriate balance of skills, diversity of thought and experience, independence and knowledge, making the work of the Nominations and Governance Committee a key part of our oversight.

During the year, the Committee closely monitored the evolving composition of the Board and concluded that we would benefit from recruiting two further Non-Executive Directors (NEDs), partly to enhance the existing skill set of the Board and partly to allow for long-term succession planning for Board members. After an extensive search, we were delighted to recommend the appointment of Rosemary Leith and Matthew Lester. Rosemary is a renowned technology expert who will add to our ability to understand and oversee the Group's operational platform, while Matthew has extensive FTSE100 experience as both a CFO and NED, giving him insight into the increasing demands of financial reporting. We are confident both will contribute strongly to your Board.

The Committee has continued its focus on executive succession planning for key individuals and ensuring development and training for our key talent. NEDs have worked closely with the Chief People and External Affairs Officer in this area and particular emphasis has been placed on enhancing bench strength across the organisation, including at the level of emerging future leaders. ICG is a people business and developing our talent is crucial in helping to deliver the Group's strategic objectives.

The Committee has continued to monitor the feedback from employees gained through focus group sessions led by Amy Schioldager, as the NED responsible for liaising with employees. Employee views are always important to us and we are pleased to note the effectiveness of Amy's work.

The output from both the 2020 externally-led Board evaluation and the internal evaluation led by me earlier in 2021 is always front of mind for the Committee as we continue to evaluate the skills, composition and cohesion of our Board. We are confident that your Board is well placed to continue to oversee and provide challenge to executive management.

I would be pleased to respond to any shareholders' questions about the Committee's work either at the AGM or otherwise.

LORD DAVIES OF ABERSOCH
Chair of the Nominations and Governance Committee

8 June 2021

Committee governance

Roles and responsibilities

The Committee is responsible for:

- Identifying, and nominating for the Board's approval, candidates to fill any Board vacancy
- Succession planning, including the progressive refreshing of the Board, and developing executive talent below Executive Director level
- Ensuring that all appointments to the Board are made on objective criteria and that candidates have sufficient time to devote to their prospective responsibilities
- Appointing a NED as the Whistleblowing Champion
- Appointing a NED as the Employee Engagement Champion
- Appointing a NED as the ESG Champion
- Considering the composition of the Board to ensure that the balance of its membership between Executive Directors and NEDs is appropriate
- Overseeing diversity and inclusiveness, culture, employee engagement and other governance-related matters within the Group
- Annually assessing the continued fitness and proprietary of the Senior Management Function (SMF) holders, including the NEDs, together with reviewing the Group's responsibilities map which describes the management and governance arrangements, as required under SMCR
- Ensuring the Group is managed to high standards of corporate governance

Composition

The Nominations and Governance Committee consists of four NEDs: Lord Davies of Abersoch (Chair of the Committee), Kathryn Purves, Andrew Sykes and Stephen Welton. Biographical details can be found on pages 62 to 65.

The Company Secretary acts as Secretary to the Committee.

Appointments of Executive Directors and NEDs are made as necessary as a result of discussions by the Committee and are subject to full Board approval and election or re-election at a General Meeting of the shareholders.

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2021. The terms of reference are available on the Group's website, www.icgam.com, or by contacting the Company Secretary.

Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2021; the Committee was found to be operating effectively. For more details of this exercise, please see page 69.

Summary of meetings in the year

The Committee held three meetings during the year as well as a joint session with the Board on employee engagement. Over the course of the year the Committee considered and discussed the following significant matters:

- Whether it may be appropriate to appoint further NEDs to the Board to supplement the existing skill set of the Board and assist with long-term succession planning. It was concluded that two further appointees would benefit the operations of the Board, in particular if they were able to bring expertise in respect of technology and previous experience as a FTSE CFO. After a detailed search a number of high quality candidates were identified. A shortlist of candidates was identified for each role, having regard to the qualities required, with all shortlisted candidates being interviewed by members of the Committee and the preferred candidates (Rosemary Leith and Matthew Lester) holding virtual meetings with all Board members before being appointed. The Committee was assisted by an executive search agent, Korn Ferry (who provide search agent services to the Group on commercial terms and have no connection to the individual Directors).
- Executive succession planning by management was reviewed by the Committee.
- The employee engagement NED, Amy Schioldager, provided insights on the culture of the Group and other feedback from the ongoing informal engagement programme to a joint session of the Committee and the Board. This was based on her engagement during the year with several groups and included the views of a wide range of employees drawn from a number of the different geographies in which the Group is active. Due to the pandemic, she had met employees virtually in groups of 10-12 and sought their views on a range of issues, including the employee experience as a result of the transition to virtual working.

Other matters considered

The Committee also conducted a review of the size and composition of the Board and its Committees, the skill set of all Directors, their ongoing training and development and the independence of non-executives. No points of concern were raised.

The Board's policy is for at least 33% of members to be female in accordance with the recommendation of the Davies Report. At the date of publication, 42% of the Board is female. The Board does not currently have a policy on ethnic diversity but has determined always to select the best candidate for a role, regardless of race, ethnicity or any other demographic factors. The Board is aware of the recommendations of the Parker Review that by 2021 at least one member of the Board of a FTSE100 company should be non-white; that recommendation has been met.

The Committee monitors the diversity of the Group with a specific focus on senior management roles and their direct reports (see page 37).

Non-Executive Director area of expertise

Name	Asset Management	Investment	UK Corporate Governance	International	Risk Management	Financial
Lord Davies of Abersoch	●	●	●	●	●	●
Virginia Holmes	●	●	●	●		
Rusty Nelligan				●	●	●
Kathryn Purves		●	●	●	●	
Amy Schioldager	●	●		●	●	
Andrew Sykes (SID)	●	●	●		●	●
Stephen Welton	●	●			●	●
Rosemary Leith		●	●	●	●	
Matthew Lester	●	●	●		●	●

Remuneration Committee report

Areas of focus

Remuneration policy
- Continuous assessment of the effectiveness of the Group's remuneration policy
- Consideration of shareholder and representative shareholder bodies' feedback

Key performance indicators
- Setting of KPIs for the Executive Directors
- Monitoring performance against those KPIs

Governance, stakeholders and shareholders
- Consideration of feedback from shareholders
- Adherence to regulatory requirements

Executive remuneration
- Determination of Executive Directors' awards
- Review of awards payable to all material risk takers

Oversight of awards
- Review of the calculation of Pre-Incentive Cash Profit (PICP) to determine the Annual Award Pool (AAP)
- Review of market data on award levels

Committee members
- Virginia Holmes (c)
- Lord Davies of Abersoch
- Rosemary Leith (joined 1 February 2021)
- Andrew Sykes
- Stephen Welton

Contents:

Dear shareholder

I am pleased to present the Committee's Report for the year ended 31 March 2021, which explains the remuneration decisions made by the Committee for the last financial year.

Directors' Remuneration Policy

Our Directors' Remuneration Policy was approved by shareholders last year, with 94.43% of votes in favour, and last year's Directors' Remuneration Report received 96.79% of votes in favour, indicating on-going and strong support from our shareholders.

Prior to the 2020 AGM, we consulted extensively with our major shareholders on our Policy proposals and updated the Policy to take account of the latest changes in the UK Corporate Governance Code and the most recent guidelines from shareholders and voting agencies. The main parts of our Policy were already well aligned to the shareholder guidelines, and have supported the success and growth of the business. Therefore, we did not make any fundamental changes to the Policy. We are pleased to say that it continues to be well-aligned with our business strategy and shareholder guidelines, and no further changes are proposed for FY22. Our Policy and practice complies with the remuneration requirements of the UK Corporate Governance Code, including in relation to alignment of executive director pensions with the wider workforce, in having a post-cessation shareholding policy and in complying with the remuneration principles set out in Provision 40 of the Code.

Remuneration Policy and approach

We continue to maintain our long-term orientated approach to variable pay, which aligns our executives to our shareholders. We make a single variable pay award each year to Executive Directors, linked to a balanced scorecard of key performance indicators (KPIs) and funded from the capped Group variable pay pool.

Last year, we signalled that we would review the KPIs, and we modified and consolidated these for FY21 in order to reduce complexity and align them more closely with the corporate and shareholder goals and the Group's Strategic Objectives of: growing AUM; investing selectively; and managing portfolios to maximise value. We have also listened to and taken on board shareholder feedback and have strengthened our disclosures in relation to our KPIs, where we have disclosed our threshold, target and stretch targets.

The KPIs reflect the Group's long-term strategic and mid-term tactical priorities in creating value, especially in light of the Group's evolution in recent years and the excellent progress made in size and scale, diversification and positioning within the alternative investment industry and the FTSE.

Our approach encourages and reflects sustained, long-term performance: the Annual Award Pool (AAP) is based on cash profits the Group has already realised from its fund management business and its investments, and it is capped at 30% annualised over a five-year period. Furthermore, for Executive Directors, at least 70% of the variable pay award is deferred over five years into shares, with vesting in three equal tranches after the third, fourth and fifth anniversaries of award.

Each Executive Director has a target level and a maximum cap on their total variable pay, expressed in monetary value rather than as a multiple of base salary in order to discourage upward pressure on base salary. The maximum total variable pay awards are payable for outstanding performance only. The Committee also liaises closely with both the Audit and Risk Committees to ensure that risk and audit matters are taken into account in determining the remuneration levels of the Directors.

The Policy is set out in detail in the relevant section of this report.

Response to the Covid-19 crisis

This year has been particularly challenging, but we have continued to provide stability and security for our workforce through adapting our ways of working to keep our people as safe as possible whilst ensuring full business continuity. We have been able to operate seamlessly and, as a result, have collectively achieved strong business performance and increased shareholder value. I am pleased to say that we have not had to make any redundancies, nor have we had to furlough any of our employees or take any other form of Government Covid-19 support. Dividends for FY20 and FY21 have continued to be paid.

We have also continued to operate our usual variable pay arrangements this year, applying demanding performance criteria, and ensuring that our employees are recognised for their on-going hard work and strong corporate performance.

Business performance and remuneration

Business performance in the year ended 31 March 2021 has been extremely strong. We raised $10.6bn in new funds, achieved an FMC (Fund Management Company) operating margin of 52% and deployed $7.2bn in new investments. Our Pre-Incentive Cash Profit (PICP) was £244.8m.

We have a long-standing policy of awarding variable pay across the workforce of not more than 30% of PICP measured on a five-year rolling basis. The Committee has determined that £87.2m should be awarded to eligible employees under the AAP for the year ended 31 March 2021, compared with £70.8m in the prior year. This reflects both individual and corporate performance as well as an increase in bonus-eligible staff of 15% year-on-year. The awards are in the form of cash bonuses, deferred awards of ICG shares and Deal Vintage Bonus (DVB) awards. DVB awards are a long-term incentive enabling investment teams, excluding Executive Directors, to share in the future realised profits from the Group's own balance sheet investments.

The Committee has allocated 23.6% of PICP on a five-year cumulative rolling percentage basis, which is 6.4 percentage points below the maximum 30% permitted under the Policy. This Policy provides a focus on long-term performance and only takes account of cash profits, thus aligning with shareholders' interests fully. It also allows us to smooth out some of the potential volatility in remuneration, and this, as well as the use of our Business Growth Pool (BGP), provides capacity to continue to develop the business through the cycles.

In addition to the AAP, the Committee allocated £6.9m to the shareholder-approved BGP to fund incentive awards for teams involved in developing new investment strategies during the year, including Life Sciences, Real Estate and North American Private Equity strategies. This pool excludes Executive Directors. This year's BGP award compares with £3.9m awarded in the prior year. The increase this year reflects the further investment being made in the future of our business by hiring strong portfolio managers and experienced team members to drive the growth of new investment strategies.

Five-year AAP overview

	FY17	FY18	FY19	FY20	FY21	Cumulative
Percentage of PICP over five years rolling	21.6%	21.5%	23.6%	22.2%	**23.6%**	23.6%
Spend on incentives (£m)	65.9	77.7	78.0	70.8	**87.2**	379.6
Number of employees	282	294	336	408	**470**	

Executive Director remuneration

The total remuneration for the year for each Executive Director is shown in the table on page 92.

No increases in base salaries have been awarded to the Executive Directors this year. For the third year in a row, the base salary for the CEO has not been increased and remains at £394,000, which is substantially lower than the typical CEO salary level for a company of ICG's size and complexity as well as similar asset managers. The CFOO's base salary was set at £500,000 on joining in May 2019, and the CPEAO's base salary was set at £425,000 on her appointment to the Board in April 2020 and neither have been increased this year.

The Committee made variable pay awards of £5,700,000, £1,600,000 and £1,100,000 respectively to the CEO, CFOO and CPEAO this year. The variable pay awards reflect strong performance across the Executive Director KPIs (please see page 93 for more details). They also incorporate the exercise of discretion by the Committee with a downward adjustment for the CFOO and CPEAO to reflect their progression and development into their Director roles over the course of the year, as well as the CPEAO's start date in the role (16 April 2020).

They also incorporate the exercise of discretion by the Committee with a downward adjustment for the CFOO and CPEAO to reflect their progression and development into their Director roles over the course of the year, as well as the CPEAO's start date in the role (16 April 2020). 80% of the CEO's variable pay award and 70% of the CFOO's and CPEAO's variable pay awards were deferred into ICG PLC shares vesting in equal tranches on the third, fourth and fifth anniversaries of award.

Directors' interests in shares

Our Executive Directors are aligned to the Group's long-term share price and dividends through our Directors' Remuneration Policy:

- At least 70% of Executive Directors' variable pay is deferred in the form of ICG PLC shares
- These deferred shares vest over a five-year period. Vesting starts in the third year from the award date and takes place in three equal tranches over the third, fourth and fifth anniversaries of the award
- Executive Directors are required to build and maintain an on-going minimum shareholding. This is currently 3x base salary for the CEO and 2x base salary for other executives
- Executive Directors are also required to retain a shareholding for two years after leaving the Board, to further enhance the long-term alignment with shareholders

Total Shareholder Return (TSR)

ICG has continued to deliver outstanding TSR performance. For the ten years to 31 March 2021, TSR was 779.5% versus 76.3% for the FTSE All Share Index.

Appointment of new NED

On 1 February, we welcomed Rosemary Leith as a member of the Board and the Remuneration and Risk Committees. She brings with her a wealth of knowledge and experience which will further strengthen the diversity of perspectives represented at the Committee.

Conclusion

I would like to thank all of our shareholders for their continued and on-going support over the years, which was reflected in the strong vote in favour of both our Remuneration Policy and Directors' Remuneration Report at last year's AGM. Our Policy provides a clear, simple and predictable remuneration model, that helps drive the achievement of our corporate strategy and a prudent approach to risk.

VIRGINIA HOLMES
CHAIR OF THE REMUNERATION COMMITTEE

8 June 2021

Remuneration at a glance

Executive Remuneration Framework and Policy Summary

Purpose and link to strategy	Operation	Maximum opportunity	Outcomes for FY21
Base Salary Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group	Normally reviewed annually with any changes generally applying from the start of the financial year	In considering increases, the Committee assesses the range of salary increases applying across the Group, and local market levels	Base salaries for the Executive Directors are unchanged. The CEO remains at £394,000, the CFOO at £500,000 and the CPEAO at £425,000
Benefits Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group	Benefits currently receivable by Executive Directors include life assurance, private medical insurance and income protection	Provision and level of benefits are competitive and appropriate in the context of the local market	There have been no changes to the Executive Directors' benefits provision this year
Pension Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group	All Executive Directors are entitled to a pension allowance payable each month at the same time as their salary	A pension allowance of no more than the level available to the majority of the Group's workforce in the relevant location is provided	The Executive Directors' pension allowances are set no higher than the majority of the Group's workforce with the CEO and CPEAO at 12.5% and CFOO at 10%; there have been no changes this year
Total variable pay award Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group	The total variable pay award consists of the Cash Bonus Award and ICG PLC Equity Award (see below)	Max variable pay awards to Executive Directors are £6m for the CEO/CIO, £2m for the CFOO and £1.5m for the CPEAO	Variable pay awards for the CEO, CFOO and CPEAO were £5.7m, £1.6m and £1.1m respectively. 80% of the CEO's award and 70% of the awards for the other Executive Directors were deferred into shares, vesting over 5 years
ICG PLC Equity Award Rewards achievement of business KPIs, cash profits and employing sound risk and business management and aligns the interests of Executive Directors with those of shareholders	At least 70% of an Executive Director's total variable pay award shall be delivered in ICG PLC Equity Shares normally vest by one third in each of the third, fourth and fifth years following the year of grant	See details above in relation to the overall annual variable award	80% of the CEO's variable pay award and 70% of the CFOO's and CPEAO's variable pay awards were deferred into ICG PLC shares

Business performance

Group Profit Before Tax[1]
£507.7m
(2020: £110.8m)

Third Party AUM
$56.2bn
(2020: $47.2bn)

Ordinary Dividend
56.0p
(2020: 50.8p)

UNPRI ESG Assessment
A+A+A
(2020: AAB)

Five-year AAP overview

We have a long-standing policy of awarding variable pay across the workforce of not more than 30% of PICP measured on a five-year rolling basis. The Committee has determined that £87.2m should be awarded to eligible employees under the AAP for the year ended 31 March 2021, compared with £70.8m in the prior year.

	FY17	FY18	FY19	FY20	FY21	Cumulative
Percentage of PICP over five years rolling	21.6%	21.5%	23.6%	22.2%	**23.6%**	23.6%
Spend on incentives (£m)	65.9	77.7	78.0	70.8	**87.2**	379.6
Number of employees	282	294	336	408	**470**	

1. Results presented on an APM basis.

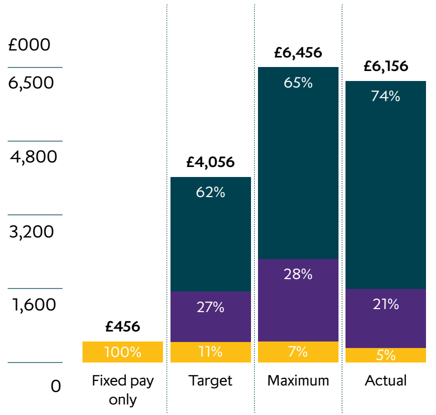
KPI performance outcomes

KPI	Link to strategic objectives	Threshold	Target	Stretch	FY21 Outcome
Quantitative KPIs					
Fundraising[1]	1	$4.3bn	$6.5bn	$8.6bn	$10.6bn
Realised Portfolio Returns	2 3	3%	5%	7%	12.1%
FMC Operating Margin	1 2 3	43%	45%	50%	51.9%
Net Gearing[2]			0.6-1.2x		0.63x
Qualitative KPIs (% of max)					
Strategic Development	1 2 3				85%
Culture and Diversity	1 2 3				83%
Operating Platform & Risk Management	1 2 3				80%
Overall Leadership	1 2 3				92%

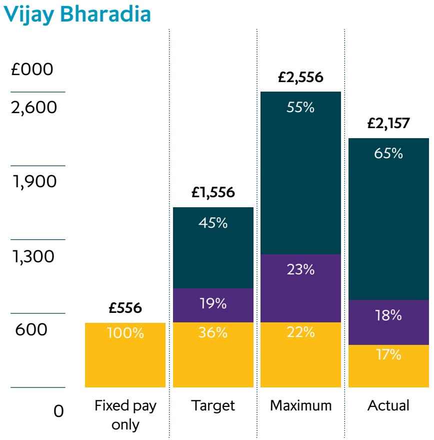
Strategic alignment: 1 Grow AUM 2 Invest selectively 3 Manage portfolios to maximise value

Total remuneration (actual vs target)

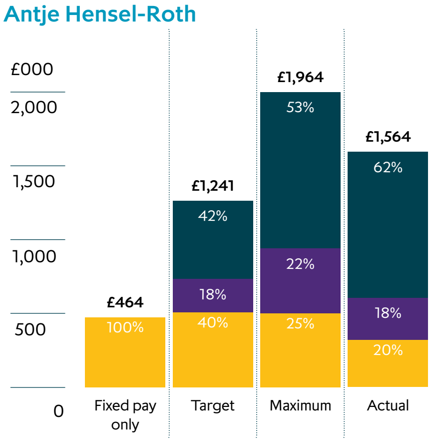
Benoît Durteste



Vijay Bharadia



Antje Hensel-Roth

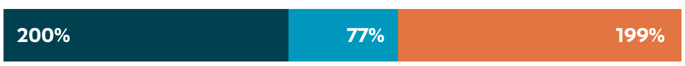


Fixed pay Cash Bonus Award ICG PLC Equity

Share ownership (percentage of base salary)

Benoît Durteste

Vijay Bharadia[3]



Antje Hensel-Roth[3]

Required Vested Unvested (post-tax)

1. The Fundraising KPI threshold, target and stretch targets were originally set in Euros at €4bn, €6bn and €8bn respectively and have been converted at a Euro / USD exchange rate of 1.08 to align with our approach of reporting AUM in US dollars to align with client reporting and peers.
2. The Board did not set threshold and stretch targets for net gearing but a target range of 0.6 - 1.2x, which was met.
3. Both Vijay Bharadia and Antje Hensel-Roth are within their shareholding build-up period.

Annual report on remuneration

Single total figure of remuneration table (audited)

The following table shows a single total figure of remuneration in respect of qualifying services for the financial year ended 31 March 2021 for each Executive Director who served during the year, together with comparative figures for the previous financial year:

Executive Directors	Salaries £000	Benefits[2] £000	Pension allowance £000	Fixed remuneration £000	Short-term incentives, available as cash[3] £000	Total emoluments £000	Recruitment replacement awards[4] £000	Short-term incentives, deferred[5] £000	Total variable remuneration £000	Total remuneration £000	Long-term Incentives[6,7] vested from prior years (legacy awards) £000	Single total figure of remuneration £000
Benoît Durteste												
2021	**394.0**	**13.4**	**48.7**	**456.1**	**1,140.0**	**1,596.1**	**–**	**4,560.0**	**5,700.0**	**6,156.1**	**1,374.3**	**7,530.4**
2020	394.0	19.4	59.1	472.5	927.6	1,400.1	–	3,710.4	4,638.0	5,110.5	775.0	5,885.5
Vijay Bharadia												
2021	**500.0**	**12.2**	**44.4**	**556.6**	**480.0**	**1,036.6**	**–**	**1,120.0**	**1,600.0**	**2,156.6**	**–**	**2,156.6**
2020	432.9	10.9	45.1	488.9	390.3	879.2	941.5	910.7	2,242.5	2,713.4	–	2,731.4
Antje Hensel-Roth[1]												
2021	**407.5**	**12.3**	**44.6**	**464.4**	**330.0**	**794.4**	**–**	**770.0**	**1,100.0**	**1,564.4**	**–**	**1,564.4**

See page 98 for details of payments to NEDs.

1. Fixed remuneration elements for Antje Hensel-Roth reflect the remuneration received in respect of qualifying services provided in the year ended 31 March 2021. The fixed remuneration elements have therefore been pro-rated respectively from the date on which Antje Hensel-Roth was made an Executive Director (16 April 2020).
2. Each Executive Director's benefits include medical insurance, life insurance and income protection for the year ended 31 March 2021.
3. This represents the Cash Bonus Award element of the variable remuneration.
4. This figure represents the PLC Equity Awards that were granted to Vijay Bharadia on 1 August 2019 to replace and materially replicate awards he had forfeited on leaving his previous employer. These awards will vest on the same timetable as the forfeited awards over the next four years and no further replacement awards are being made.
5. This represents the ICG PLC Equity Awards made for the year ended 31 March 2021 and deferred over five years vesting in years three, four and five following award.
6. The long-term incentive amounts are legacy award payments received during the year in respect of Deal Vintage Bonus (formerly known as Balance Sheet Carry). These awards were made in prior years and are no longer available to Executive Directors.
7. Share price movements do not have any impact on the value of long-term incentives vesting during the current year (legacy awards).

Executive Director performance

A summary of the Executive Directors' KPIs and the current year outcome is set out on the following page. KPI targets, weightings and ranges are set annually, reflecting annual objectives and long-term goals.

The Committee determined that overall delivery against the Group's strategic objectives has been very strong. This was another excellent performance year, with fundraising, fund management profits and realised portfolio returns all well ahead of the stretch targets set. Performance has also been very strong against those KPIs which were set to underpin the Group's longer-term objectives.

Having considered his delivery across the range of KPIs, the Committee made a total variable pay award to Benoît Durteste of £5,700,000, comprising an annual Cash Bonus Award of £1,140,000 and a deferred PLC Equity Award of £4,560,000, reflecting very strong performance in his dual role as CEO and CIO of the Group.

In considering the awards to be made to Vijay Bharadia and Antje Hensel-Roth, the Committee took into account their significant contributions to the strong performance against the quantitative and qualitative KPIs. The Committee further recognised that both executives were still in their first full year as Executive Directors, and therefore, in recognition of their developing roles, the Committee exercised its discretion to make lower awards than strictly formulaic KPI calculations would indicate. Consequently, for Vijay Bharadia the Committee made a total variable pay award of £1,600,000. This comprises an annual Cash Bonus Award of £480,000 and a deferred PLC Equity Award of £1,120,000. For Antje Hensel-Roth, the Committee determined that an award of £1,100,000 was appropriate, comprising an annual Cash Bonus Award of £330,000 and a deferred PLC Equity Award of £770,000.

Strategic objectives

1. Grow AUM
2. Invest selectively
3. Manage portfolios to maximise value

Awards in respect of annual performance[1]

KPI	Link to strategic objectives	CEO weighting	CFOO weighting	CPEAO weighting	Threshold	Target	Stretch	FY21 Outcome	Narrative
Quantitative KPIs									
Fundraising[2]	1	27.5%	20.0%	20.0%	$4.3bn	$6.5bn	$8.6bn	$10.6bn	Despite Covid-19, this has been the third-highest fundraising year in the history of the firm, with particular success for first-time funds, record asset gathering for Senior Debt Partners (SDP) and best-in-class client communication.
Realised portfolio returns	2 3	15.0%	5.0%	10.0%	3%	5%	7%	12.1%	Funds have continued to perform exceptionally well due to continued investment discipline and exposure to defensive sectors. Investment Company outperformance was also significant.
FMC operating margin	1 2 3	20.5%	22.5%	22.5%	43%	45%	50%	51.9%	Strong fundraising, including in strategies with fees on committed capital; solid deployment; strong deal flow; Collateralised Loan Obligation (CLO) income and dividends and continuous cost control have all contributed to an excellent margin result.
Net gearing[3]	N/A	7.5%	12.5%	7.5%		0.6-1.2x		0.63x	The net gearing position continues to demonstrate our appropriate and forward-looking management approach.
Qualitative KPIs (% of max)									
Strategic development	1 2 3	10.0%	10.0%	10.0%				85%	Excellent progress has been made in the positioning for continued, sustainable success: significant growth in existing business units; diversification into new investment strategies with compelling fee structures; growth and diversification of the client footprint; significant development of the bench strength of talented and impactful executives.
Culture, diversity and inclusion	1 2 3	10.0%	10.0%	15.0%				83%	Culture has grown even stronger through the challenges of the past year. The significant investment in talent development and employee engagement is making a meaningful impact on the Group's culture, performance and innovation. Gender diversity continues to improve in all areas of the Group and the focus on Inclusion more broadly continues at pace.
Operating platform and risk management	1 2 3	5.0%	15.0%	10.0%				80%	The operating platform and risk management continue to develop at pace, with significant upgrades in all areas of talent, process and strategy. As a result, business efficiency has increased even more significantly and business processes have been seamless and highly resilient throughout the challenges of Covid-19.
Overall leadership	1 2 3	5.0%	5.0%	5.0%				92%	All three Executive Directors have demonstrated excellent overall leadership in what has been a particularly challenging year and the two more recently appointed Executive Directors are settling in well into their roles.

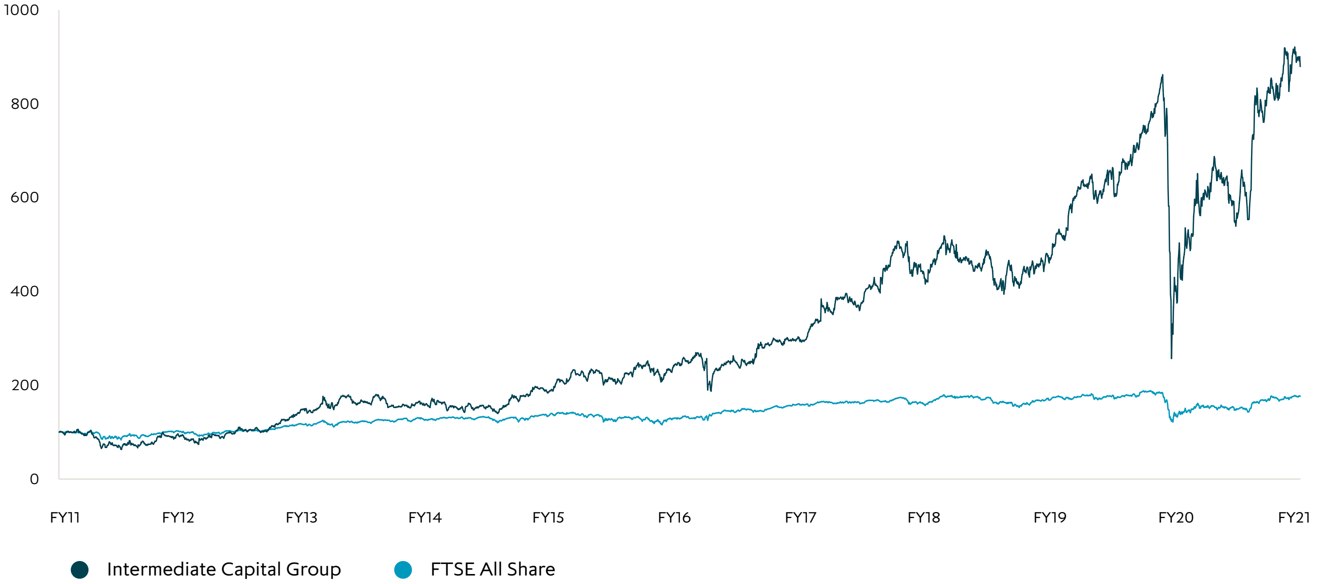
1. The on-target variable pay levels are 60% of maximum for the CEO and 50% of maximum for the CFOO and CPEAO. 25% of maximum is payable for threshold performance, and 100% of maximum for performance at stretch level or above.
2. The Fundraising KPI threshold, target and stretch targets were originally set in Euros at €4bn, €6bn and €8bn respectively and have been converted at a Euro / USD exchange rate of 1.08 to align with our approach of reporting AUM in US dollars to align with client reporting and peers.
3. The Board did not set threshold and stretch targets for net gearing but a target range of 0.6 - 1.2x, which was met.

Performance graph of Total Shareholder Return (ten years)

The graph below shows a comparison between the Group's total shareholder return performance and the total shareholder return for the FTSE All Share index. The graph compares the value at 31 March 2011 of £100 invested in Intermediate Capital Group plc with the FTSE All Share Index over the subsequent ten years. This index has been chosen to give a comparison with the average returns that shareholders could have received by investing in a range of other companies.

The TSR for the Company during this period has been 779.5%, compared to 76.3% for the Index.

Total shareholder return



Total remuneration of the Chief Executive Officer

The table below details the total remuneration of the CEO for the past ten years. The amounts are presented on the basis of the Single Total Figure of Remuneration Table (see page 92) and include some deferred compensation awarded in previous years but reported in the year received.

£000	Financial year	Total remuneration	Percentage of maximum opportunity of short-term incentives awarded	Percentage of maximum opportunity of long-term incentives awarded
Benoît Durteste	2021	7,530	95%	N/A
	2020	5,886	84%	N/A
	2019	9,526	87%	N/A
	2018[1]	3,412	77%	N/A
Christophe Evain	2018[1]	183	0%	N/A
	2017	6,888	102%	160%
	2016	4,295	76%	98%
	2015	5,103	80%	98%
	2014	4,797	97%	20%
	2013	1,492	24%	1%
	2012	2,973	43%	97%

1. The amounts above have been pro-rated to reflect the transition of the CEO role from Christophe Evain to Benoît Durteste on 25 July 2017.

A comparison of the change of pay of the CEO and the other Directors to that of all employees of the Group is shown on page 97.

Relative importance of spend on pay

The table below illustrates the relative importance of spend on pay compared with other disbursements from profit (namely distributions to shareholders) for the financial year under review and the previous financial year. Although there has been a significant increase in headcount over the year, the increase in employee costs is not proportionate as there has been a reduced cost of legacy awards compared to the previous year.

	Year ended 31 March 2020	Year ended 31 March 2021	Percentage change
Ordinary dividend (£m)	144.4	150.9	4.5%
Permanent headcount	408	470	15%
Employee costs (£m)	**168.5**	**179.4**	**6.5%**

Directors' interests in shares (audited)

The Directors and their connected persons held the following interests in shares of the Company:

		As at 31 March 2021			
Directors	Shares held outright as at 31 March 2020	Shares held outright as at 31 March 2021	Unvested ICG PLC Equity Award/DSA interests	Unvested SAYE options	Shareholding requirement met?
Benoît Durteste	907,007	**1,141,580**	**1,404,775**	**1,468**	**Yes**
Vijay Bharadia	12,813	**20,822**	**101,854**	**1,468**	**Build-up period**
Antje Hensel-Roth	N/A	**3,819**	**35,663**	**1,468**	**Build-up period**
Lord Davies of Abersoch	14,582	**30,452**	**N/A**	**N/A**	**N/A**
Virginia Holmes	10,000	**10,000**	**N/A**	**N/A**	**N/A**
Rusty Nelligan	141,000	**141,000**	**N/A**	**N/A**	**N/A**
Kathryn Purves	10,737	**10,737**	**N/A**	**N/A**	**N/A**
Amy Schioldager	10,000	**10,000**	**N/A**	**N/A**	**N/A**
Andrew Sykes	15,000	**15,000**	**N/A**	**N/A**	**N/A**
Stephen Welton	55,000	**55,000**	**N/A**	**N/A**	**N/A**

Under the Directors' Remuneration policy, the CEO is required to hold shares amounting to 300% of his annual salary and the other Executive Directors are each required to hold shares amounting to 200% of their annual salary, at the share price prevailing on 31 March 2021 with a build-up period for new Executive Directors. Both Vijay Bharadia and Antje Hensel-Roth are still within this build-up period. There are no set shareholding requirements for NEDs, although all are encouraged to purchase a holding to align themselves with shareholders.

As at 29 May 2021, there were no changes in the Directors' share interests from the figures set out in the tables above.

Total pension entitlements (audited)

No Executive Director had a prospective entitlement to a defined benefit pension by reason of qualifying services.

Executive Directors' co-investment in third-party funds

Fund investors expect the CEO/CIO to co-invest in funds to demonstrate his alignment, and as such he has made significant personal commitments from his own resources to the majority of the Group's closed-end strategies. At times, other Executive Directors may also make co-investments from their own resources to demonstrate alignment.

The CEO/CIO's co-investments from his personal resources continue to range from £112.5k to £2.9m across 15 funds.

Carried interest on third-party funds

Certain professionals (including the Executive Directors) are expected to invest in carried interest arrangements under which a portion of the carried interest (usually between 50% and 80%) in respect of certain managed funds is available for allocation to investment professionals. Those investment professionals who participate in such arrangements pay full market value for the interests at the time of acquisition. Carried interest on third-party funds is an investment required by third-party fund clients to drive alignment and is not remuneration for services provided to the Group.

The current standard framework with third-party fund investors, which reflects industry standards in the UK and globally, meant that Executive Director carried interest commitments in the year ended 31 March 2021 have ranged from between 10% and 15% per relevant fund.

Further details of the funds managed by the Group (including an indication of those funds which have carried interest arrangements required by fund investors) can be found on page 186.

Scheme interests awarded during the financial year (audited)

The following table provides the details of scheme interests awarded to the Executive Directors during the year ended 31 March 2021:

Director	Award	Award date	Face value at grant (£000)	Number of shares awarded
Benoît Durteste	ICG PLC Equity Awards	4 June 2020	3,717.4	283,669
Vijay Bharadia	ICG PLC Equity Awards	4 June 2020	910.7	69,625
Antje Hensel-Roth	Deferred Share Awards	4 June 2020	260.0	19,877

On 4 June 2020, ICG PLC Equity awards were granted to those Executive Directors who had served in the year ended 31 March 2020 in relation to their performance in that year. Additionally, Deferred Share Awards were granted to Antje Hensel-Roth in relation to performance in that year prior to her appointment as an Executive Director. 80% of the variable pay awarded to Benoît Durteste and 70% of the variable pay awarded to Vijay Bharadia in respect of that year was granted in the form of ICG PLC Equity. Awards vest in tranches of one third at the end of the third, fourth and fifth years following the year of grant. The Deferred Share Awards granted to Antje Hensel-Roth vest in tranches of one third at the end of the first, second and third years following the year of grant. As awards are made on the basis of PICP generated and performance achieved, there are no further performance conditions. The share price on the date of award of ICG PLC Equity and Deferred Share Awards was £13.08. This was the middle market quotation for the five dealing days prior to 4 June 2020.

CEO pay ratio

The table below compares the CEO's single total remuneration figure for FY21 to the remuneration of the Group's UK workforce as at 31 March 2021.

	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
2021	Option A	74:1	46:1	24:1
2020	Option A	58:1	37:1	18:1

Our ratio is lower than many FTSE companies due to a consistent remuneration approach. The median pay ratio has increased from 37:1 to 46:1 due to the Group's strong performance being reflected in the CEO's variable pay for the current year and higher payments of legacy DVB awards that are reflected in the long-term incentives element of the single total figure of remuneration.

Consistent with our calculation methodology in prior years, employee pay is calculated on the basis of the CEO single figure, which is 'Option A' under the reporting requirements. There are three possible methodologies that companies can adopt (Options A, B or C) and we have chosen Option A which we consider the most robust methodology. Option A requires the Group to calculate the pay and benefits of all its UK employees for the relevant financial year in order to identify the total remuneration at the 25th percentile, at the median and at the 75th percentile. Employee pay data is based on full-time equivalent pay for UK employees as at 31 March 2021, in line with the CEO single figure methodology. In calculating these ratios, we have annualised any part-time employees or new joiners to a full-time equivalent (where relevant).

Remuneration for quartile employees	Employee at 75th percentile	Median Employee	Employee at 25th percentile
Salary	£153,000	£95,000	£65,000
Total pay and benefits	£316,012	£163,019	£102,100

Percentage change in remuneration of Directors

The table below details how changes to the Directors' pay compare with the change in the average pay across all employees of the Group. Each figure is a percentage change of the values between the previous financial year and the financial year under review. The total permanent workforce has been selected as the comparator for salaries and fees and short-term incentives. The comparison of the increase in taxable benefits has been made for UK permanent employees only as their remuneration packages are most directly comparable to that of the Chief Executive.

Percentage change	Salaries/fees	Taxable benefits[1]	Short-term incentives
Benoît Durteste	0.0%	1.7%	22.9%
Vijay Bharadia[2]	0.0%	52.3%	23.0%
Antje Hensel-Roth[3]	N/A	N/A	N/A
Lord Davies of Abersoch	0.0%	N/A	N/A
Virginia Holmes	0.0%	N/A	N/A
Rosemary Leith	0.0%	N/A	N/A
Kathryn Purves	0.0%	N/A	N/A
Amy Schioldager	0.0%	N/A	N/A
Andrew Sykes	0.0%	N/A	N/A
Stephen Welton	0.0%	N/A	N/A
All employees	1.6%	27.4%	4.1%

1. Excludes average taxable expenses for both the Directors and all employees.
2. The figures for Vijay Bharadia for FY20 are for part of the year to reflect his actual time in role as an Executive Director.
3. The figures also reflect that it is Antje Hensel-Roth's first year as an Executive Director.

The increase in salaries and short-term incentives for employees arise from demographic changes in the employee population including a number of senior hires over the last couple of years. This demographic change means that employees are more likely to receive more substantial short-term incentives compared to a more junior population. The significant increase in taxable benefits for Vijay Bharadia and all employees is largely due to an improved medical insurance offering. Short-term incentives for all employees grew by 4.1%, although the variable pay for these individuals has increased by 12.4% when new awards of DVB are included.

Gender pay

We are required by law to publish data on the following:

- Gender pay gap (mean and median)
- Gender bonus gap (mean and median)
- Proportion of men and women in each quartile of the Group's pay structure
- Proportion of men and women receiving bonuses

The gender pay gap is a UK comparison across the pay of all men and all women regardless of their level or role. This is different from an equal pay gap, an individual measure comparing the pay of a man and a woman in the same or a similar role. We have equal pay for equal work regardless of gender.

Both the pay and bonus gaps have increased during the financial year. The hourly pay gap has risen slightly after a period of steady decline over the previous four years of gender pay gap reporting. The mean pay gap is now 30.9% and the mean bonus gap has also risen slightly compared to last year.

Whilst there has been an increase of women in all parts of the Group, including at the most senior level, and promotions as a percentage of the overall gender population have been equal between men and women, a small increase in the proportion of men occupying senior roles in the organisation has led to the overall increase in our gender pay gap. Given our relatively small headcount, those small year-on-year changes in headcount can have a significant impact.

The mean bonus gap has increased largely as a function of long-term incentives granted several years ago and being paid out now. At the time of grant, the occupation of senior roles by women was much lower across the Group. Given the long-term nature of these incentive plans and the methodology for gender bonus gap calculations, we expect to see this dynamic continue for some time.

	2017	2018	2019	2020	**2021**
Mean pay gap	39.8%	33.6%	28.9%	26.2%	30.9%
Mean bonus gap	81.7%	67.7%	78.3%	66.6%	68.8%

The Group is nonetheless pleased with the overall progress that has been made over the last five years and continues to be committed to addressing our gender pay gap with a number of initiatives which are now well established. It continues to increase talent diversity and foster a culture of inclusivity through:

- Recruitment: improving hiring diversity through extending the reach of our search and selection activities; pressing for balanced candidate short lists for all roles; maximising diversity on our interview panels to moderate bias; continuously developing the interviewing skills of our staff
- Development: supporting individuals in their career progression through extensive mentoring and training; as well as holding managers accountable for the development and progression of their teams
- Retention: creating a culture of inclusion driven both from the top-down and the bottom-up, through formal initiatives and informal networks; continuously developing our offering in terms of parental benefits, mental and physical wellbeing, and career sustainability

Benchmarking

Remuneration awards are benchmarked against the following peers in the major jurisdictions where the Group operates:

- Listed and unlisted alternative asset managers
- Listed and unlisted asset managers
- Investment banks
- Listed financial service companies
- Other organisations as appropriate for the individual role

The Group carries out an extensive annual exercise to benchmark proposed salaries, bonuses and deferred awards for all employees globally.

Our Executive Directors are benchmarked against equivalent individuals at a range of relevant public and private companies globally. While it is extremely challenging to obtain publicly available data on many private companies, we are able to gain insight into this area by commissioning bespoke research by leading external compensation and recruitment consultants and other independent providers of compensation data.

Due to the unique nature of the Group's business as a UK-listed alternative asset manager, which competes for talent against other alternative asset managers which are not listed in the UK or indeed at all, it is imperative to obtain a wide range of benchmark data.

Hence, while we do consider other UK-listed financial services companies in our benchmarking, they can be a less relevant comparator.

Fees paid to NEDs (audited)

In the financial year under review, NEDs' fees were as follows:

Non Executive Directors	Date appointed	Board membership fees £000	Board and Committee Chairman fees £000	Senior Independent Director fee £000	Audit Committee £000	Remuneration Committee £000	Risk Committee £000	Total for year ended 2020[4] £000	**Total for year ended 2021 £000**
Lord Davies of Abersoch (Chairman)[1]	November 2019		275.0					96.7	**275.0**
Virginia Holmes	March 2017	76.5	20.5				12.3	109.3	**109.3**
Rusty Nelligan	September 2016	76.5	20.5				12.3	109.3	**109.3**
Rosemary Leith[2]	February 2021	12.8				2.1	2.1	N/A	**17.0**
Kathryn Purves	October 2014	76.5	20.5		12.3			109.3	**109.3**
Amy Schioldager[3]	January 2018	76.5	20.5		12.3		12.3	121.6	**121.6**
Andrew Sykes	March 2018	76.5		15.5	12.3	12.3		116.6	**116.6**
Stephen Welton	September 2017	76.5				12.3		88.8	**88.8**

1. The Chairman does not receive a fee in respect of his membership of the Remuneration Committee.
2. This fee relates to Rosemary Leith's role as a Board Director since joining in February 2021.
3. This fee relates to Amy Schioldager's role as Board Director of Employee Engagement.
4. For the year ended 31 March 2021, there were no taxable expenses paid to the NEDs.

NEDs do not have contracts of service and are not eligible to join the designated Group pension plan or receive payment for loss of office. All NEDs have a three-month notice period, are re-elected annually and were last re-elected in July 2020, except for Rosemary Leith.

Payments made to past directors (audited)

The following payments (in excess of £500), in respect of DVB awards made while they were Executive Directors, were made to former directors in the financial year ended 31 March 2021. These are deferred awards for performance in previous years, and were retained on leaving service.

Employee	£
Philip Keller	472,038
Christophe Evain	702,501

Statement of implementation of Remuneration Policy in following financial year

The NEDs' fees have been benchmarked against fees of NEDs in comparable companies of similar size and nature. The Chairman's fee has been increased from £275,000 to £325,000, which brings it closer in line with, although still below, the median for financial services companies of similar size. The NEDs' base fees have not been increased this year but the Committee Chair fees have been increased from £20,500 to £25,000, to move more in line with market norms.

The salaries for the Executive Directors and fees for the NEDs for the coming year are set out below.

	Annual salaries and fees £000	
Role	Year ended 31 March 2021	Year ended 31 March 2022
CEO	394.0	**394.0**
CFOO	500.0	**500.0**
CPEAO	425.0	**425.0**
Chairman	275.0	**325.0**
Non Executive Director base fee (other than Chairman)	76.5	**76.5**
Senior Independent Director	15.5	**15.5**
Remuneration Committee Chair	20.5	**25.0**
Audit Committee Chair	20.5	**25.0**
Risk Committee Chair	20.5	**25.0**
Member of the Audit Committee, Risk Committee or Remuneration Committee	12.3	**12.3**
Board Director for Employee Engagement	20.5	**20.5**

Committee composition is set out on page 62 and in the relevant Committee reports on pages 70 to 108.

For the coming year, the AAP will be calculated as described in the Directors' Remuneration Policy. All incentives for qualifying services payable to Executive Directors and other employees of the Group will be funded out of the AAP. The Executive Directors' annual bonus and other incentives will be guided by their achieving specific objectives.

Statement of voting at annual general meeting

At the last AGM, votes were cast as follows:

	Votes for	Votes against	Abstentions
Directors' Remuneration Report	96.79%	3.21%	243,918
Remuneration Policy	94.43%	5.57%	242,894

Payments for loss of office (audited)

No payments were made for loss of office in the financial year under review.

This Annual Report on Remuneration is approved by the Board and signed on its behalf by

Virginia Holmes
Chair Of The Remuneration Committee

8 June 2021

Governance of remuneration

Committee governance

The Committee is authorised by the Board to determine and agree the remuneration of the Chairman of the Group, the Executive Directors and such other members of the executive management (including all material risk takers).

Roles and responsibilities

The Committee is responsible for:

- Recommending to the Board the Group Remuneration Policy and share incentive schemes to be recommended to shareholders ensuring compliance with applicable laws, regulations and the Group's risk appetite
- Recommending the remuneration terms for any person proposed to join the Board as the Chairman or as an Executive Director and, in consultation with the Chairman, determining the contractual terms of employment of the Executive Directors
- Monitoring the level and structure of remuneration for Executive Directors and certain senior employees taking account of all relevant factors and having regard to views of shareholders and other stakeholders
- Determining targets or key performance indicators (consistent with the Group's strategy, budget and individuals' personal objectives) for performance-related pay schemes applicable to Executive Directors and determining the outcomes under such schemes
- Determining the remuneration of the Chairman and, having taken advice from the Chairman, the Executive Directors
- For all share incentive plans, determining when awards will be made, the aggregate quantum of such awards, the individual awards to certain senior employees and having taken advice from the Chairman, the individual awards to Executive Directors
- Making proportionate adjustments to any employee's remuneration for events that have been detrimental to the Group
- Overseeing any payments made on the termination of employment of an Executive Director or certain senior employees
- Approving the aggregate variable pay pool and any Business Growth Pool

Composition

The Committee consists entirely of NEDs. During the year, the members of the Committee were Virginia Holmes (Chair of the Committee), Lord Davies of Abersoch, Andrew Sykes, Stephen Welton and Rosemary Leith, who joined the Committee on 1 February 2021.

Kathryn Purves and Rusty Nelligan have also attended meetings of the Committee during the year at the invitation of the Committee Chair, in their roles as Heads of the Risk and Audit Committees, to ensure that risk and audit matters are taken into account in determining the remuneration of Directors.

Biographical details can be found on pages 62 to 65

None of the Committee members has any personal financial interests (other than as a shareholder in ICG) which would lead to a conflict of interests or conflicts arising from cross directorships or day-to-day involvement in running the business. The Company therefore complies with the Corporate Governance Code recommendations regarding the composition of the Committee.

The Committee meets at least three times a year and more frequently if necessary. Executive Directors attend the meetings by invitation. The Committee consults the Executive Directors regarding its proposals and also has access to professional advice from outside the Group. The Head of Reward also attends meetings, and the Company Secretary attends as Secretary. No Director is involved in any decisions as to their own remuneration.

A table showing the number of Committee meetings held during the year and the attendance record of individual Directors can be found in the Corporate Governance section (see page 67).

Terms of reference

The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2021. The terms of reference are available on the Group's website www.icgam.com, or by contacting the Company Secretary.

Effectiveness

The operations of the Committee were reviewed as part of the internal Board evaluation led by the Chairman in early 2021; the Committee was found to be operating effectively. For more details of this exercise, please see page 69.

Advisers to the Committee

During the year, external advice to the Committee transitioned from Aon to Alvarez and Marsal, following Aon's decision to close its listed company Remuneration Committee advisory practice in the UK, and so both companies advised the Committee and management on remuneration matters during the course of the year, and may also provide advice to the Committee on other issues on request. Legal advisers (including Allen & Overy and Slaughter & May) have been available to the Committee during the year to 31 March 2021, and PwC are available for advice on certain taxation and other matters. Advisers are selected on the basis of their expertise in the area and with a view to ensuring independence from other advisers to the Group. Therefore, the Committee is confident that independent and objective advice is received from its advisers.

The fees charged for advice to the Committee were £28,923 payable to Aon and £36,310 payable to Alvarez and Marsal. Fees are charged on the basis of time spent. PwC also provides tax and due diligence services to the Group.

Directors' Remuneration Policy

This section describes our remuneration policy, which was approved by our shareholders at the 2020 AGM with a 94.43% vote in favour.

Annual Award Pool (AAP) and Business Growth Pool (BGP)

A central feature of the Group's Remuneration policy is the AAP. All incentives awarded across the Group are governed by an overall limit of 30% of Pre-Incentive Cash Profit (PICP) over a five-year period.

This percentage may be exceeded in any single year but must not be exceeded on an average basis over five years. Managing the AAP by reference to a five-year rolling average ensures that variable awards to employees are made in a considered way with a long-term perspective rather than as a reaction to a single year's exceptional performance.

The AAP is funded by PICP, so that:

- Interest income and capital gains are only recognised on a cash basis
- Impairments on investment principal are included
- Fair value movement of derivatives is excluded

The holding period for investments is typically four to eight years and a significant portion of the Group's fund management fees arise from committed closed-end funds and are payable over the life of the fund which can be up to 12 years. This means that the AAP is long-term in nature as it includes realisations from a number of investment vintages. By generating the award pool in this way, we ensure that employees are only rewarded once returns have crystallised.

Allocation of the award pool

The AAP is based on cash profits the Group has already realised from its fund management business and its investments, and it is capped at 30% annualised over a five-year period. The Committee exercises discretion over the actual amount to be awarded in variable compensation each year, based on an assessment of market levels of pay, Group KPIs, and individual performance (subject to the overall cap on the AAP).

In a strong year that has generated high PICP, the Committee may choose not to distribute the full AAP but can instead retain some of it for potential use in future years. In years where PICP is low, the Committee may distribute some of the retained AAP from previous years, if appropriate. The Committee applies a prudent approach to setting the actual size of variable pay pool, within the overall limits described above.

The ongoing appropriateness of the 30% limit for the existing business is kept under review.

Awards to the Executive Directors are paid as a mix of cash and ICG PLC shares. A significant proportion of the variable pay is made in the form of deferred shares, with at least 70% of the total variable pay for each Executive Director awarded in the form of ICG PLC shares deferred over three, four and five years.

Cash Bonus Awards for the Executive Directors are subject to clawback which applies for two years post award. ICG PLC Equity Awards are subject to both malus and, for two years post vesting, clawback.

Business Growth Pool (BGP)

The BGP is capped at 3% of the five-year rolling average PICP and is designed to support the establishment of new investment strategies, commensurate with the overall business strategy. The BGP is used to fund the incentives of relevant teams involved in developing such new strategies, and is ring-fenced and limited in duration to the period when the new investment strategy is being developed. Any awards made from the BGP are overseen by the Committee, and Executive Directors do not participate in any such awards.

Awards falling within the AAP

All cash and share awards are distributed from the AAP. There are two different award types to be made over ICG shares: Deferred Share Awards (received by our wider employee base) and ICG PLC Equity Awards. Deferred Share Awards are not made to Executive Directors.

Certain performance fees (funded by third-party investors) and other fund performance incentives funded by ICG are also included in the overall limits set for the AAP.

Carried interest on third-party funds and similar arrangements in respect of ICG direct investment funds or business acquisitions that do not give rise to a cost or liability to the Group are not remuneration and are outside the AAP.

Remuneration policy table

The table below outlines each element of the remuneration policy for the Directors of the Company.

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
1. Base salary – Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group – Designed to be sufficient to ensure that Executive Directors do not become dependent on their variable remuneration – Reflects local competitive market levels	– Paid monthly – Normally reviewed annually with any changes generally applying from the start of the financial year	– In considering increases, the Committee considers the range of salary increases applying across the Group, and local market levels – Any increase in salary for an Executive Director will not normally exceed the average salary increase across the Group unless there are exceptional reasons such as, but not limited to, a change in the role or responsibilities of the Executive Director	– None
2. Benefits – Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group – Reflects local competitive market levels	– Benefits currently receivable by Executive Directors include life assurance, private medical insurance and income protection – Additional benefits (such as relocation assistance) may be offered in line with market practice if considered appropriate by the Committee	– Provision and level of benefits are competitive and appropriate in the context of the local market – The maximum opportunity will depend on the type of benefit and cost of its provision, which will vary according to the market and individual circumstances	– None
3. Pension – Adequate to recruit and retain Executive Directors to deliver the strategic objectives of the Group Purpose and link to strategy	– All Executive Directors are entitled to a pension allowance payable each month at the same time as their salary	– A pension allowance of no more than the level available to the majority of the Group's workforce in the relevant location is provided. The current level for the UK workforce is up to 12.5% of base salary	– None

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
4. Total variable pay award – The Total Variable Pay Award is split between Cash Bonus Award and ICG PLC Equity Award (see below)	– The total variable pay award consists of the Cash Bonus Award and ICG PLC Equity Award	– An Executive Director's annual variable award is drawn from the AAP which is determined as described on page 102 – Total variable pay awards to Executive Directors are subject to a cap, payable for outstanding performance only. This is £6m for the CEO/ CIO, £2m for the CFOO and £1.5m for the CPEAO – Target variable awards to Executive Directors are £3.6m for the CEO/CIO, £1m for the CFOO and £750k for the CPEAO – Awards are made based on performance as described on page 93	– An Executive Director's annual variable award is drawn from the AAP, and so is directly determined by reference to the Group's cash profit for the relevant financial year – Executive Director's annual variable award entitlement is also determined by reference to performance against personal and corporate performance objectives, which are derived from the Group's key performance indicators
4a. Cash Bonus Award – Rewards achievement of business KPIs, cash profits and employing sound risk and business management	– Awards are made after the end of the financial year – The maximum amount of an Executive Director's Total Variable Pay Award that can be paid as a Cash Bonus Award is 30% – Cash Bonus Awards are subject to clawback which applies for three years post award. Forfeiture of compensation may be triggered by, amongst other things, a misstatement of the accounts, fraud, regulatory breaches and serious breaches of contract	– See details above in relation to the overall annual variable award	– See details above in relation to the overall annual variable award

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
4b. ICG PLC Equity Award – Rewards achievement of business KPIs, cash profits and employing sound risk and business management – Aligns the interests of Executive Directors with those of shareholders	– Awards are made over shares in the Company after the end of the financial year – At least 70% of an Executive Director's Total Variable Pay Award shall be delivered in ICG PLC Equity – Shares normally vest by one third in each of the third, fourth and fifth years following the year of grant unless the Executive leaves for cause or to join a competitor, in which case the awards lapse. The Committee has discretion to vary the date of vesting if necessary or desirable for regulatory or legislative reasons – In the event of a change in control (other than an internal reorganisation) shares vest in full – Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date – PLC Equity Awards made are subject to both malus, until vesting, and clawback which will apply for up to seven years post grant. Forfeiture of compensation may be triggered by, amongst other things, a misstatement of the accounts, fraud, regulatory breaches and serious breaches of contract	– See details above in relation to the overall annual variable award	– See details above in relation to the overall annual variable award
5. Shareholding requirement – To align the interests of the Group's Executive Directors with those of shareholders. – To further enhance long-term alignment with shareholders, a post-cessation shareholding requirement has been introduced	– Executive Directors are required to build ownership of a number of ordinary shares in the Group, normally over five years from appointment, with a market value equal to a multiple of the Director's annual base salary. This multiple is three times for the CEO and two times for the other Executive Directors – Executive Directors are normally required to maintain this level (or the level so far accrued at cessation, if lower) of holding for two years after they cease to be employed	– N/A	– N/A

Purpose and link to strategy	Operation	Maximum opportunity	Performance conditions
6. The Intermediate Capital Group PLC SAYE Plan 2014 – Provides an opportunity for all employees to participate in the success of the Group	– All UK employees are offered the opportunity to save a regular amount each month over 36 months and may receive an uplift at the end of the saving contract (subject to HMRC legislation) – At maturity, employees can exercise their option to acquire and purchase shares in ICG PLC at the discounted price set at the award date or receive the accumulated cash	– Employees may save the maximum permitted by legislation each month	– The Plan is not subject to any performance conditions, as this is not permitted by the relevant legislation
7. Fees paid to Non Executive Directors – To facilitate the recruitment of Non Executive Directors who will oversee the development of strategy and monitor the Executive Directors' stewardship of the business	– Fees are payable to Non Executive Directors for their services in positions upon the Board and various Committees – Fees for the Board Chairman are determined and reviewed annually by the Committee and fees for Non Executive Directors are determined by the Board Chairman and the Executive Directors – The Committee refers to objective research on up-to-date, relevant benchmark information for similar companies – Non Executive Directors are reimbursed for expenses, such as travel and subsistence costs, incurred in connection with their duties. Any tax costs associated with these benefits are paid by the Group	– Non Executive Directors cannot participate in any of the Group's variable pay plans or share schemes and are not eligible to join the designated Group pension plan – Fees are set and reviewed in line with market rates. Aggregate annual fees do not exceed the limit set out in the Articles of Association – Any benefits receivable by Non Executive Directors will be in line with market practice	– None of the Non Executive Directors' remuneration is subject to performance conditions

Performance measures and targets

The AAP is determined based on the Group's financial performance. The Group's PICP provides a link between income generation for shareholders and employee compensation (see page 102).

Once the AAP has been calculated, it is then allocated based on business performance and an individual's performance as determined by the annual appraisal process.

Executive Directors have performance objectives set and KPIs are set by the Committee. Details of these KPIs are set out on page 93. Further management information is provided to the Committee on performance to ensure that financial results are put into the context of wider performance factors, compliance and risk appetite.

Co-investment and carried interest in third-party funds

Executive Directors and investment professionals in the Group may be required to invest in third-party funds through co-investment and carried interest. Where this applies, the executive pays full market value for these interests at the time of acquisition, and takes the investment risk. These are personal investments that are expected by third-party fund clients, to drive financial alignment with third-party fund performance, rather than remuneration provided by ICG for services to the Group.

Committee discretion

The Committee, consistent with market practice, retains discretion over a number of areas relating to the operation of the Policy. These include, but are not limited to, the following:

- the timing of awards or payments
- the size of awards (within the limits set out in the Policy table)
- the choice of weighting and assessment of performance metrics
- in exceptional circumstances, determining that a share-based award shall be settled (in full or in part) in cash
- the treatment of awards in the event of a change of control or restructuring
- determination of good leaver status, and treatment of awards for such leavers
- whether, and to what extent, malus and/or clawback should apply
- adjustments required in exceptional circumstances such as rights issues, corporate restructuring, or special dividends
- adjustments to performance criteria where there are exceptional events

Service contracts and policy on payments for loss of office

Executive Directors

The Group's policy is for Executive Directors to have ongoing contracts which are deemed appropriate for the nature of the Group's business. Service contracts are held, and are available for inspection, at the Group's registered office. The details of the service contracts for Executive Directors serving during the year and the treatment of deferred share awards to Executive Directors are shown below.

Executive Director	Date of service contract	Last re-elected	Re-election frequency	Notice period	Non-compete provisions	Compensation on termination by the Company without notice or cause
Benoît Durteste	21 May 2012	July 2020	Annual	12 months	Restraint period of 12 months	The salary for any unexpired period of notice plus the cost to the Group (excluding National Insurance contributions) of providing insurance benefits for the same period. The Group may also make payments, where necessary, to mitigate any potential claims, and to compensate for legal fees or outplacement costs incurred
Vijay Bharadia	20 May 2019	July 2020	Annual	12 months	Restraint period of 9 months	
Antje Hensel-Roth	16 April 2020	July 2020	Annual	12 months	Restraint period of 9 months	

Deferred share award	Status	Death, disability, long-term ill health	Redundancy	Cause or competing	Any other reason
PLC Equity Award	Unvested	Retain with early vesting	Retain	Forfeit, subject to discretion	Retain, subject to discretion
Deferred Share Award	Unvested	Retain with early vesting	Retain, subject to discretion	Forfeit, subject to discretion	Retain, subject to discretion

Exercise of discretion

The discretion available to the Committee under the variable pay plans is intended to provide the Committee with flexibility to deal fairly with every eventuality. In exercising its discretion, the Committee will take into account the circumstances in which the individual has left the Group, their performance and the impact that this has had on the Group's overall performance. The Committee reserves discretion to make a variable pay award to an Executive Director in respect of the final year of service, taking into account the circumstances of the individual's termination of office, the portion of the year served, and performance for the financial year concerned.

Approach to recruitment remuneration

The Group operates in a highly specialised and competitive market, and hence competition for talent is intense. The Committee's approach to recruitment remuneration is to pay what is appropriate to attract candidates to a role.

New Executive Directors are offered a remuneration package similar to that of existing employees in the same role. All Executive Directors are offered an appropriate annual salary, benefits and pension allowance and all participate in the Annual Award Pool and are subject to an overall cap on variable reward.

However, it may be necessary to offer a new Executive Director a remuneration package that differs from that currently provided to the Executive Directors in order to attract the best recruit. This could include a higher base salary and relocation and/or housing benefits and higher total variable pay, but not more than the CEO/CIO level set out in the policy table, unless there are exceptional circumstances.

Replacement of forfeited compensation such as deferred bonuses and long-term incentives is permitted.

This is subject to, as far as possible, the timing, delivery mechanism (i.e. shares or cash) and amounts paid out being set to reflect any former arrangement.

As far as possible, the value of any replacement awards will reflect the expected value of the forfeited awards.

In the event of an internal promotion to the Board, the Committee reserves the right to allow any pre-existing awards or arrangements to be retained until their normal maturity date, notwithstanding that these may not be consistent with the approved policy.

Statement of consideration of shareholder views

The Committee is responsible for the overall remuneration policy for all the Group's employees and ensures that the remuneration arrangements should take into account the long-term interests of shareholders, clients and other stakeholders.

The Group recognises the importance of communication with its shareholders, particularly through interim and annual reports and the AGM.

The CEO, CFOO and the Chairmen of the Board and each of its Committees will be available to answer shareholders' questions at the AGM. The CEO and the CFOO meet institutional shareholders on a regular basis, and the Chairman periodically contacts the Group's major shareholders and offers to meet with them. The Board is kept fully informed of the views and concerns of the major shareholders and relevant NEDs attend meetings with major shareholders and shareholder advisory groups when requested to do so.

Statement of consideration of employment conditions elsewhere in the Group and employee views

The Committee considers the employment conditions and the remuneration structures in place for all employees of the Group when setting the Directors' Remuneration Policy.

The Committee also reviews the remuneration arrangements of senior investment and marketing employees and senior management and control function employees and oversees the remuneration structure and market positioning for other roles. The overall and average salary increase across the Group is approved by the Committee each year. The Board has established a process which is being used to seek the opinions of employees when setting the Directors' Remuneration Policy by seeking feedback through a designated NED (see pages 26, 61 and 85 for further details). In addition employees' views are represented at Committee meetings through the Chief People and External Affairs Officer, who is also an Executive Director, and the Head of Reward.

Directors' report

The Directors present their Annual Report and the audited financial statements for the financial year ended 31 March 2021. The risks to which the Group is subject, and the policies in respect of such risks, are set out on pages 49 to 56 and are incorporated into this report by reference. The Corporate Governance section set out on pages 58 to 116 is incorporated into this report by reference. The Strategic Report section set out on pages 1 to 57 is also incorporated by reference.

Throughout the financial year ended 31 March 2021 the Group was in compliance with the provisions of the 2018 UK Corporate Governance Code issued by the Financial Reporting Council. A copy of the Code is available on the Financial Reporting Council's website: www.frc.org.uk. The Governance section of this report (pages 58 to 116) sets out how we have applied the Code's principles and provisions throughout the year.

Significant shareholdings

As at 1 June 2021 the Company had been notified or otherwise become aware of the following interests pursuant to the Disclosure Rules and the Transparency Rules representing 3% or more of the issued share capital of the Company.

Institution	Number of shares	Percentage of voting rights
Wellington Management Company	29,196,723	10.05%
BlackRock Inc	17,684,657	6.09%
Aviva Investors	17,554,328	6.04%
Standard Life Aberdeen	16,083,123	5.54%
The Vanguard Group Inc	11,042,382	3.80%
Franklin Resources Inc	9,217,111	3.17%
Schroders Plc	9,165,768	3.15%

Directors

The profiles of the Directors currently serving are shown on pages 62 to 65; those details are incorporated into this report by reference. All of the Directors served throughout the year, save that (a) Antje Hensel-Roth was appointed as an Executive Director and Member of the Board of ICG PLC on 16 April 2020, (b) Rosemary Leith was appointed as a Non-Executive Director on 1 February 2021 and (c) Matthew Lester joined the Board as a Non-Executive Director after the end of the year on 1 April 2021.

The composition of each of the Committees of the Board and the Chair of each Committee are detailed in the report of each Committee, found on pages 70 to 108.

Directors' interests

The interests of Directors who held office at 31 March 2021 and their connected persons, as defined by the Companies Act 2006, are disclosed in the report of the Remuneration Committee on page 95.

During the financial year ended 31 March 2021, the Directors had no options over or other interests in the shares of any subsidiary company.

The roles of the Chairman and Chief Executive

In accordance with the Code, the Board has adopted a formal division of responsibilities between the Chairman and the CEO, so as to establish a clear division of responsibilities between the running of the Board and the executive responsibility for the running of the Company's business.

The current Chairman, Lord Davies of Abersoch, was considered independent at the date of his appointment as Chairman.

The Board has delegated the following responsibilities to the Executive Directors:

- The development and recommendation of strategic plans for consideration by the Board
- Delivery of objectives and priorities determined by the Board
- Implementation of the strategies and policies of the Group as determined by the Board
- Monitoring of operating and financial results against plans and budgets
- Monitoring the quality of the investment process
- Developing and maintaining risk management systems

Disclosure documents

The terms of reference of each of the Board Committees, together with the Directors' service agreements, the terms and conditions of appointment of NEDs and Directors' deeds of indemnity, are available for inspection at the Company's registered office during normal business hours.

Committee proceedings

Each Committee has access to such external advice as it may consider appropriate. The terms of reference of each Committee are considered regularly by the respective Committee and referred to the Board for approval.

Delegation to Executive Directors

The Company has three Executive Directors, each of whom has a specific area of responsibility.

Benoît Durteste is CEO and, in addition to his strategic and operational remit, oversees the Group's Investment Committees in his role as the Chief Investment Officer.

Vijay Bharadia is Chief Finance and Operating Officer and is responsible for compliance, finance, treasury, tax, investor relations, legal, operations and IT, and risk.

Antje Hensel-Roth was appointed in April 2020 as Chief People and External Affairs Officer and is currently responsible for human resources, communications and external affairs.

A Management Committee is in place to support, assist and challenge the Executive Directors in the exercise of their authority. This Committee is made up of other individuals from the senior management team of the Group and focuses on ongoing business operations and business development opportunities.

Board process

Each Board member receives a comprehensive Board pack at least five days prior to each meeting which incorporates a formal agenda together with supporting papers for items to be discussed at the meeting. Further information is obtained by the Board from the Executive Directors and other relevant members of senior management, as the Board, particularly its NEDs, consider appropriate.

A similar process is followed for each Committee.

Advice for Directors

All Directors have access to the advice and services of the Company Secretary and the Secretaries to each of the Committees on which they serve and may take independent professional advice at the Group's expense in the furtherance of their duties. The appointment or removal of the Company Secretary would be a matter for the Board.

Meetings with the Chairman

Time has been added at the end of each Board meeting for the NEDs to hold meetings in the absence of Executive Directors. As appropriate, the NEDs will also hold sessions in the absence of the Chairman.

In accordance with the Code, any shareholder concerns not resolved through the usual mechanisms for investor communication can be conveyed to the Senior Independent Director (SID). The SID acts as a sounding board for the Chairman and also leads the annual appraisal of the Chairman.

Directors' indemnity

The Group has entered into standard contractual indemnities with each of the Directors. The Group also provides Directors' and Officers' insurance for the Directors.

Conflicts of interest

Directors have a statutory duty to avoid conflicts of interest with the Group. The Company's Articles of Association allow the Directors to authorise conflicts of interest and the Board has adopted a policy and effective procedures for managing and, where appropriate, approving potential conflicts of interest. No material conflicts of interest exist.

Internal control

The Board has overall responsibility for the Group's internal control system and monitoring of risk management, the effectiveness of which is reviewed at least annually. Internal controls include giving reasonable, but not absolute, assurance that assets are safeguarded, transactions are authorised and recorded properly, and that material errors and irregularities are prevented or detected within a timely period.

Through the regular meetings of the Board and the schedule of matters reserved to the Board or its duly authorised Committees, the Board aims to maintain full and effective control over appropriate strategic, financial, operational and compliance issues. For further details of the Group's Committees, please see pages 70 to 108 and for further details of the Board, pages 58 to 69.

The Board has put in place an organisational structure with clearly defined lines of responsibility and delegation of authority.

The Board annually considers and approves a strategic plan and budget. In addition, there are established procedures and processes in place for the making and monitoring of investments and the planning and controlling of expenditure.

The Board also receives regular reports from Executive Directors and other members of senior management on the Group's operational and financial performance, measured against the annual budget, as well as regulatory and compliance matters. For further details of the Group's Executive Directors, please see page 109.

The Group has in place arrangements whereby individuals may raise matters of concern in confidence about possible improprieties in matters of financial reporting or other matters.

The rationale for the system of internal control is to maximise effectiveness for the commercial management of the business and to provide the Board with regular and effective reporting on the identified significant risk factors. The Board is responsible for determining strategies and policies for risk control, and management is responsible for implementing such strategies and policies.

The Board confirms that an ongoing process for identifying, evaluating and managing the Group's significant risks has operated throughout the year and up to the date of the approval of the Directors' report and financial statements. For further details of the risks relating to the Group, please see pages 49 to 56 and the report of the Risk Committee on page 79.

Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report on pages 1 to 57. The financial position of the Group, its cashflows, liquidity position, and borrowing facilities are described in the Finance and Operating Review on pages 38 to 48. In addition, the Directors have taken account of the Group's risk management process described on pages 49 to 56. The Directors have made an assessment of going concern, taking into account both the Group's current performance and the Group's outlook, using the information available up to the date of issue of these financial statements.

The Group has good visibility on future management fees due to the long-term nature of our funds, underpinned by a strong and well capitalised balance sheet. At 31 March 2021, liquidity which consists of unencumbered cash and undrawn debt facilities was £846.9m (31 March 2020: £1,216.5m). This financial position and liquidity profile provide confidence that the Group has sufficient financial resources for the foreseeable future. As a consequence, the Directors believe that the Company and the Group are well positioned to manage its and their businesses and liabilities as they fall due.

The Directors have acknowledged their responsibilities in relation to the financial statements for the year to 31 March 2021. After making the assessment of going concern, the Directors have concluded that the preparation of the financial statements on a going concern basis to 30 September 2022, a period of more than 12 months from the signing of the financial statements, continues to be appropriate.

Forward-looking statements

This Annual Report includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking expressions, including the terms 'believes', 'estimates', 'anticipates', 'expects', 'intends', 'may', 'will' or 'should' or, in each case, their negative or other variations or similar expressions, or by discussions of strategy, plans, objectives, goals, future events or intentions.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this Annual Report and include, but are not limited to, the following: statements regarding the intentions, beliefs or current expectations of the Directors, the Company and the Group concerning, amongst other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies and the industries in which the Group operates.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the actual results of the Group's operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates may differ materially from those described in, or suggested by, the forward-looking statements contained in this Annual Report. In addition, even if the results of operations, financial condition and liquidity, and the development of the countries and the industries in which the Group operates, are consistent with the forward-looking statements contained in this Annual Report, those results or developments may not be indicative of results or developments in subsequent periods. Many of these factors are beyond the control of the Directors, the Company and the Group. Should one or more of these risks or uncertainties materialise, or should underlying assumptions on which the forward-looking statements are based prove incorrect, actual results may vary materially from those described in this Annual Report. Except to the extent required by laws and regulations, the Directors, the Company and the Group do not intend, and do not assume any obligation, to update any forward-looking statements set out in this Annual Report.

Change of control agreements

There are no significant agreements to which the Group is a party that take effect, alter or terminate upon a change of control of the Group, other than:

1. The Private Placement arrangements of $64m dated 8 May 2013, $122m and €44m dated 11 May 2015, $292m and €74m dated 29 September 2016, and $350m and €44m dated 26 March and 24 April 2019, where a change of control of the Company gives rise to a prepayment offer, whereby the Company must make an offer to all holders of the Private Placement notes to prepay the entire unpaid principal amount of the Private Placement notes, together with accrued interest thereon.
2. The £550m committed syndicated Revolving Credit Facility agreement entered into on 22 January 2021 contains a change of control provision which provides, upon the occurrence of a change of control of the Company, for a 30 day negotiation period with the syndicate lenders to agree terms and conditions which are acceptable to syndicate lenders and the Company for continuing the facilities. If, at the end of the negotiation period, no such agreement is reached, the facilities agreement gives each lender the right, but not the obligation, upon applicable notice, to cancel their commitments under the facilities agreement and declare their participation in the loans then outstanding repayable immediately, together with accrued interest and all other amounts payable thereon.
3. The terms and conditions of the £160m bond issue which took place in March 2015 and the €500m institutional bond issue which took place in February 2020 each of which set out that, following a change of control event, investors have the right but not the obligation to sell their notes to the Company if the change of control results in either a credit ratings downgrade from investment grade to sub-investment grade or withdrawal, or a downgrade of one or more notches (or withdrawal of the rating) if already sub-investment grade.

4. The employee share schemes, details of which can be found in the report of the Remuneration Committee on pages 87 to 108, awards and options under the 2001 Approved and Unapproved Executive Share Option Schemes and SAYE Plan 2004 become exercisable for a limited period following a change of control. Awards and options under the Omnibus Plan and the BSC Plan vest immediately on a change of control.
5. Carried interest arrangements in respect of a number of funds vest fully in favour of the Company and certain of the Group's employees following a change of control event.

There are no agreements between the Group and its Directors or employees providing for compensation for loss of office or employment that occurs because of a takeover bid apart from those described above and the usual payment in lieu of notice.

Information included in the Strategic report

In accordance with section 414 C (11) of the Companies Act 2006, the following information otherwise required to be set out in the Directors' report has been included in the Strategic report: risk management objectives and policies (pages 49 to 56); engagement with employees (page 36) and engagement with suppliers and other stakeholders (pages 24 to 29).

Dividend

The Directors recommend a final net ordinary dividend payment in respect of the ordinary shares of the Company at a rate of 39.0 pence per share (2020: 35.8 pence per share), which when added to the interim net dividend of 17.0 pence per share (2020: 15.0 pence per share) gives a total net dividend for the year of 56.0 pence per share (2020: 50.8 pence per share). The recommendation is subject to the approval of shareholders at the Company's AGM on 29 July 2021.

The amount of ordinary dividend paid in the year was £150.9m (2020: £142.8m).

Distributable reserves

The distributable reserves of the Parent Company at 31 March 2021 were £674.7m (£716.9m at 31 March 2020).

Disclosures required under UK Listing Rule 9.8.4

Dividend waivers have been issued in respect of shares which are held by the Group's Employee Benefit Trust (EBT), or held as treasury shares; other than this, there are no disclosures required to be made under UK Listing Rule 9.8.4.

Non UK branches

A subsidiary of the Company, Intermediate Capital Managers Limited, operates a branch in France.

Auditor

EY were the auditor for the financial year ended 31 March 2021. A resolution for the appointment of EY as the auditor was passed at the AGM held on 21 July 2020. Details of auditor's remuneration for audit and non-audit work are disclosed in note 12 to the accounts.

+ Further details are set out in the Audit Committee report on pages 70 to 78

Complex supplier arrangements

The Group does not use supplier financing arrangements.

Research and development activities

Details of the research and development activities undertaken are set out in note 17.

Disclosure of information to the auditor

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

- So far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware
- The Director has taken all reasonable steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to ensure that the Company's auditor is aware of that information

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

Post balance sheet events

Material events since the balance sheet date are described in note 33 and form part of the Directors' report disclosures.

Political contributions

No contributions were made during the current and prior year for political purposes.

Greenhouse gas emissions

All disclosures required by the Streamlined Energy and Carbon Reporting (SECR) requirements set out in the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 have been complied with and are detailed on page 33 which forms part of the Directors' report disclosures.

Approach to discrimination and consideration of disabled employees

The Group is committed to creating an environment where all its employees are treated with dignity and respect at work and which is free from discrimination, victimisation, harassment and bullying. Such conduct is harmful to our employees and our business and we seek to address any form of discrimination, victimisation, harassment or bullying where it occurs in the workplace. All our employees and other third parties working for or with us, without exception, have a duty to comply with our policies to ensure that their colleagues are treated with dignity and respect and wherever possible to prevent discrimination, victimisation, harassment or bullying.

We aim to:

- ensure that all job applicants are treated fairly and judged on criteria relevant to a vacant position
- ensure that all employees are treated in a fair and equitable manner which allows each individual to reach their full potential
- ensure that decisions on recruitment, selection, training, promotion, career management, transfer, terms and conditions of employment and every other aspect of employment are based solely on objective and job-related criteria
- provide the Group with a workforce of the highest ability which reflects the population as a whole
- avoid any type of unlawful discrimination
- ensure all managers actively promote equal opportunities within the Group

We strongly disapprove of and will not tolerate unlawful discrimination, victimisation, harassment, bullying or any other inappropriate behaviour towards our employees by managers, other employees or any third party such as clients, suppliers, visitors, consultants or contractors. All our employees and third parties working for or with the Group are required to make sure they treat everyone fairly and without bias.

The Group treats applicants and employees with disabilities fairly and provides facilities, equipment and training to assist disabled employees to do their jobs. Arrangements are made as necessary to ensure support to job applicants who happen to be disabled and who respond to requests to inform the Group of any requirements. Should an employee become disabled during their employment, efforts would be made to retain them in their current employment or to explore the opportunities for their retraining or redeployment within the Group.

Financial support is also provided by the Group to support disabled employees who are unable to work, as appropriate to local market conditions.

Acquisition of shares by EBT

Acquisitions of shares by the Intermediate Capital Group EBT 2015 purchased during the year are as described in note 24 to the financial statements.

Share capital and rights attaching to the Company's shares

As at 31 March 2021 the issued share capital of the Company was 294,276,532 ordinary shares of 26¼p each (including 3,733,333 shares held in treasury).

Certain key matters regarding the Company's share capital are noted below:

- Under the Company's Articles of Association, any share in the Company may be issued with such rights or restrictions, whether in regard to dividend, voting, transfer, return of capital or otherwise as the Company may from time to time by ordinary resolution determine or, in the absence of any such determination, as the Board may determine. All shares currently in issue are ordinary shares of 26¼p each carrying equal rights. The Articles of Association of the Company cannot be amended without shareholder approval
- At a General Meeting of the Company every member present in person or by a duly appointed proxy has one vote on a show of hands and on a poll one vote for each share held
- The Intermediate Capital Group EBT 2015 holds shares which may be used to satisfy options and awards granted under the Company's employee share schemes including its long-term incentive plans. The voting rights of these shares are exercisable by the trustees in accordance with their fiduciary duties
- The notice of any general meeting specifies deadlines for exercising voting rights either by proxy or present in person in relation to resolutions to be passed at a general meeting
- No shareholder is, unless the Board decides otherwise, entitled to attend or vote either personally or by proxy at a general meeting or to exercise any other right conferred by being a shareholder if:

  - They or any person with an interest in shares has been sent a notice under section 793 of the Companies Act 2006 (section 793 notice) (which confers upon public companies the power to require information with respect to interests in their voting shares)

  - They or any interested person have failed to supply the Company with the information requested within 14 days where the shares subject to the notice (the 'default shares') represent at least 0.25% of their class or in any other case 28 days after delivery of the notice. Where the default shares represent 0.25% of their class, unless the Board decides otherwise, no dividend is payable in respect of those default shares and no transfer of any default shares shall be registered. These restrictions end seven days after receipt by the Company of a notice of an approved transfer of the shares or all the information required by the relevant section 793 notice, whichever is the earlier

- The Directors may refuse to register any transfer of any share which is not a fully paid share, although such discretion may not be exercised in a way which the Financial Conduct Authority regards as preventing dealings in the shares of the relevant class or classes from taking place on an open and proper basis. The Directors may likewise refuse to register any transfer of a share in favour of more than four persons jointly
- The Company is not aware of any other restrictions on the transfer of ordinary shares in the Company other than:

  - Certain restrictions that may from time to time be imposed by laws and regulations (for example, insider trading laws or the UK Takeover Code)
  - Pursuant to the Listing Rules of the Financial Conduct Authority whereby certain employees of the Company require approval of the Company to deal in the Company's shares

The Company is not aware of any agreements between shareholders that may result in restrictions on the transfer of securities or voting rights.

At the 2020 AGM the Directors were given the power to allot shares and grant rights to subscribe for, or convert any security into, shares: up to an aggregate nominal amount of £25,414,011.00 and, in the case of a fully pre-emptive rights issue only, up to a total amount of £50,828,022.00.

A resolution will be proposed to renew the Company's authority to allot further new shares at the forthcoming AGM. In accordance with applicable institutional guidelines, the proposed new authority will allow the Directors to allot ordinary shares equal to an amount of up to one third of the Company's issued ordinary share capital as at 4 June 2021 plus, in the case of a fully pre-emptive rights issue only, a further amount of up to an additional one third of the Company's issued share capital as at 4 June 2021. The authority for Directors to allot shares in the Company's shares is renewed annually and approval will be sought at the forthcoming AGM for its renewal.

The Directors' authority to effect purchases of the Company's shares on the Company's behalf is conferred by resolution of shareholders. At the 2020 AGM the Company was granted authority to purchase its own shares up to an aggregate value of approximately 10% of the issued ordinary share capital of the Company as at 10 June 2020.

During the year no shares were bought back. The authority to effect purchases of the Company's shares is renewed annually and approval will be sought at the forthcoming AGM for its renewal.

Powers of Directors

Subject to its Articles of Association and relevant statutory law and to such direction as may be given by the Company by special resolution, the business of the Company is managed by the Board, who may exercise all powers of the Company whether relating to the management of the business or not.

The Company's Articles of Association give power to the Board to appoint Directors. The Articles also require any Directors appointed by the Board to submit themselves for election at the first AGM following their appointment and for one third of the Company's Directors to retire by rotation at each AGM. Directors may resign or be removed by an ordinary resolution of shareholders. Notwithstanding the above, the Company has elected, in accordance with the UK Corporate Governance Code, to have all Directors reappointed on an annual basis (other than any who have decided to retire at the relevant AGM).

In relation to the Directors who are standing for election or re-election, the Chairman is satisfied that, following the formal performance evaluation described above, each of the other Directors continues to be effective and demonstrates commitment to their role. In the case of the Chairman, the NEDs are satisfied that he continues to be effective and demonstrates commitment to his role.

Results of resolutions proposed at 2020 Annual General Meeting

Resolution	Votes for	Votes against	Votes withheld
1. To receive the Company's financial statements and reports of the directors of the Company (the "Directors" and of the auditors for the financial year ended 31 March 2020.	236,881,952	137,689	526,924
2. To approve the Directors' Remuneration Report (excluding the Directors' Remuneration Policy) as set out in the Annual Report and Accounts for the financial year ended 31 March 2020.	229,681,769	7,620,878	243,918
3. To approve the Directors' Remuneration Policy as set out in the Annual Report and Accounts for the financial year ended 31 March 2020.	224,097,103	13,206,567	242,894
4. To appoint Ernst & Young LLP as auditors of the Company to hold office as the Company's auditors until the conclusion of the Company's Annual General Meeting in 2020.	236,084,441	1,458,761	3,363
5. To authorise the directors to set the remuneration of the auditors.	237,046,166	492,552	7,847
6. To declare a final dividend of 35.8 pence per ordinary share for the financial year ended 31 March 2019.	236,226,652	1,318,314	1,599
7. To reappoint Vijay Bharadia as a Director.	236,181,149	1,360,251	5,165
8. To reappoint Benoît Durteste as a Director.	237,542,477	2,223	1,865
9. To reappoint Virginia Holmes as a Director.	237,238,200	306,500	1,865
10. To reappoint Michael Nelligan as a Director.	235,032,703	2,508,697	5,165
11. To reappoint Kathryn Purves as a Director.	237,544,033	667	1,865
12. To reappoint Amy Schioldager as a Director.	237,532,997	2,403	11,165
13. To reappoint Andrew Sykes as a Director.	237,540,800	600	5,165
14. To reappoint Stephen Welton as a Director.	237,540,800	3,900	1,865
15. To appoint Lord Davies of Abersoch as a Director.	232,885,866	97,311	4,563,388
16. To appoint Antje Hensel-Roth as a Director.	237,374,870	164,364	7,331
17. That the Intermediate Capital Group Omnibus Plan 2020 proposed to be implemented by the Company, be and is hereby approved and established.	230,074,372	7,231,490	240,702
18. That the Intermediate Capital Group Deal Vintage Bonus Plan 2020 proposed to be implemented by the Company, be and is hereby approved and established.	235,382,790	1,921,600	242,174
19. To grant the Directors authority to allot shares pursuant to section 551 of the Companies Act 2006.	230,093,047	7,451,771	1,747
20. Subject to the passing of resolution 19, to authorise the Directors to allot equity securities and to sell ordinary shares pursuant to sections 570 (1) and 573 of the Companies Act 2006.	237,518,558	24,671	3,336
21. In addition to the authority granted under resolution 20 and subject to the passing of resolutions 19 and 20, to authorise the Directors to allot equity securities	235,914,751	1,628,477	3,336
22. To authorise the Company to make market purchases of its ordinary shares	235,348,566	1,787,728	410,270
23. To approve that a general meeting of the Company (other than the annual general meeting) may be called on less than 14 clear days' notice.	224,766,710	12,777,256	2,599
24. That the articles of association produced to the meeting and initialled by the Chairman of the meeting for the purpose of identification be adopted as the articles of association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.	237,529,783	877	15,905

The issued share capital of the Company at the date of the Annual General Meeting was 290,445,841 ordinary shares of 26¼p each (excluding 3,733,333 treasury shares).

2021 Annual General Meeting

The AGM of the Company is scheduled to take place at the Head Office of the Company on 29 July 2021 at 9:00 am; however, the exact arrangements for the meeting remain subject to any restrictions on gatherings which may be in force. Shareholders will be updated if arrangements change. Any shareholder who wishes to vote by proxy or raise a question to be answered in writing should refer to the Notice of Meeting for instructions on how to do so. Details of the resolutions to be proposed at the AGM along with explanatory notes are set out in the circular to be posted to shareholders in June 2021 convening the meeting. In line with market practice, if votes of more than 20% of those voting are cast against a resolution, the Company will make a statement when announcing the results of the vote to explain any actions it intends to take to understand the reasons behind the vote result.

This Directors' Report is approved by the Board and signed on its behalf by:

Andrew Lewis
Company Secretary

8 June 2021

Directors' responsibilities

The Directors are responsible for preparing the Annual Report and Accounts 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 are required to prepare the Group and Parent Company financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law the Directors must not approve the accounts 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.

Under the Financial Conduct Authority's Disclosure Guidance and Transparency Rules, group financial statements are required to be prepared in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union (IFRS).

In preparing these financial statements, the Directors are required to:

- Select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements of IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance
- In respect of the Group financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union have been followed, subject to any material departures disclosed and explained in the financial statements
- In respect of the Parent Company financial statements, state whether international accounting standards in conformity with the requirements of the Companies Act 2006 have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on a going concern basis unless it is appropriate to presume that the company and/or the group will not 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report, Directors' Report, Directors' Remuneration Policy and Corporate Governance statement that comply with that law and those regulations. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

The directors confirm, to the best of their knowledge:

- That the consolidated financial statements, prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole
- That the Annual Report and Accounts, including the Strategic Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

That they consider that this Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's and the Group's performance, business model and strategy.

Benoît Durteste
Chief Executive Officer

Vijay Bharadia
Chief Finance and Operating Officer

8 June 2021

Independent Auditor's report to the members of Intermediate Capital Group plc

Opinion

In our opinion:

- Intermediate Capital Group plc's financial statements and Parent Company financial statements (together the 'financial statements') give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards adopted pursuant to Regulation (EC) No.1606/2002 as it applies in the European Union;
- the Parent Company financial statements have been properly prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 as applied in accordance with section 408 of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Intermediate Capital Group plc (the 'Parent Company') and its subsidiaries (together the 'Group') for the year ended 31 March 2021 which comprise:

Group	Parent company
Consolidated income statement for the year ended 31 March 2021	Consolidated and Parent Company statements of comprehensive income for the year ended 31 March 2021
Consolidated and Parent Company statements of comprehensive income for the year ended 31 March 2021	Consolidated and Parent Company statements of financial position as at 31 March 2021
Consolidated and Parent Company statements of financial position as at 31 March 2021	Consolidated and Parent Company statements of cash flow for the year ended 31 March 2021
Consolidated and Parent Company statements of cash flow for the year ended 31 March 2021	Consolidated and Parent Company statements of changes in equity for the year ended 31 March 2021
Consolidated and Parent Company statements of changes in equity for the year ended 31 March 2021	
Notes to the financial statements 1 to 33, including a summary of significant accounting policies	

The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards in conformity with the requirements of the Companies Act 2006 and, as regards to the Group financial statements, International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union ('IFRS') and as regards the Parent Company financial statements, as applied in accordance with section 408 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. We are independent of the Group 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 as applied to listed public interest entities, 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

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Group and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- obtaining an understanding of the Directors' process for determining the appropriateness of the use of the going concern basis, including the approval by the Audit Committee;
- evaluating the regulatory capital and liquidity position of the Group, including reviewing the Internal Capital Adequacy Assessment Process;
- reviewing the assumptions used in the Directors' cash flow forecast for the period to 30 September 2022 and determined that the models are appropriate to enable the Directors to make an assessment in respect of going concern, including availability of existing and forecast cash resources and undrawn facilities;
- assessing the appropriateness of the stress and reverse stress test scenarios that consider the key risks to going concern identified by management. We have also evaluated the analysis by testing the clerical accuracy and assessing the conclusions reached in the stress and reverse stress test scenarios;
- assessing plausibility of available options to mitigate the impact of the key risks by comparing them to our understanding of the Group;
- performing enquires of management and those charged with governance to identify risks or events that may impact the Group's ability to continue as a going concern. We also reviewed the management paper approved by the Board, minutes of meetings of the Board and its committees, and made enquires as to the impact of Covid-19 on the business; and
- assessing the appropriateness of the going concern disclosures by comparing the disclosures with the Directors' assessment and for compliance with the relevant reporting requirements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Parent Company's ability to continue as a going concern for the period assessed by the Directors, being the period to 30 September 2022, which is at least twelve months from when the financial statements were authorised for issue.

In relation to the Group and Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Overview of our audit approach

Audit scope	– The Group is managed principally from one location, with core business functions, including finance and operations, located in London. All key accounting records are maintained in the UK. The Group operates international offices in Europe, Asia and North America, which are primarily responsible for deal origination, marketing and investment portfolio monitoring. – The Group comprises 147 consolidated subsidiaries, including 17 consolidated structured entities. – The Group audit team, based in London, performed direct audit procedures on all items material to the Group financial statements. The legal entities where we performed full or specific audit procedures accounted for 96% of profit before tax and 96% of net assets.
Key audit matters	– Valuation of investments in portfolio companies and real estate assets (including those held via fund structures and assets held for sale) – Valuation of investments in Collateralised Loan Obligations ('CLOs'), including debt (senior) and equity (subordinated) tranches and the assets and liabilities held by consolidated CLOs – Calculation and recognition of management fees and performance fees – First year audit transition
Materiality	– Overall group materiality of £25.5m which represents 5% of group profit before tax.

An overview of the scope of the Parent Company and Group audits

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the organisation of the Group and effectiveness of group-wide controls, changes in the business environment and other factors, such as the impact of the Covid-19 pandemic or recent internal audit results, when assessing the level of work to be performed at each entity.

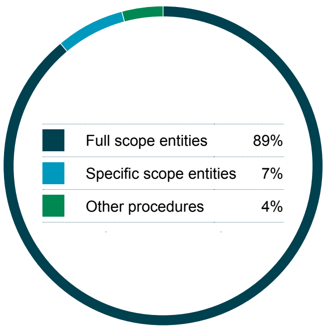
In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, we selected 17 legal entities within the following countries: United Kingdom, Luxembourg, United States of America and Jersey, which represent the principal business units within the Group.

Of the 17 legal entities selected, we performed an audit of the complete financial information of seven legal entities ('full scope entities') which were selected based on their size or risk characteristics. For the remaining ten legal entities ('specific scope entities'), we performed audit procedures on specific accounts within that legal entity that we considered had the potential for the greatest impact on the significant accounts in the financial statements, either because of the size of these accounts or their risk profile.

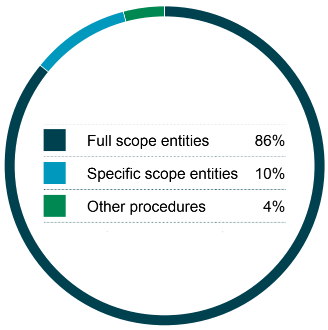
For the remaining entities that together represent 4% of the Group's profit before tax and 4% of the Group's net assets, we performed other procedures, including analytical review procedures, testing of consolidation journals and intercompany eliminations, and foreign currency translation recalculations to respond to any potential risks of material misstatement to the financial statements.

The charts below illustrate the coverage obtained from the work performed by our audit teams.

Profit before tax



Total net assets



As a result of Covid-19, the audit fieldwork was predominantly executed remotely using video calls, share-screen functionality and secure document exchanges.

Involvement with overseas teams

All audit work performed for the purposes of the Group audit was undertaken by the Group audit team based in London.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk
Valuation of investments in portfolio companies and real estate assets (including those held via fund structures and assets held for sale) *In the Consolidated and Parent Company statements of financial position, the Group's investments in portfolio companies (2021: £1,525m, 2020: £1,367m) and real estate assets (2021: £273m, 2020: £155m) are included in Financial assets at fair value and Investment property. Assets held for sale (2021: £57m, 2020: £nil) are included in Disposal groups held for sale.* *Refer to the Audit Committee Report (page 70); Accounting policies (page 133); and Note 5 of the Financial Statements (page 140)* The Group's investment portfolio contains unquoted debt and equity securities, and real estate assets, that are held either directly or through funds managed by the Group. These investments are held at fair value through profit and loss or investments held for sale in accordance with IFRS 5 – Non-current Assets Held for Sale and Discontinued Operations. The Group adopts a valuation policy based on the International Private Equity and Venture Capital Valuation Guidelines 2018 ('IPEV guidelines') and Royal Institution of Chartered Surveyors ('RICS') Valuation – Global Standards, and in conformity with IFRS 13 – Fair Value Measurements (IFRS 13) and IAS 40 – Investment Property (IAS 40). The Group have applied predominantly either an earnings based valuation technique or discounted cash flow model ('DCF') to value non-real estate investments. For certain real estate strategies, the Group engages external valuers to perform valuations. Owing to the unquoted and illiquid nature of these investments, the assessment of fair valuation is subjective and requires several significant and complex judgments to be made by management. The exit value will be determined by the market at the time of realisation and therefore despite the valuation policy adopted and judgments made by management, the final sales value may differ materially from the valuation at the year-end. There is the risk that inaccurate judgments made in the assessment of fair value could lead to the incorrect valuation of investments in portfolio companies and real estate assets. In turn, this could materially misstate the financial assets at fair value in the Consolidated and Parent Company statements of financial position, and the Net gains on investments in the Consolidated income statement. There is also a risk that management may influence the judgments and estimations in respect of the portfolio companies and real estate asset valuations in order to meet market expectations of the Group.	We obtained an understanding of management's processes and controls for the valuation of investments in portfolio companies and real estate assets by performing walkthrough procedures, in which we evaluated the design effectiveness of controls. This included discussing with management the valuation governance structure and protocols around their oversight of the valuation process, including the Group Valuation Committee. We compared management's valuation methodologies to IFRS and the relevant IPEV and RICS guidelines. We sought explanations from management where there were judgments applied in their application of the guidelines and assessed their appropriateness. With the assistance of our valuations specialists, we formed an independent view on appropriateness of the key assumptions and inputs used in the valuation of a sample of portfolio company and real estate investments, with reference to relevant industry and market valuation considerations and data points. We derived a range of acceptable fair values through our analysis including taking account of other qualitative risk factors, such as company specific risk factors. We compared these ranges to management's fair values and discussed our results with both management and the Audit Committee. On a sample basis we agreed key inputs in the valuation models to source data, including portfolio company financial information. We also performed procedures on key judgments made by management in the calculation of fair value: – performed calculations to assess the appropriateness of discount rates used in DCF valuations, with reference to relevant industry and market data; – assessed the suitability of the comparable companies used in the calculation of the earnings multiples; – challenged management on the applicability and completeness of adjustments made to earnings multiples by obtaining rationale and supporting evidence for adjustments made; – assessed the appropriateness of the portfolio company financial information, including business plans, used in the valuation; and – reviewed the external valuation reports received by management, where an external valuer has been engaged, and assessed their competence and objectivity. We checked the mathematical accuracy of the valuation models on a sample basis. We recalculated the unrealised gains/losses on revaluation of investments impacting the Net gains on investments in the Consolidated income statement. We have considered the impact of Covid-19 throughout the procedures performed on the valuation of portfolio companies and real estate assets, by challenging whether the valuation methodologies and assumptions used remained appropriate. We challenged management to understand the rationale for any material differences between the exit prices of investments realised during the year and the prior year fair value, to further verify the reasonableness of the current year valuation models and methodology adopted by management. We performed full and specific scope audit procedures over this risk area, which covered 99% of investments in portfolio companies.

Key observations communicated to the Audit Committee

The valuation of the Group's portfolio company and real estate investments is determined to be within a reasonable range of fair values and in accordance with IFRS and the IPEV or RICs guidelines respectively.

Based on our procedures performed we had no material matters to report to the Audit Committee.

Risk	Our response to the risk
Valuation of investments in Collateralised Loan Obligations ('CLOs'), including debt (senior) and equity (subordinated) tranches and the assets and liabilities held by consolidated CLOs *In the Consolidated and Parent Company statements of financial position, the Group's investments in CLO debt (senior) (2021: £107m, 2020: £98m) and equity (subordinated) tranches (2021: £27m, 2020: £32m), and investments held by consolidated CLOs (2021: £3,965m, 2020: £3,456m) are included in Financial assets at fair value. The liabilities held by consolidated CLOs (2021: £3,757m, 2020: £3,192m) are included in Financial liabilities at fair value.* *Refer to the Audit Committee Report (page 70); Accounting policies (page 133); and Note 5 of the Financial Statements (page 140)* The Group holds investments in CLOs in both the debt and equity tranches. These investments are accounted for at fair value through profit or loss. The Group consolidates the CLOs where it is deemed to have control in accordance with IFRS 10 – Consolidated Financial Statements ('IFRS 10'). The valuation inputs and judgments required from management differ between the unconsolidated debt and equity tranches. In particular, significant judgments are required where there is limited market activity to provide reliable observable inputs. There is the risk that inaccurate judgments made in the assessment of fair value could lead to the incorrect valuation of investments in CLOs which could materially misstate the financial assets and financial liabilities at fair value in the Consolidated and Parent Company statements of financial position. In turn, this could materially misstate the unrealised gains and losses on the revaluation of investments recorded in the Net gains on investments account in the Consolidated income statement. There is also a risk that management may influence the judgments and estimations of the investments in CLO debt and equity tranches in order to meet market expectations of the Group.	We obtained an understanding of management's processes and controls for the valuation of CLOs by performing walkthrough procedures, in which we evaluated the design effectiveness of controls. For the positions where observable market data was available, we obtained this market data and compared to management's fair valuations. For the positions where observable market data was not available, we formed an independent range of fair values for the debt and equity tranches with the assistance of our valuation specialists. This included: – projecting cash flows using a cash flow model and market based assumptions such as default rates; – estimating a range of yields based on either recent trade data or comparable CLO securities; and – performing comparative calculations using the cash flows and yields. In addition, we checked the mathematical accuracy of the valuation models on a sample basis. We recalculated the unrealised gains/losses on revaluation of investments impacting the net gains on investments in the Consolidated income statement. For a sample of the assets and liabilities held by consolidated CLOs, we have performed independent pricing to observable market data. We have considered the impact of Covid-19 throughout the procedures performed on the valuation of the consolidated and unconsolidated CLO investments, by challenging whether the valuation methodologies and assumptions used remained appropriate. We performed full and specific scope audit procedures over this risk area, which covered 96% of debt and equity tranches.

Key observations communicated to the Audit Committee

The valuation of the CLO debt and equity tranches was found to be within a reasonable range of fair values and materially in accordance with IFRS. Reasonable inputs to the valuations were used.

Based on our procedures performed we had no material matters to report to the Audit Committee.

Risk	Our response to the risk
Calculation and recognition of management fees and performance fees *In the Consolidated income statement, management fees (2021: £325m, 2020: £256m), including performance fees (2021: £65m, 2020: £24m), are included in Fee and other operating income.* *Refer to the Audit Committee Report (page 70); Accounting policies (page 133); and Note 3 of the Financial Statements (page 135)* The Group manages funds across numerous domiciles and investment strategies. The Group receives management fees and performance fees from its performance of investment management services for third-party money it manages. Management fees are calculated based on an agreed percentage of either committed capital, invested capital or net asset value ('NAV'), depending on the contractual agreement of the underlying fund. The calculations are prepared by ICG or third-party administrators. Due to the manual nature of the process, there is a risk that management fees are incorrectly calculated. Performance fees are calculated as a contractual percentage of a fund's return, once a specified hurdle rate is expected to be met. These amounts are specified in the underlying contract between the fund and the Group in its capacity as investment manager. Performance fees are only received when a triggering event, such as a realisation or refinancing a fund's investment, occurs. In respect of performance fees, management must apply judgment in accordance with IFRS 15 – Revenue from contracts with customers ('IFRS 15') to determine whether it is highly probable that a significant reversal will not occur in the future. The following are identified as the key risks or judgments in respect to the recognition of performance fees: – inappropriate judgments are made by management in the calculations, including whether a constraint is applied and the forecast exit dates of the underlying investments; – errors made in complex manual calculation models; and – inappropriate inputs used by management in the calculations. The accuracy and recognition of revenue is important to the Group's financial statements. Stakeholder expectations may place pressure on management to influence the recognition of revenue. This may result in overstatement or deferral of revenue to assist in meeting current or future revenue targets or expectations.	We obtained an understanding of management's processes and controls for the calculation and recognition of management fees and performance fees by performing walkthrough procedures, in which we evaluated the design effectiveness of controls. In respect of management fees, for a sample of funds, we: – agreed the fee terms used in the calculation of the relevant legal agreements, for example the Investment Management Agreement or Limited Partnership Agreement; – validated key inputs, such as committed capital, invested capital or NAV, to supporting evidence; – tested the arithmetical accuracy of the calculations prepared by ICG or the third-party administrators by performing independent recalculations; and – traced management fees received during the year to bank statements. In respect of performance fees, for a sample of funds, we: – agreed contractual terms such as hurdle rates and percentage receivable to underlying legal agreements; – recalculated the waterfall to test management's judgment that the relevant hurdles are expected to be met where performance fees are being accrued; – determined the reasonableness of forecast exit-dates with reference to our work performed over valuations of the investment portfolio and our understanding of the investment life cycle; – tested the arithmetical accuracy of the calculations by performing independent recalculations; and – ensured that a payment of performance fees is a result of a triggering event, such as a realisation or refinancing and verified cash flows to bank statements. We verified the performance of the underlying funds used in the performance fee calculations to our understanding of the performance of the underlying investments gained through our valuation work. We challenged management to understand the rationale for any differences between the performance fee payments received during the year and the prior year estimates, to further assess the reasonableness of the current year performance fee models and methodology adopted by management. In order to address the residual risk of management override we have performed journal entry testing and have made enquiries of management. We have considered the impact of Covid-19 throughout the procedures performed on the performance fees, by challenging whether the judgments used by management, such as the constraint applied, remained appropriate. We performed full and specific scope audit procedures over this risk area, which covered 84% of management fees, including performance fees.

Key observations communicated to the Audit Committee

All transactions tested have been recognised in accordance with the underlying agreements or other supporting documentation. Management fees and performance fees have been recorded materially in accordance with IFRS 15.

Based on our procedures performed we had no material matters to report to the Audit Committee.

Independent Auditor's report to the members of Intermediate Capital Group plc continued

Risk	Our response to the risk
First year audit transition *Refer to the Audit Committee Report (page 70); and Accounting policies (page 133)* The Group approved the appointment of Ernst & Young LLP as auditor for the year ended 31 March 2021, and our appointment took effect from the Annual General Meeting in July 2020. In our first year as auditor it has been critical to gain an understanding of the Group's specific risks, controls, policies and processes in order to make audit risk assessments and develop an audit strategy. In accordance with ISA 510 (UK) Initial Audit Engagements ('ISA 510'), we are required to perform a review of opening balances and obtain appropriate audit evidence of whether: – opening balances contain misstatements that materially affect the current period's financial statements; and – appropriate accounting policies reflected in the opening balances have been consistently applied in the current period's financial statements, or changes thereto are appropriately accounted for and adequately presented and disclosed in accordance with IFRS. In particular we have considered the assessment of control of investment structures, including carried interest partnerships, under IFRS 10 – Consolidated Financial Statements ('IFRS 10') as an area of accounting complexity and judgment requiring significant attention in performing our initial audit. The application of IFRS 10 requires the Group to assess, on an ongoing basis, which entities are controlled under IFRS 10 and therefore consolidated into the results of the Group. Management are required to make judgments in the assessment of control. These considerations are complex due to the varied investment structures, Intermediate Capital Group plc's direct and indirect holdings in underlying portfolio companies and the presence of the carried interest partnerships ('CIPs'). There is a risk that incorrect judgments made by management could lead to these entities being incorrectly accounted for.	In preparation for our first year audit of the 31 March 2021 financial statements, we prepared a detailed transition plan. Our audit planning and transition commenced in September 2019 after we had confirmed our independence of the Group to the Audit Committee. Our transition activities included shadowing the former auditor Deloitte LLP at key meetings with management, and through attending meetings of the Audit Committee. We reviewed Deloitte's 2020 audit work papers and gained an understanding of their risk assessment and key accounting estimates and judgments. In order to assess whether opening balances were appropriately stated, we: – Read the most recent financial statements, and the predecessor auditor's report thereon, for information relevant to opening balances, including disclosures. – Obtained sufficient and appropriate audit evidence about whether the opening balances contain misstatements that materiality affect the current period's financial statements by: – determining that the prior-period's closing balances have been correctly bought forward to the current period, or, when appropriate, have been restated; – determining whether the opening balances reflect the application of appropriate accounting policies; and – reviewing the predecessor auditor's working papers to obtain evidence regarding the opening balances. In order to obtain an understanding of the Group's accounting policies and historic accounting judgments, we reviewed accounting policy manuals and technical documentation on specific accounting topics. In relation to the Group's application of IFRS 10, we obtained an understanding of management's procedures and controls over the assessment of each type of subsidiary and their treatment under IFRS 10 by performing walkthrough procedures, in which we evaluated the design and implementation of controls. We have obtained and reviewed management's accounting papers relating to the application of IFRS 10. For a sample of entities we have: – reviewed management's assessment of control in accordance with IFRS 10; and – challenged management's judgments and assumptions used in these assessments and assessed whether these are appropriate.

Key observations communicated to the Audit Committee

Our procedures did not bring any matters to our attention that materially impact the opening balances. We are satisfied that the accounting policies, including the application of IFRS 10, are appropriate and have been consistently applied in the current period. Where accounting policies have been updated in the year, such as the changes to the presentation of the cash flow statement, or where restatements to the comparative period have been made, these have been appropriately disclosed.

Based on the procedures performed, we have no matters to report in respect of opening balances.

In the prior year, the Deloitte LLP auditor's report identified the 'Valuation of investments into private companies', 'Valuation of investments in Collateralised Loan Obligations ('CLOs')' and 'Valuation of direct real estate investments' to be key audit matters. These areas of the audit are covered by the key audit matters identified above for the 2021 audit.

In addition, we have identified 'Calculation and recognition of management fees and performance fees' and 'First year audit transition' as new key audit matters in the current year.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £25.5 million, which is 5% of profit before tax. We believe that profit before tax is the most relevant measure to the stakeholders of the entity and is demonstrated by the focus in the market on the Group's fund management activities.

We determined materiality for the Parent Company to be £10.7 million, which is 1% of net assets. The Parent Company is an investment company and, therefore, net assets is considered to be the key focus for users of the financial statements.

During the course of our audit, we reassessed initial materiality based on 31 March 2021 profit before tax, and net asset value in relation to the Parent Company, and adjusted our audit procedures accordingly.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

We have set performance materiality at 50% of our planning materiality, namely £12.7 million; this percentage is our normal practice for a first year audit.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all uncorrected audit differences in excess of £1.3m, which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Prior year comparison

In 2020, Deloitte LLP set the overall materiality for the Group at £7.1m, which was 5% of profit before tax, and for the Parent Company at £5.7m, which was 1% of net assets.

Other information

The other information comprises the information included in the Annual Report set out on pages 1-116 and 180 to 188, including the Strategic Report, Governance Report, Glossary and Shareholder and Company information sections, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information contained within the Annual Report.

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.

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 course of 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 themselves. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with 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 the 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 Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the Directors' Remuneration Report to be audited 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.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group and company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified, as set out on page 111;
- Directors' explanation as to its assessment of the Parent Company's prospects, the period this assessment covers and why the period is appropriate, as set out on page 111;
- Directors' statement on fair, balanced and understandable, as set out on page 116;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks, as set out on page 49;
- the section of the Annual Report that describes the review of effectiveness of risk management and internal control systems, as set out on page 78; and
- the section describing the work of the Audit Committee, as set out on page 70.

Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement set out on page 116, 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 Group and Parent 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 Group or the Parent 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and determined that the most significant are those that relate to the reporting framework (International Financial Reporting Standards adopted pursuant to Regulation (EC) No. 1606/2002 as it applies in the European Union, the Companies Act 2006 and UK Corporate Governance Code) and relevant tax compliance regulations. In addition, we concluded that there are certain significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements, being the Listing Rules of the UK Listing Authority and relevant FCA rules and regulations.
- We understood how the Group is complying with those frameworks by making enquiries of senior management, including the Chief Financial and Operating Officer, Group Head of Legal and Company Secretary, Global Head of Compliance, Head of Risk, Head of Internal Audit and the Chairman of the Audit Committee. We corroborated our understanding through our review of board and committee meeting minutes, papers provided to the Audit Committee, and correspondence received from regulatory bodies.
- We assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by discussing with the Audit Committee and management to understand where they considered there was susceptibility to fraud. We considered performance targets and their potential influence on efforts made by management to manage or influence the perceptions of analysts. We considered the controls that the Group has established to address risks identified, or that otherwise prevent, deter and detect fraud, including in a remote-working environment; and how senior management and those charged with governance monitor these controls. Where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved: journal entry testing, with a focus on manual journals and journals indicating large or unusual transactions based on our understanding of the business; enquiries of senior management, and focused testing, as referred to in the key audit matters section above.

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.

Other matters we are required to address

- Following the recommendation from the Audit Committee, we were appointed by the Group on 21 July 2020 to audit the financial statements for the year ending 31 March 2021 and subsequent financial periods. Our appointment as auditor was approved by shareholders at the Annual General Meeting on 21 July 2020.
- The period of total uninterrupted engagement including previous renewals and reappointments is one year, covering the year ending 31 March 2021.
- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting the audit.
- The audit opinion is consistent with the additional report to the Audit Committee.

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.

Ashley Coups (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Ernst & Young LLP

8 June 2021

Notes:

1. The maintenance and integrity of the Intermediate Capital Group plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
2. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Consolidated income statement

for the year ended 31 March 2021

	Notes	2021 £m	2020 £m
Fee and other operating income	3	**331.2**	266.1
Finance (loss)/income	9	**(9.4)**	30.1
Net gains on investments	10	**507.4**	117.4
Total revenue		**829.2**	413.6
Finance costs	11	**(56.8)**	(58.3)
Administrative expenses	12	**(263.1)**	(241.4)
Share of results of joint ventures accounted for using equity method	30	**0.2**	0.6
Profit before tax		**509.5**	114.5
Tax credit/(charge)	14	**(48.5)**	(3.9)
Profit after tax		**461.0**	110.6
Attributable to:			
Equity holders of the parent		**457.1**	108.9
Non-controlling interests		**3.9**	1.7
		461.0	110.6
Earnings per share (pence)[1]	16	**160.3p**	38.2p
Diluted earnings per share (pence)[1]	16	**157.5p**	37.5p

1. Earnings per share for the financial year ended 31 March 2020 are restated. (see note 16).

All activities represent continuing operations.

The accompanying notes are an integral part of these financial statements.

Consolidated and Parent Company statements of comprehensive income

for the year ended 31 March 2021

Group	Notes	2021 £m	2020 (restated)[1] £m
Profit after tax		**461.0**	110.6
Items that will be reclassified subsequently to profit or loss if specific conditions are met			
Exchange differences on translation of foreign operations		**(8.9)**	2.7
		(8.9)	2.7
Total comprehensive income for the year		**452.1**	113.3
Attributable to:			
Equity holders of the Parent		**448.2**	111.6
Non-controlling interests		**3.9**	1.7
		452.1	113.3

Company	Notes	2021 £m	2020 (restated) £m
Profit/(loss) after tax	8	**203.0**	(9.5)
Items that will be reclassified subsequently to profit or loss if specific conditions are met			
Exchange differences on translation of foreign operations		**–**	–
Total comprehensive income/(expense) for the year		**203.0**	(9.5)

1. Total comprehensive income for the year ended 31 March 2020 has been restated, excluding a tax charge of £0.7m.

The accompanying notes are an integral part of these financial statements.

Consolidated and Parent Company statements of financial position

as at 31 March 2021

	Notes	2021 Group £m	2020 Group (restated)[1] £m	2021 Company £m	2020 Company (restated)[1] £m
Non-current assets					
Intangible assets	17	**21.5**	26.7	**17.1**	22.4
Property, plant and equipment	18	**67.0**	13.4	**56.3**	7.5
Investment property	19	**1.8**	8.1	**–**	–
Investment in subsidiaries	28	**–**	–	**1,648.1**	1,492.0
Investment in joint venture accounted for under the equity method	30	**2.8**	2.5	**–**	–
Trade and other receivables	20	**62.8**	24.5	**506.6**	535.4
Financial assets at fair value	5	**6,264.5**	5,492.6	**451.6**	598.7
Derivative financial assets	5	**2.4**	12.8	**2.4**	12.8
Deferred tax asset	14	**2.9**	3.2	**–**	3.4
		6,425.7	5,583.8	**2,682.1**	2,672.2
Current assets					
Trade and other receivables	20	**215.2**	177.3	**716.6**	590.2
Current tax debtor		**4.4**	22.8	**19.3**	19.0
Financial assets at fair value	5	**64.6**	12.8	**62.9**	–
Derivative financial assets	5	**109.5**	126.5	**44.3**	71.7
Deferred tax asset		**5.9**	7.9	**2.9**	4.7
Cash and cash equivalents	6	**581.2**	1,086.9	**264.3**	894.0
		980.8	1,434.2	**1,110.3**	1,579.6
Disposal groups held for sale	29	**57.4**	–	**–**	–
Total assets		**7,463.9**	7,018.0	**3,792.4**	4,251.8
Equity and reserves					
Called up share capital	23	**77.2**	77.2	**77.2**	77.2
Share premium account	23	**180.2**	179.9	**180.2**	179.9
Other reserves		**(2.9)**	(28.3)	**34.5**	42.1
Retained earnings		**1,362.7**	1,080.4	**769.0**	716.9
Equity attributable to owners of the Company		**1,617.2**	1,309.2	**1,060.9**	1,016.1
Non-controlling interest		**5.0**	1.5	**–**	–
Total equity		**1,622.2**	1,310.7	**1,060.9**	1,016.1
Non-current liabilities					
Provisions		**–**	0.1	**–**	0.1
Trade and other payables	21	**41.9**	50.0	**41.9**	50.0
Financial liabilities at fair value	7	**3,882.9**	3,329.3	**–**	–
Financial liabilities at amortised cost	7	**1,208.9**	1,664.1	**1,208.9**	1,664.1
Other financial liabilities	7	**55.0**	5.5	**47.4**	2.1
Derivative financial liabilities	5	**31.7**	41.4	**31.6**	41.3
Deferred tax liabilities	14	**0.8**	1.9	**0.5**	–
		5,221.2	5,092.3	**1,330.3**	1,757.6
Current liabilities					
Provisions		**0.5**	0.7	**0.6**	0.7
Trade and other payables	21	**427.3**	286.0	**1,282.0**	1,211.5
Current tax creditor		**3.5**	6.6	**–**	–
Financial liabilities at amortised cost	7	**112.5**	252.8	**112.5**	252.8
Other financial liabilities	7	**3.7**	3.2	**1.0**	1.1
Derivative financial liabilities	5	**68.2**	65.7	**5.1**	12.0
		615.7	615.0	**1,401.2**	1,478.1
Liabilities directly associated with disposal groups held for sale	29	**4.8**	–	**–**	–
Total liabilities		**5,841.7**	5,707.3	**2,731.5**	3,235.7
Total equity and liabilities		**7,463.9**	7,018.0	**3,792.4**	4,251.8

1. The Statement of Financial Position for the financial year ended 31 March 2020 has been restated. Please see notes 20 and 21.

The Parent Company's total profit for the year was £203.0m (2020: total loss of £9.5m). Company Registration Number: 02234775. The accompanying notes are an integral part of these financial statements. These financial statements were approved and authorised for issue by the Board of Directors on 8 June 2021 and were signed on its behalf by:

Lord Davies of Abersoch
Director

Vijay Bharadia
Director

Consolidated and Parent Company statements of cash flow

for the year ended 31 March 2021

	Notes	2021 Group £m	2020 Group (restated)[1] £m	2021 Company £m	2020 Company (restated)[1,2] £m
Profit/(Loss) before tax from continuing operations	4	**509.5**	114.5	**224.4**	(3.6)
Adjustment for non-cash items:					
Interest and dividend income		**–**	(0.5)	**–**	–
Fee and other operating income	3	**(331.2)**	(266.1)	**(35.4)**	(14.5)
Net investment returns	4	**(507.4)**	(117.4)	**(209.2)**	(128.4)
Net fair value gains on derivatives	4	**9.4**	(29.6)	**(126.4)**	18.4
Interest expense		**56.8**	58.3	**52.6**	54.3
Depreciation, amortisation and impairment of property, equipment and intangible assets	17 & 18	**19.2**	10.6	**10.7**	8.3
Share based payment expense	25	**26.9**	25.2	**26.9**	25.2
Intragroup reallocation of incurred costs		**–**	–	**(82.9)**	(122.3)
Working capital changes:					
(Increase) / Decrease in trade receivables	20	**(35.4)**	31.7	**(19.7)**	28.7
Increase / (Decrease) in trade and other payables	21	**87.2**	(8.4)	**(5.6)**	13.3
Cash used in operations		**(165.0)**	(181.7)	**(164.6)**	(120.6)
Proceeds from sale of current financial assets and disposal groups		**27.1**	182.8	**69.9**	121.2
Purchase of current financial assets and disposal groups		**(79.6)**	(102.0)	**(66.2)**	(66.2)
Purchase of investments		**(2,836.1)**	(2,675.9)	**(20.9)**	(113.5)
Proceeds from sales and maturities of investments		**2,838.5**	2,708.3	**137.6**	98.6
Interest and dividend income received		**257.1**	285.2	**30.8**	25.6
Fee and other operating income received		**285.1**	265.1	**27.9**	15.7
Interest paid		**(189.8)**	(169.7)	**(55.1)**	(45.5)
Taxes paid		**(26.3)**	(11.2)	**(15.9)**	(11.6)
Net cash flows from / (used in) operating activities		**111.0**	300.9	**(56.5)**	(96.3)
Investing activities					
Purchase of intangible assets	17	**(3.9)**	(6.1)	**(4.0)**	(6.1)
Purchase of property, plant and equipment	18	**(6.9)**	(4.0)	**(6.7)**	(2.0)
Net cashflow from derivative financial instruments		**40.6**	(26.9)	**41.1**	(28.9)
Cashflow as a result of change in control of subsidiary		**34.9**	(37.0)	**–**	–
Cash paid in respect of group investing activities (acquisition of long-term assets)	20 & 21	**–**	–	**(200.6)**	(67.8)
Cash received in respect of group investing activities (proceeds from long-term assets)	20 & 21	**–**	–	**123.8**	132.2
Increase in amounts owed by subsidiaries		**–**	–	**(4.2)**	(64.1)
Investment in subsidiaries		**–**	–	**(251.4)**	(89.8)
Net cash flows from / (used in) investing activities		**64.7**	(74.0)	**(302.0)**	(126.5)
Financing activities					
Purchase of own shares		**–**	(40.3)	**–**	–
Payment of principal portion of lease liabilities		**(6.8)**	(3.8)	**(2.3)**	(4.0)
Proceeds from borrowings		**–**	800.6	**–**	800.6
Repayment of long-term borrowings		**(495.6)**	(142.5)	**(495.4)**	(142.5)
Dividends paid to equity holders of the parent	15	**(150.9)**	(142.8)	**(150.9)**	(142.8)
Increase in amounts owed to subsidiaries		**–**	–	**272.2**	270.3
Repayment of amounts owed to subsidiaries		**–**	–	**(31.2)**	(86.9)
Increase in amounts owed to subsidiaries (receipts of proceeds from long-term assets)		**–**	–	**149.0**	301.3
Net cash flows (used in)/from financing activities		**(653.3)**	471.2	**(258.6)**	996.0
Net (decrease)/ increase in cash and cash equivalents		**(477.6)**	698.1	**(617.1)**	773.2
Effects of exchange rate differences on cash and cash equivalents		**(28.1)**	34.8	**(12.6)**	24.0
Cash and cash equivalents at 1 April	6	**1,086.9**	354.0	**894.0**	96.8
Cash and cash equivalents at 31 March	6	**581.2**	1,086.9	**264.3**	894.0

The accompanying notes are an integral part of these financial statements.

The Group's cash and cash equivalents include £284.3m (2020 (restated): £139.0m) of restricted cash held principally by structured entities controlled by the Group; see note 6.

1. The Group has adopted the indirect method for the presentation of the Consolidated and Parent Company cash flow statements during the year and has presented the prior year on a consistent basis (see Note 1 on page 134 for more details).
2. The parent company investing and financing cash flows for the financial year ended 31 March 2020 have been restated following the FRC enquiry. Further details are provided in Note 1 on page 134.

Consolidated and Parent Company statements of changes in equity

for the year ended 31 March 2021

Group	Share capital (note 23) £m	Share premium (note 23) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 25) £m	Own shares[3] (note 24) £m	Foreign currency translation reserve[2] £m	Retained earnings £m	**Total £m**	Non-controlling interest £m	**Total equity £m**
Balance at 1 April 2020	77.2	179.9	5.0	58.4	(114.4)	22.7	1,080.4	**1,309.2**	1.5	**1,310.7**
Profit after tax	–	–	–	–	–	–	457.1	**457.1**	3.9	**461.0**
Exchange differences on translation of foreign operations	–	–	–	–	–	(8.9)	–	**(8.9)**	–	**(8.9)**
Total comprehensive income/ (expense) for the year	–	–	–	–	–	(8.9)	457.1	**448.2**	3.9	**452.1**
Movement in control of subsidiary	–	–	–	–	–	–	(0.1)	**(0.1)**	(0.4)	**(0.5)**
Options/awards exercised[4]	–	0.3	-	(31.6)	32.2	–	(23.8)	**(22.9)**	–	**(22.9)**
Tax on options/awards exercised	–	–	–	6.8	–	–	–	**6.8**	–	**6.8**
Credit for equity settled share schemes	–	–	–	26.9	–	–	–	**26.9**	–	**26.9**
Dividends paid	–	–	–	–	–	–	(150.9)	**(150.9)**	–	**(150.9)**
Balance at 31 March 2021	77.2	180.2	5.0	60.5	(82.2)	13.8	1,362.7	**1,617.2**	5.0	**1,622.2**

Company	Share capital (note 23) £m	Share premium (note 23) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 25) £m	Own shares (note 24) £m	Retained earnings £m	**Total equity £m**
Balance at 1 April 2020	77.2	179.9	5.0	58.4	(21.3)	716.9	**1,016.1**
Profit after tax	–	–	–	–	–	203.0	**203.0**
Exchange differences on translation of foreign operations	–	–	–	–	–	–	**–**
Total comprehensive (expense)/income for the year	–	–	–	–	–	203.0	**203.0**
Options/awards exercised	–	0.3	–	(31.6)	–	–	**(31.3)**
Tax on options/awards exercised	–	–	–	(2.9)	–	–	**(2.9)**
Credit for equity settled share schemes	–	–	–	26.9	–	–	**26.9**
Dividends paid	–	–	–	–	–	(150.9)	**(150.9)**
Balance at 31 March 2021	77.2	180.2	5.0	50.8	(21.3)	769.0	**1,060.9**

1. The capital redemption reserve is a reserve created when a company buys its own shares which reduces its share capital. This reserve is not distributable to shareholders. £1.4m of the balance relates to the conversion of A ordinary shares and convertible shares into ordinary shares in 1994. The remaining £3.6m relates to the cancellation of treasury shares in 2015.
2. Other comprehensive (expense)/income reported in the foreign currency translation reserve represents foreign exchange gains and losses on the translation of foreign operations.
3. The Group Own Shares reserve for the financial year ended 31 March 2020 was restated (see note 24).
4. The movement in the Group Own Shares reserve in respect of Options/awards exercised represents the employee shares vesting net of personal taxes and social security. The associated personal taxes and social security liabilities are settled by the Group with the equivalent value of shares retained in the Own shares reserve.

The accompanying notes are an integral part of these financial statements.

Group	Share capital (note 23) £m	Share premium (note 23) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 25) £m	Own shares (note 24) (Restated)[4] £m	Foreign currency translation reserve[2] £m	Retained earnings £m	**Total £m**	Non controlling interest £m	**Total equity £m**
Balance at 1 April 2019	77.2	179.5	5.0	64.3	(92.8)	20.0	1,130.2	**1,383.4**	10.9	**1,394.3**
Adjustment on initial application of IFRS 16[3]	–	–	–	–	–	–	(1.8)	**(1.8)**	–	**(1.8)**
Profit after tax	–	–	–	–	–	–	108.9	**108.9**	1.7	**110.6**
Exchange differences on translation of foreign operations	–	–	–	–	–	2.7	–	**2.7**	–	**2.7**
Total comprehensive income for the year	–	–	–	–	–	2.7	108.9	**111.6**	1.7	**113.3**
Movement in control of subsidiary	–	–	–	–	–	–	4.2	**4.2**	(11.1)	**(6.9)**
Own shares acquired in the year	–	–	–	–	(40.3)	–	–	**(40.3)**	–	**(40.3)**
Options/awards exercised[5]	–	0.4	–	(30.4)	18.7	–	(18.3)	**(29.6)**	–	**(29.6)**
Tax on options/awards exercised	–	–	–	(0.7)	–	–	–	**(0.7)**	–	**(0.7)**
Credit for equity settled share schemes	–	–	–	25.2	–	–	–	**25.2**	–	**25.2**
Dividends paid	–	–	–	–	–	–	(142.8)	**(142.8)**	–	**(142.8)**
Balance at 31 March 2020	77.2	179.9	5.0	58.4	(114.4)	22.7	1,080.4	**1,309.2**	1.5	**1,310.7**

Company	Share capital (note 23) £m	Share premium (note 23) £m	Capital redemption reserve[1] £m	Share based payments reserve (note 24) £m	Own shares (note 24) £m	Retained earnings £m	**Total equity £m**
Balance at 1 April 2019 (restated)[6]	77.2	179.5	5.0	64.3	(21.3)	870.2	**1,174.9**
Adjustment on initial application of IFRS 16[3]	–	–	–	–	–	(1.0)	**(1.0)**
Loss after tax	–	–	–	–	–	(9.5)	**(9.5)**
Total comprehensive expense for the year	–	–	–	–	–	(9.5)	**(9.5)**
Options/awards exercised	–	0.4	–	(30.4)	–	–	**(30.0)**
Tax on options/awards exercised	–	–	–	(0.7)	–	–	**(0.7)**
Credit for equity settled share schemes	–	–	–	25.2	–	–	**25.2**
Dividends paid	–	–	–	–	–	(142.8)	**(142.8)**
Balance at 31 March 2020	77.2	179.9	5.0	58.4	(21.3)	716.9	**1,016.1**

1. The capital redemption reserve is a reserve created when a company buys it owns shares which reduces its share capital. This reserve is not distributable to shareholders. £1.4m of the balance relates to the conversion of A ordinary shares and convertible shares into ordinary shares in 1994. The remaining £3.6m relates to the cancellation of treasury shares in 2015.
2. Other comprehensive (expense)/income reported in the foreign currency translation reserve represent foreign exchange gains and losses on the translation of foreign operations.
3. The Group adopted IFRS 16 with effect from 1 April 2019. As permitted under the transition rules the prior period comparatives were not restated; this resulted in the accumulated difference on adoption being adjusted through the opening reserves of the year ended 31 March 2020.
4. The Group Own shares reserve for the financial year ended 31 March 2020 was restated (see note 24).
5. The movement in the Group Own Shares reserve in respect of Options/awards exercised represents the employee shares vesting net of personal taxes and social security. The associated personal taxes and social security liabilities are settled by the Group with the equivalent value of shares retained in the Own shares reserve.
6. Adjustment relates to a restatement of the year ended 31 March 2019 for the Parent company balance sheet and income statement.

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

for the year ended 31 March 2021

1. General information and basis of preparation

General information

Intermediate Capital Group plc (the 'Parent Company', 'Company' or 'ICG plc') is a public company limited by shares, incorporated and domiciled in England and Wales under the Companies Act, with the company registration number 02234775. The registered office is Procession House, 55 Ludgate Hill, New Bridge Street, London EC4M 7JW.

The consolidated financial statements for the year to 31 March 2021 comprise the financial statements of the Parent Company and its consolidated subsidiaries (collectively, the 'Group'). The nature of the Group's operations and its principal activities are detailed in the Strategic Report.

Basis of preparation

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and in accordance with international financial reporting standards adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union.

The financial statements have been prepared on a going concern basis and under the historical cost convention, except for financial instruments that are measured at fair value through profit and loss at the end of the reporting period, as detailed in note 5.

In the application of the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The judgements, estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Details of the critical judgements made, and key sources of estimation uncertainty, are included in the note to which they relate.

The accounting policies as set out in the notes to the accounts have been applied consistently to all periods presented in these consolidated financial statements.

Basis of consolidation

The Group's financial statements consolidate the results of Intermediate Capital Group plc and entities controlled by the Parent Company for the period to 31 March each year. Control is achieved when the Company has power over the relevant activities, exposure to variable returns from the investee, and the ability to affect those returns through its power over the investee.

The assessment of control is based on all relevant facts and circumstances and the Company reassesses its conclusion if there is an indication that there are changes in facts and circumstances. Subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. See note 28 which lists the Group's subsidiaries and structured entities. Structured entities are funds that are controlled and therefore consolidated by the Group.

Each component of other comprehensive income and profit or loss is attributed to the owners of the Company and to the non-controlling interests.

Adjustments are made where required to the financial statements of subsidiaries for consistency with the accounting policies of the Group. All intra-group transactions, balances, unrealised income and expenses are eliminated on consolidation.

Critical judgements in the application of accounting policies and key sources of estimation uncertainty

Critical judgement

In preparing the financial statements, apart from those involving estimations, two critical judgements have been made by the Directors in the application of the Group's accounting policies:

i. The Group's assessment as to whether it controls certain investee entities and is therefore required to consolidate the investee, as detailed above. The Group's assessment of this critical judgement is discussed further in note 28.

ii. The application of the Group's revenue recognition policy. Judgement is primarily applied in considering the timings of when expected performance conditions will be met and the appropriate constraint to be applied. The Group's assessment is discussed further in note 3.

Critical estimates

The key sources of estimation uncertainty at the reporting date, that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, results from the Group's assessment of fair value of its financial assets and liabilities discussed further in note 5 and note 7.

On 1 January 2021 the United Kingdom's Withdrawal Agreement from the European Union became fully operational, with the transition period ending 31 December 2020. During the transition period the Group considered the potential impact to its preparation of the financial statements and in its assessment of areas of critical judgement and estimation uncertainty based on the varying forms the agreement could take. The Group expected the impact to the Group to be minimal. Post the agreement being reached, the Group is satisfied that the relevant measures put in place have been successful and that there has been minimal impact to the Group's financial statements.

Critical judgements and key sources of estimation uncertainty are reviewed by the Audit Committee during the year and its involvement in the process is included in its report on page 70.

Foreign currencies

The functional currency of the Company is Sterling as the Company's shares are denominated in sterling and the Company's costs are primarily incurred in Sterling. The Group has determined the presentational currency of the Group as the functional currency of the Company. Information is presented to the nearest million (£m).

Transactions denominated in foreign currencies are translated using the exchange rates prevailing at the date of the transactions. At each reporting date, monetary assets and liabilities denominated in a foreign currency are retranslated at the rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated at the rate prevailing at the date the fair value was determined. Non-monetary items that are measured at historical cost are translated using rates prevailing at the date of the transaction.

The assets and liabilities of the Group's foreign operations are translated using the exchange rates prevailing at the reporting date. Income and expense items are translated using the average exchange rates during the year. Exchange differences arising from the translation of foreign operations are taken directly to the foreign currency translation reserve. On disposal of a foreign operation, exchange differences previously recognised in other comprehensive income are reclassified to the income statement.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of preparing the financial statements, as detailed in the Directors' report (page 111) and the viability statement (page 57).

In preparing these financial statements on a going concern basis the Directors have considered the following matters and have taken into account the uncertainty created by Covid-19:

- The enhanced risk reporting implemented during the year including consideration of key market, credit and liquidity risks against parameters for risk appetite and tolerance
- The operational resilience of the Group's critical functions to maintain risk management and compliance, including IT, Finance, Treasury and Operations
- Operational resilience of third parties, which is closely monitored
- The effect of the Group's closed-end fund business model in mitigating fund redemption risk and providing security of revenue
- The fundraising performance of the Group over the financial year
- The performance of the underlying funds and the corresponding impact on future performance fees (see note 3)
- The adequacy of the Group's capital and liquidity. The revised macro-economic scenarios were significantly less severe than those used in the ICAAP reverse stress test and are discussed in the viability statement on page 57
- Debt facilities and covenant compliance
- The regulatory and legal environment and any potential conduct risks which could arise
- The fair value of investments that are not quoted in an active market, determined by the Group's valuation techniques described in note 5
- Those entities which are not controlled by the Group but where the Group has a joint venture relationship or has significant influence over an associate and whether they have the ability to continue as a going concern, these risks have been captured in the Group's overall fair value assessments of the underlying assets described in note 5.

The Directors have concluded based on the above assessment that the preparation of the financial statements on a going concern basis, to 30 September 2022, a period of more than 12 months from the signing of the financial statements, continues to be appropriate.

2. Changes in accounting policies and disclosures

New and amended standards and interpretations

The Group applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. Other amendments to IFRS not adopted are not material.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective:

International Financial Reporting Standards (IAS/IFRS)

		Accounting periods commencing on or after
IFRS 16	Leases (Amended) – Covid-19 Related Rent Concessions	1 June 2020
IAS 1	Presentation of Financial Statements	1 January 2022
IFRS 17	Insurance Contracts	1 January 2023

Changes in significant accounting policies

Amendments to IFRS 7, IFRS 9 and IAS 39 Interest Rate Benchmark Reform

The amendments to IFRS 9 and IAS 39 Financial Instruments: Recognition and Measurement provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the consolidated financial statements of the Group as it does not have any interest rate hedge relationships.

The Financial Conduct Authority and the Bank of England have imposed significant interest rate benchmarking reform. As a result, there will be the imminent cessation of LIBOR. LIBOR publication (other than for certain USD rates) is expected to cease by 31 December 2021. Those instruments within the Group that may have exposure to the cessation of LIBOR will apply the practical expedient as permitted under the transition rules. The impact of this application is not expected to be material to the Group.

2. Changes in accounting policies and disclosures continued

FRC correspondence

In February 2021, the Company received a letter from the Corporate Reporting Review Team of the Financial Reporting Council (FRC) as part of its regular review and assessment of the quality of corporate reporting in the UK, requesting further information in relation to the Company's 2020 Annual Report and Accounts . The letter focused on (a) the significant judgement in respect of non-consolidation of carried interest partnerships and (b) the cashflow statement. Following the review, certain line items have been restated in the Group Statement of Changes in Equity, the Parent Company Cashflow Statement and, the Parent Company Statement of Financial Position. The Company has also adopted a number of recommendations in preparing its 2021 Annual Report and Accounts. We remain in correspondence with the FRC in respect of their outstanding enquiries on the non-consolidation of the carried interest partnerships and aspects of the cashflow presentation.

When reviewing the Company's 2020 Annual Report and Accounts, the FRC has asked us to make clear the limitations of its review are as follows: its review is based on the 2020 Annual Report and Accounts only and does not benefit from a detailed knowledge of the Group's business or an understanding of the underlying transactions entered into; communications from the FRC provide no assurance that the Company's 2020 Annual Report and Accounts are correct in all material respects and are made on the basis that the FRC (and its officers, employees and agents) accepts no liability for reliance on them by the Company or any third party, including but not limited to investors and shareholders; and the FRC's role is not to verify information provided but to consider compliance with reporting requirements.

Change of accounting policy

The Group and Parent Company have adopted the indirect method for the presentation of the cash flow statement for the first time during the year and have represented the prior year on a consistent basis. The adoption of the indirect method brings the Group in line with the presentation adopted by its peers.

Prior year restatements arising from FRC enquiry

As a result of the FRC enquiry the following restatements have been made:

The Parent Company cash flow statement for the prior year has been restated. The company reclassified and presented on a gross basis certain cash flows, which were previously offset and presented on an aggregated basis within investing cash flows ('Cash flow on behalf of subsidiary undertakings' line) of £395.6m. As a result, the following restatements were made:

- £67.8m cash outflow has been reclassified as 'Cash paid in respect of group investing activities (acquisition of long-term assets) within Investing activities
- £89.8m cash outflow has been reclassified as 'Investment in subsidiaries' within Investing activities
- £270.3m cash inflow has been reclassified as 'Increase in amounts owed to subsidiaries' within Financing activities
- £301.3m cash inflow has been reclassified from Investing activities as 'Increase in amounts owed to subsidiaries (receipts of proceeds from long-term assets)' within Financing activities
- £151.0m cash outflows have been reclassified as follows: £64.1m to 'Increase in amounts owed by subsidiaries' line in the investing activities and £86.9m 'Repayment of amounts owed to subsidiaries' within Financing activities

Cash inflows of £132.2m previously described as 'Cash flow on behalf of subsidiary undertaking' have been reported as 'Cash received in respect of group investing activities (proceeds from long-term assets).

The Parent Company Trade and other receivables (see note 20) and the Group Own Shares reserve (see note 24) have been restated.

Other restatements

Balances as at 31 March 2020 within the Consolidated and Parent Company statements of comprehensive income, note 5, note 16, note 20 and note 21 have been restated.

3. Revenue

Revenue and its related cashflows, within the scope of IFRS 15 Revenue from Contracts with Customers, are derived from the Group's fund management company activities and are presented net of any rebates payable to a customer. The significant components of the Group's fund management revenues are as follows:

Type of contract/service	2021 £m	2020 £m
Management fees[1]	**325.0**	256.2
Other income	**6.2**	9.9
Fee and other operating income	**331.2**	266.1

1. Included within management fees is £65.3m (2020: £23.5m) of performance related fees.

Management fees

The Group earns management fees from its performance of investment management services. Management fees are charged on third-party capital managed by the Group and are based on an agreed percentage of either committed capital, invested capital or net asset value (NAV), dependent on the fund. Management fees are variable-fee revenue streams which relate to one performance obligation and both a non-performance and performance related fee element. Non-performance related management fees for the year of £259.7m (2020: £232.7m) are charged in arrears and are recognised in the period services are performed.

Performance-related management fees ('performance fees') are recognised only to the extent it is highly probable that there will not be a significant reversal of the revenue recognised in the future. This is generally towards the end of the performance period or upon early liquidation of a fund. The estimate of performance fees is made with reference to the liquidation profile of the fund, which factors in portfolio exits and timeframes. For certain funds the estimate of performance fees is made with reference to specific performance requirements. A constraint is applied to the estimate to reflect uncertainty of future fund performance. Performance fees of £65.3m (2020: £23.5m) have been recognised in the year. Performance related fees will only be crystallised and subsequently received in cash when a performance hurdle is met.

There are no other individually significant components of revenue from contracts with customers.

Critical judgement

A significant judgement for the Group is whether performance-related fees will meet their expected performance conditions and within the expected timeframes. The Group bases its assessment on the best available information pertaining to the funds and the activity of the underlying assets within that fund. The valuation of the underlying assets within a fund will be subject to fluctuations in the future, including the impact of macroeconomic factors outside the Group's control. The best available information to apply this judgement is using the liquidation NAV of the relevant funds which are subject to audit annually. The Directors base their projected views on a 24-month look-forward basis, the 'forecast period', from the year end. The Directors believe they have a reasonable basis on which to judge expected exits and value within a two year horizon, but not beyond that.

Within this forecast period, the Directors will consider funds that have either reached their hurdle rate or are expected to reach the hurdle rate in the forecast period. In determining whether a fund is expected to reach the hurdle rate, the key inputs are the latest expected repayment dates of the underlying assets and expected proceeds on realisation, as approved by the fund Investment Committee and the Executive Directors.

Where the hurdle date is expected to be reached within 24 months of the year end but performance fees are not yet paid, a constraint will be applied to the performance fee receivable. Application of the constraint limits the revenue recognised. This is assessed by the Directors on a case-by-case basis.

The weighted-average constraint at the reporting date is 42.7%. If the average constraint were to increase by 10% (on a relative basis) this would result in a reduction in revenue of £3.0m. Conversely, a 10% decrease in constraint would result in an increase in revenue of £2.5m being recognised in the income statement. In certain limited circumstances performance fees received may be subject to clawback provisions if the performance of the fund deteriorates materially following the receipt of performance fees.

4. Segmental reporting

For management purposes, the Group is organised into two operating segments, the Fund Management Company (FMC) and the Investment Company (IC) which are also reportable segments. In identifying the Group's reportable segments management considered the basis of organisation of the Group's activities, the economic characteristics of the operating segments and the type of products and services from which each reportable segment derives its revenues.

The Executive Directors monitor the operating results of the FMC and the IC for the purpose of making decisions about resource allocation and performance assessment. The Group does not aggregate the FMC and IC as those segments do not have similar economic characteristics. Information about these segments is presented below.

The FMC earns fee income for the provision of investment management services and incurs the majority of the Group's costs in delivering these services, including the cost of the investment teams, as well as the cost of support functions supporting the investment teams, primarily marketing, operations, information technology and human resources.

The IC is charged a management fee of 1% of the carrying value of the average investment portfolio by the FMC and this is shown below as Inter-segmental fee. The costs of finance, treasury and legal teams, and the other group costs primarily related to being a listed entity, are allocated to the IC. The remuneration of the Executive Directors is allocated equally to the FMC and the IC.

4. Segmental reporting continued

The amounts reported for management purposes in the tables below are reconciled to the IFRS reported amounts on the following pages.

	Year ended 31 March 2021			Year ended 31 March 2020		
	FMC £m	IC £m	Reportable segments Total £m	FMC £m	IC £m	Reportable segments Total £m
External fee income	333.7	–	333.7	277.8	–	277.8
Inter-segmental fee	21.4	(21.4)	–	22.4	(22.4)	–
Other operating income	–	2.6	2.6	–	–	–
Fund management fee income	355.1	(18.8)	336.3	300.2	(22.4)	277.8
Net investment returns	–	445.1	445.1	–	49.4	49.4
Dividend income	33.4	–	33.4	41.2	–	41.2
Total revenue	388.5	426.3	814.8	341.4	27.0	368.4
Interest expense	–	(55.5)	(55.5)	–	(57.8)	(57.8)
Net fair value (loss)/gain on derivatives	–	(7.3)	(7.3)	–	26.6	26.6
Staff costs	(63.3)	(12.4)	(75.7)	(55.7)	(8.9)	(64.6)
Incentive scheme costs	(73.1)	(30.4)	(103.5)	(56.8)	(47.5)	(104.3)
Other administrative expenses	(49.8)	(15.3)	(65.1)	(45.8)	(11.7)	(57.5)
Profit before tax	202.3	305.4	507.7	183.1	(72.3)	110.8

Reconciliation of amounts reported to the Executive Directors to the financial statements reported under IFRS

Included in the following tables are statutory adjustments made to the following:

- All income generated from Investment Company investments is presented as net investment returns for reportable segments purposes, whereas under IFRS it is presented within gains on investments and other operating income. Total reportable segment figures are alternative performance measures ('APMs').
- The structured entities controlled by the Group are presented as fair value investments for reportable segments, whereas the statutory financial statements present these entities on a consolidated basis.

Consolidated income statement

Year ended 31 March 2021	Reportable segments £m	Consolidated entities £m	Financial statements £m
– Fund management fee income	333.7	(8.7)	325.0
– Other operating income	2.6	3.6	6.2
Fee and other operating income	336.3	(5.1)	331.2
– Dividend income	33.4	(33.4)	–
– Net fair value gain/(loss) on derivatives	–	(9.4)	(9.4)
Finance income	33.4	(42.8)	(9.4)
Net investment returns/Gains on investments	445.1	62.3	507.4
Total revenue	814.8	14.4	829.2
– Interest expense	(55.5)	(1.3)	(56.8)
– Net fair value gain/(loss) on derivatives	(7.3)	7.3	–
Finance costs	(62.8)	6.0	(56.8)
– Staff costs	(75.7)	(0.1)	(75.8)
– Incentive scheme costs	(103.5)	–	(103.5)
– Other administrative expenses	(65.1)	(18.7)	(83.8)
Administrative expenses	(244.3)	(18.8)	(263.1)
Share of results of joint venture accounted for using equity method	–	0.2	0.2
Profit before tax	507.7	1.8	509.5
Tax charge	(45.0)	(3.5)	(48.5)
Profit after tax	462.7	(1.7)	461.0

Year ended 31 March 2020	Reportable segments £m	Consolidated entities £m	Financial statements £m
– Fund management fee income	277.8	(21.6)	256.2
– Other operating income	–	9.9	9.9
Fee and other operating income	277.8	(11.7)	266.1
– Interest income	–	0.5	0.5
– Dividend income	41.2	(41.2)	–
– Net fair value gain on derivatives	–	29.6	29.6
Finance income	41.2	(11.1)	30.1
Net investment returns/Gains on investments	49.4	68.0	117.4
Total revenue	368.4	45.2	413.6
– Interest expense	(57.8)	(0.5)	(58.3)
– Net fair value gain/(loss) on derivatives	26.6	(26.6)	–
Finance costs	(31.2)	(27.1)	(58.3)
– Staff costs	(64.6)	0.4	(64.2)
– Incentive scheme costs	(104.3)	–	(104.3)
– Other administrative expenses	(57.5)	(15.4)	(72.9)
Administrative expenses	(226.4)	(15.0)	(241.4)
Share of results of joint venture accounted for using equity method	–	0.6	0.6
Profit before tax	110.8	3.7	114.5
Tax charge	(1.6)	(2.3)	(3.9)
Profit after tax	109.2	1.4	110.6

Consolidated statement of financial position

	2021		
	Reportable segments £m	Consolidated entities £m	Financial statements £m
Non-current financial assets	**2,492.8**	**3,774.1**	**6,266.9**
Other non-current assets	**156.3**	**2.5**	**158.8**
Cash	**296.9**	**284.3**	**581.2**
Current financial assets	**108.9**	**65.2**	**174.1**
Other current assets	**139.3**	**143.6**	**282.9**
Total assets	**3,194.2**	**4,269.7**	**7,463.9**
Non-current financial liabilities	**1,407.7**	**3,770.9**	**5,178.6**
Other non-current liabilities	**50.8**	**(8.2)**	**42.6**
Current financial liabilities	**8.8**	**175.6**	**184.4**
Other current liabilities	**107.4**	**328.7**	**436.1**
Total liabilities	**1,574.7**	**4,267.0**	**5,841.7**
Equity	**1,619.5**	**2.7**	**1,622.2**
Total equity and liabilities	**3,194.2**	**4,269.7**	**7,463.9**

	2020		
	Reportable segments £m	Consolidated entities £m	Financial statements £m
Non-current financial assets	2,196.8	3,298.3	5,495.1
Other non-current assets	60.0	12.1	72.1
Cash	947.9	139.0	1,086.9
Current financial assets	12.8	–	12.8
Other current assets	240.0	111.1	351.1
Total assets	3,457.5	3,560.5	7,018.0
Non-current financial liabilities	1,669.6	3,329.3	4,998.9
Other non-current liabilities	43.0	0.4	43.4
Current financial liabilities	256.0	–	256.0
Other current liabilities	182.4	226.6	409.0
Total liabilities	2,151.0	3,556.3	5,707.3
Equity	1,306.5	4.2	1,310.7
Total equity and liabilities	3,457.5	3,560.5	7,018.0

4. Segmental reporting continued

Consolidated statement of cash flows

	2021		
	Reportable segments £m	Consolidated structured entities £m	Financial statements £m
Profit/(Loss) before tax from continuing operations	507.7	1.8	509.5
Adjustments for non-cash items			
Interest and dividend income	–	–	–
Fee and other operating income	(336.3)	5.1	(331.2)
Net investment returns	(445.1)	(62.3)	(507.4)
Net fair value gains on derivatives	7.3	2.1	9.4
Interest expense	55.5	1.3	56.8
Depreciation, amortisation and impairment of property, equipment, and intangible assets	19.2	–	19.2
Share based payment expense	26.9	–	26.9
Working capital changes:			
Decrease/(Increase) in trade receivables	(6.6)	(28.8)	(35.4)
Increase/(Decrease) in trade and other payables	(32.4)	119.6	87.2
Cash generated from /(used in) operations	(203.8)	38.8	(165.0)
Proceeds from sale of current financial assets and disposal groups	27.1	–	27.1
Purchase of current financial assets and disposal groups	(79.6)	–	(79.6)
Purchase of investments	(454.6)	(2,381.5)	(2,836.1)
Proceeds from sales and maturities of investments	402.8	2,435.7	2,838.5
Interest and dividend income received	86.6	170.5	257.1
Fee and other operating income received	305.2	(20.1)	285.1
Interest paid	(58.6)	(131.2)	(189.8)
Taxes paid	(26.3)	–	(26.3)
Net cash flows from /(used in) operating activities	(1.2)	112.2	111.0
Investing activities			
Purchase of intangible assets	(3.9)	–	(3.9)
Purchase of property, plant and equipment	(6.9)	–	(6.9)
Net cashflow from derivative financial instruments	41.1	(0.5)	40.6
Cashflow as a result of change in control of subsidiary	–	34.9	34.9
Net cash flows from investing activities	30.3	34.4	64.7
Financing activities			
Purchase of own shares	–	–	–
Payment of principal portion of lease liabilities	(6.8)	–	(6.8)
Proceeds from borrowings	–	–	–
Repayment of long-term borrowings	(495.6)	–	(495.6)
Dividends paid to equity holders of the parent	(150.9)	–	(150.9)
Net cash flows used in financing activities	(653.3)	–	(653.3)
Net increase/(decrease) in cash	(624.2)	146.6	(477.6)
Effect of foreign exchange rate changes	(26.8)	(1.3)	(28.1)
Cash and cash equivalents at 1 April	947.9	139.0	1,086.9
Cash and cash equivalents at 31 March	296.9	284.3	581.2

	2020 (restated)		
	Reportable segments £m	Consolidated structured entities £m	Financial statements £m
Profit/(Loss) before tax from continuing operations	110.8	3.7	114.5
Adjustments for non-cash items:			
Interest and dividend income	–	(0.5)	(0.5)
Fee and other operating income	(277.8)	11.7	(266.1)
Net investment returns	(49.4)	(68.0)	(117.4)
Net fair value gains on derivatives	(26.6)	(3.0)	(29.6)
Interest expense	57.8	0.5	58.3
Depreciation, amortisation and impairment of property, equipment and intangible assets	10.6	–	10.6
Share based payment expense	25.2	–	25.2
Working capital changes:			
Decrease/(Increase) in trade receivables	55.5	(23.8)	31.7
Increase/(Decrease) in trade and other payables	(84.6)	76.2	(8.4)
Cash used in operations	(178.5)	(3.2)	(181.7)
Proceeds from sale of current financial assets and disposal groups	182.8	–	182.8
Purchase of current financial assets and disposal groups	(102.0)	–	(102.0)
Purchase of investments	(333.8)	(2,342.1)	(2,675.9)
Proceeds from sales and maturities of investments	435.5	2,272.8	2,708.3
Interest and dividend income received	100.8	184.4	285.2
Fee and other operating income received	265.1	–	265.1
Interest paid	(49.0)	(120.7)	(169.7)
Taxes paid	(11.2)	–	(11.2)
Net cash flows from / (used in) operating activities	309.7	(8.8)	300.9
Investing activities			
Purchase of intangible assets	(6.1)	–	(6.1)
Purchase of property, plant and equipment	(4.0)	–	(4.0)
Net cashflow from derivative financial instruments	(26.9)	–	(26.9)
Cashflow as a result of change in control of subsidiary	–	(37.0)	(37.0)
Net cash flows used in investing activities	(37.0)	(37.0)	(74.0)
Financing activities			
Purchase of own shares	(40.3)	–	(40.3)
Payment of principal portion of lease liabilities	(3.8)	–	(3.8)
Proceeds from borrowings	800.6	–	800.6
Repayment of long-term borrowings	(142.5)	–	(142.5)
Dividends paid to equity holders of the parent	(142.8)	–	(142.8)
Net cash from financing activities	471.2	–	471.2
Net increase/(decrease) in cash and cash equivalents	743.9	(45.8)	698.1
Effect of foreign exchange rate changes	40.8	(6.0)	34.8
Cash and cash equivalents at 1 April	163.2	190.8	354.0
Cash and cash equivalents at 31 March	947.9	139.0	1,086.9

4. Segmental reporting continued

Geographical analysis of non-current financial assets

	2021 £m	2020 £m
Europe	**3,220.9**	2,759.9
Asia Pacific	**247.0**	218.3
North America	**2,796.6**	2,516.9
	6,264.5	5,495.1

Geographical analysis of group revenue

	2021 £m	2020 £m
Europe	**576.0**	286.0
Asia Pacific	**67.5**	31.7
North America	**185.7**	95.9
	829.2	413.6

5. Financial assets

Accounting policy

Financial assets

Financial assets can be classified into the following categories: Amortised cost, Fair Value Through Profit and Loss (FVTPL) and Fair Value Through Other Comprehensive Income (FVOCI). The Group has classified all invested financial assets at FVTPL.

Financial assets at FVTPL are initially recognised and subsequently measured at fair value. A valuation assessment is performed on a recurring basis with gains or losses arising from changes in fair value recognised through net gains on investments in the consolidated income statement. Dividends or interest earned on the financial assets, are included in the net gains on investments.

Where the Group holds investments in a number of financial instruments such as debt and equity through a portfolio company, the Group views their entire investment as a unit of account for valuation purposes. Industry standard valuation guidelines such as the International Private Equity and Venture Capital valuation guidelines ('IPEV'), December 2018, allows for a level of aggregation where there are a number of financial instruments held within a portfolio company.

Recognition of financial assets

When the Group invests in the capital structure of a portfolio company, these assets are initially recognised and subsequently measured at fair value, and transaction costs are written off to the consolidated income statement immediately.

Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when substantially all the risks and rewards of ownership of the asset are transferred to another party. On derecognition of a financial asset in its entirety, the difference between the asset's carrying value amount and the sum of the consideration received and receivable, is recognised in profit or loss.

Offsetting of financial assets

Financial assets and liabilities are only offset, and the net amount presented in the statement of financial position when the Group has a legal right to offset the amounts and intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously.

Key sources of estimation uncertainty on financial assets

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable, willing parties in an arm's length transaction at the measurement date. The fair value of investments is based on quoted prices, where available. Where quoted prices are not available, the fair value is estimated in line with IFRS and industry standard valuation guidelines such as IPEV for direct investments in portfolio companies, and the Royal Institute of Chartered Surveyors (RICs) valuation – Global Standards 2020 for investment property. These valuation techniques can be subjective and include assumptions which are not supportable by observable data. Details of the valuation techniques and the associated sensitivities are further disclosed in this note on page 144.

Given the subjectivity of investments in private companies, senior and subordinated notes of CLO vehicles and investments in investment property, these are key sources of estimation uncertainty, and as such the valuations are approved by the Fund Investment Committees and Group Valuation Committee. The unobservable inputs relative to these investments are further detailed below.

Accounting policy continued

Fair value measurements recognised in the statement of financial position

The information set out below provides information about how the Group and Company determines fair values of various financial assets and financial liabilities, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs)

This is followed by a more detailed analysis of the financial instruments which are based on unobservable inputs (Level 3 assets).

Fair value hierarchy

The following table summarises the valuation of the Group's financial assets and liabilities by fair value hierarchy.

Group	2021				2020 (restated)[2]			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Investments with managed funds[1]	**11.7**	**–**	**1,802.1**	**1,813.8**	18.0	–	1,323.4	1,341.4
Investments in loans held in consolidated credit funds[2]	**–**	**3,978.3**	**168.6**	**4,146.9**	–	3,568.7	31.1	3,599.8
Derivative assets	**–**	**111.9**	**–**	**111.9**	–	139.3	–	139.3
Investments in private companies[3]	**–**	**–**	**234.6**	**234.6**	–	–	434.0	434.0
Senior and subordinated notes of CLO vehicles	**–**	**106.6**	**27.2**	**133.8**	–	97.8	32.4	130.2
Disposal groups held for sale	**–**	**–**	**57.4**	**57.4**	–	–	–	–
Total assets	**11.7**	**4,196.8**	**2,289.9**	**6,498.4**	18.0	3,805.8	1,820.9	5,644.7
Financial liabilities								
Borrowings and loans held in consolidated credit funds[4]	**–**	**(3,619.5)**	**(263.4)**	**(3,882.9)**	–	(3,329.3)	–	(3,329.3)
Derivative liabilities	**–**	**(99.9)**	**–**	**(99.9)**	–	(107.1)	–	(107.1)
Disposal groups held for sale	**–**	**–**	**(4.8)**	**(4.8)**	–	–	–	–
Total liabilities	**–**	**(3,719.4)**	**(268.2)**	**(3,987.6)**	–	(3,436.4)	–	(3,436.4)

1. Level 3 Investments with managed funds includes £36.0m Senior Debt (2020: £36.8m), £1,355.5m Subordinated debt and equity (2020: £929.8m), £195.1m of Real Assets (2020: £216.7m), and £215.5m Private equity secondaries (2020: £140.1m).
2. Level 3 Investment in loans held in consolidated credit funds for the financial year ended 31 March 2020 has been restated with £31.1m included within Level 3 as at 1 April 2019.
3. Level 3 Investment in private companies includes £129.5m Subordinated debt and equity (2020: £369.7m) and £105.1m of Real Assets (2020: £64.3m). Disposal groups held for sale was included in Investment in private companies in the prior period.
4. During the year the Directors reviewed the valuation methodology for the Borrowings and loans held in consolidated credit funds and, while noting that there was no change in approach, the classification of £263.4m of these liabilities as level 3 better represented the observability of the underlying valuation inputs. If this policy was applied at 31 March 2020, £182.7m of Borrowings and loans held in consolidated credit funds would have been classified as level 3. The movement of these liabilities to level 3 were included as a Transfer to level 3 of £182.7m in the 2021 reconciliation (see page 143).

Fair value hierarchy

The following table summarises the valuation of the Company's financial assets and liabilities by fair value hierarchy.

Company	2021				2020			
	Level 1 £m	Level 2 £m	Level 3 £m	Total £m	Level 1 £m	Level 2 £m	Level 3 £m	Total £m
Financial assets								
Investments with managed funds	**136.2**	**–**	**179.8**	**316.0**	123.7	–	251.7	375.4
Derivative assets	**–**	**46.7**	**–**	**46.7**	–	84.5	–	84.5
Investment in private companies	**–**	**–**	**189.3**	**189.3**	–	–	211.2	211.2
Senior and subordinated notes of CLO vehicles	**–**	**–**	**9.2**	**9.2**	–	–	12.1	12.1
Total assets	**136.2**	**46.7**	**378.3**	**561.2**	123.7	84.5	475.0	683.2
Financial liabilities								
Derivative liabilities	**–**	**(36.7)**	**–**	**(36.7)**	–	(53.3)	–	(53.3)
Total liabilities	**–**	**(36.7)**	**–**	**(36.7)**	–	(53.3)	–	(53.3)

5. Financial assets continued

Valuations

Investment in managed funds

When fair values of publicly traded closed-ended funds and open-ended funds are based on quoted market prices in an active market for identical assets without any adjustments, the instruments are included within Level 1 of the hierarchy. The Group values these investments at bid price for long positions and ask price for short positions.

The Group also co-invests with funds, including credit and private equity secondary funds, which are not quoted in an active market. The Group considers the valuation techniques and inputs used by these funds to ensure they are reasonable, appropriate and consistent with the principles of fair value. The NAV of these funds are generally used as an input into measuring their fair value. The NAV of the funds are adjusted, as necessary, to reflect restrictions on redemptions, and other specific factors relevant to the funds. In measuring fair value, consideration is also given to any transactions in the interests of the funds. The Group classifies these funds as Level 3.

Investment in private companies

The Group takes debt and equity stakes in private companies that are not quoted in an active market and uses a market-based valuation technique for these positions.

The Group's investments in private companies are carried at fair value using the most appropriate valuation technique based on the nature, facts and circumstances of the private company. The primary valuation technique is typically an earnings multiple technique. The Enterprise Value (EV) of the portfolio company is determined by applying an earnings multiple, taken from comparable companies, to the portfolio company. The Group determines comparable private and public companies, based on industry, size, location, leverage and strategy, and calculates an appropriate multiple for each comparable company identified. Where necessary a discounted cashflow 'DCF' approach is adopted. Fair value is determined by discounting the expected future cashflows of the portfolio company to the present value. Various assumptions are utilised as inputs, such as terminal value and the appropriate discount rate to apply. Typically, the DCF is then calibrated alongside an earnings multiple approach. Alternate valuation techniques may be used where there is a recent offer or a recent comparable market transaction, which may provide an observable market price and an approximation to fair value of the private company. The Group classified these assets as Level 3.

Investment in loans held in consolidated structured entities

In the absence of quoted prices in an active market, the loan asset portfolios of the consolidated structured entities are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and from independent loan pricing sources. To the extent that the significant inputs are observable, the Group classifies these investments as Level 2, other assets are classified as Level 3.

Derivative assets and liabilities

The Group uses widely recognised valuation models for determining fair values of over-the-counter interest rate swaps, currency swaps and forward foreign exchange contracts. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including both credit and debit valuation adjustments for counterparty and own credit risk, foreign exchange spot and forward rates and interest rate curves. For these financial instruments, significant inputs into models are market observable and are included within Level 2.

Senior and subordinated notes of CLO vehicles

The Group holds investments in the senior and subordinated notes of the CLOs it manages, predominately driven by EU risk-retention requirements. The Group employs DCF analysis to fair value these investments, using several inputs including constant annual default rates, prepayments rates, reinvestment rates, recovery rates and discount rates.

The DCF analysis at the reporting date shows that the senior notes are expected to recover all contractual cashflows, including under stressed scenarios, over the life of the CLOs. Unobservable inputs are used in determining the fair value of subordinated notes, which are therefore classified as Level 3 instruments. Observable inputs are used in determining the fair value of senior notes and these instruments are therefore classified as Level 2.

Borrowings and loans held in consolidated credit funds

Rated debt liabilities of consolidated CLOs are generally marked at par plus accrued interest, which we assess as fair value, as evidenced by the general availability of market prices and discounting spreads for rated debt liabilities of CLOs. This is consistent with the marking approach of the rated debt assets held in the unconsolidated CLOs. As a result we deem these liabilities as Level 2.

Unrated/subordinated debt liabilities of consolidated CLOs are marked directly in line with the fair value of the CLOs' underlying loan asset portfolios. These underlying assets comprise observable loan securities traded in active markets. The underlying assets are reported in both Level 2 and Level 3. As a result of this methodology deriving the valuation of unrated/subordinated debt liabilities from a combination of Level 2 and Level 3 asset values, we deem these liabilities to be Level 3.

Real assets

To the extent that the Group invests in real estate assets, whether through an investment in a managed fund or an investment in a private company, the underlying assets may be a debt instrument or property classified as investment property in accordance with IAS 40 Investment Property. The fair value of the directly held investment properties have been recorded based on independent valuations prepared by third-party real estate valuation specialists in line with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2020. At the end of each reporting period, the Group reviews its assessment of the fair value of each property, taking into account the most recent independent valuations. The Directors determine a property value within a range of reasonable fair value estimates, based on information provided. All resulting fair value estimates for properties are included in Level 3.

Reconciliation of Level 3 fair value measurements of financial assets[1]

The following tables sets out the movements in reoccurring financial assets valued using the Level 3 basis of measurement in aggregate. Within the income statement, realised gains and fair value movements are included within gains on investments, and foreign exchange gains/(losses) are included within finance costs.

Group	2021 Financial assets classified as FVTPL £m	2020 Financial assets classified as FVTPL(restated)[2] £m
At 1 April	**1,820.9**	1,960.2
Total gains or losses in the income statement		
– Net gains on investment	**390.8**	117.3
– Foreign exchange	**(96.2)**	36.0
Purchases	**490.4**	391.2
Disposals	**(461.1)**	(585.1)
Transfer between levels	**145.1**	(98.7)
At 31 March	**2,289.9**	1,820.9

Company	2021 Financial assets classified as FVTPL £m	2020 Financial assets classified as FVTPL £m
At 1 April	**475.0**	397.7
Total gains or losses in the income statement		
– Net gains on investment	**56.1**	25.2
– Foreign exchange	**(14.6)**	9.5
Purchases	**87.2**	71.2
Disposals	**(225.4)**	(28.5)
Transfer between levels	**–**	(0.1)
At 31 March	**378.3**	475.0

1. The presentation of these tables has been updated to include both current and non-current Level 3 assets. The comparatives have been re-presented accordingly with the balance at 1 April 2020 increased by £123.9m (excluding the restatement noted below).
2. Level 3 Investment in loans held in consolidated credit funds for the financial year ended 31 March 2020 has been restated with £31.1m included within Level 3 as at 1 April 2019.

Transfers in and out of Level 3 financial assets were due to changes to the observability of inputs used in the valuation of these assets.

Reconciliation of Level 3 fair value measurements of financial liabilities

The following tables sets out the movements in reoccurring financial liabilities valued using the Level 3 basis of measurement in aggregate. Within the income statement, realised gains and fair value movements are included within gains on investments, and foreign exchange gains/(losses) are included within finance costs.

Group	2021 Financial liabilities classified as FVTPL £m	2020 Financial liabilities classified as FVTPL £m
At 1 April	**–**	–
Total gains or losses in the income statement		
– Realised gains	**–**	–
– Fair value gains	**29.9**	–
– Foreign exchange gains/(losses)	**21.0**	–
Purchases	**29.8**	–
Disposal groups held for sale	**4.8**	–
Transfer between levels	**182.7**	–
At 31 March	**268.2**	–

5. Financial assets continued

During the year the Directors reviewed the valuation methodology for the Borrowings and loans held in consolidated credit funds and, while noting that there was no change in approach, the classification of £263.4m of these liabilities as level 3 better represented the observability of the underlying valuation inputs. If this policy was applied at 31 March 2020, £182.7m of Borrowings and loans held in consolidated credit funds would have been classified as level 3. The movement of these liabilities to level 3 were included as a Transfer to level 3 of £182.7m in the 2021 reconciliation.

Valuation inputs and sensitivity analysis to significant changes in unobservable inputs within Level 3 hierarchy. The following table summarises the inputs and estimates used for items categorised in Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis.

Group Assets	Fair Value 31 March 2021 £m	Fair Value 31 March 2020 £m	Primary Valuation Technique[1]	Key Unobservable Inputs	Range	Weighted Average/ Fair Value Inputs	Sensitivity/ Scenarios	Effect on Fair Value[5] 31 March 2021 £m
Corporate – subordinated debt and equity[2]	**1,485.0**	1,299.5	Market comparable companies	Earnings Multiple	4.5x – 25.0x	9.9x	+10% Earnings Multiple[2]	103.9
			Discounted cash flow	Discount rate	8.2% – 11.2%	8.0%	-10% Earnings Multiple[2]	(104.6)
				Exit multiple	5.0x – 12.0x	8.6x		
Real estate	**357.6**	281.0	Third-party valuation	N/A	N/A	N/A	+10% Valuation	35.8
			LTV-based impairment model				-10% Valuation	(35.8)
Private equity secondaries[3]	**215.5**	140.1	Third-party valuation	N/A	N/A	N/A	10% Valuation[3]	21.6
							-10% Valuation[3]	(21.6)
Corporate – Senior debt	**36.0**	36.8	Discounted cash flow	Probability of Default	4.5%	4.5%	Upside Case	0.1
				Loss Given Default	19.9%	19.9%	Downside Case	(0.3)
				Maturity of Loan	3 years	3 years		
				Effective Interest Rate	8.7% – 9.0%	9.0%		
Subordinated notes of CLO vehicles[4]	**27.2**	32.4	Scenario analysis	Discount rate	11.5%	11.5%		
			Discounted cash flow	Next 12 months Annual Default Rate	3.0% – 6.0%	4.5%	Upside Case[4]	15.4
				Subsequent months Default Rate	3.0%	3.0%	Downside Case[4]	(35.8)
				Prepayment rate	20.0%	20.0%		
				Recovery rate	75.0%	75.0%		
				Reinvestment rate	99.5%	99.5%		
Investments in loans held in structured entities	**168.6**	31.1	Third-party valuation	N/A	N/A	N/A	10% Valuation	16.9
							-10% Valuation	(16.9)
Total assets	**2,289.9**	1,820.9						
Borrowings and loans held in structured entities	**(263.4)**	–	Third-party valuation	N/A	N/A	N/A	10% Valuation	26.3
							-10% Valuation	(26.3)
Disposal group held for sale	**(4.8)**							
Total liabilities	**(268.2)**	–						

1. Where the Group has co-invested with its managed funds, it is the type of the underlying investment, and the valuation techniques used for these underlying investments, set out here. Where the Group has invested directly into private companies, included above is the type of investment and the valuation technique used.
2. In respect of investments valued using the DCF approach, the earnings multiple is used for this sensitivity analysis. This includes investments in infrastructure.
3. The implied multiple of invested capital, that currently range from 0.8x to 2.6x (weighted average: 1.5x) have been used for this sensitivity analysis.
4. The sensitivity analysis is performed on the entire portfolio of subordinated notes of CLO vehicles that the Group has originated and invested in of £163.4m fair value (2020: £171.1m), which itself is a combination of holdings in CLOs that are not consolidated, being £27.2m fair value (2020: £32.4m), and holdings in those CLOs which are consolidated, being £136.1m fair value (2020: £138.6m). For the sensitivity analysis, the upside case is based on the probability of default being lowered to 2% p.a. for the next twenty four months, keeping all other parameters consistent. The downside case is based the probability of default being increased over the next twenty four months to 6% and 8% p.a, respectively in the Europe and US portfolios, keeping all other parameters consistent.
5. The effect of fair value across the entire investment portfolio ranges from -£252.0m (downside case) to +£206.0m (upside case).

Derivative financial instruments

Accounting policy

Derivative financial instruments for economic hedging

The Group holds derivative financial instruments to hedge foreign currency and interest rate exposures. Derivatives are recognised at fair value determined using independent third-party valuations or quoted market prices. Changes in fair values of derivatives are recognised immediately in the consolidated income statement.

A derivative with a positive fair value is recognised as a financial asset while a derivative with a negative fair value is recognised as a financial liability. A derivative is presented as a non-current asset or non-current liability if the remaining maturity of the instrument is more than 12 months, otherwise a derivative will be presented as a current asset or current liability.

Group	2021			2020		
	Contract or underlying principal amount £m	Fair values Asset £m	Fair values Liability £m	Contract or underlying principal amount	Fair values Asset £m	Fair values Liability £m
Foreign exchange derivatives						
Cross currency swaps	**299.3**	**31.9**	**(35.0)**	441.0	71.0	(39.1)
Forward foreign exchange contracts (excluding those held in consolidated credit funds)	**857.9**	**14.8**	**(1.7)**	848.0	13.5	(14.2)
Forward foreign currency contracts held in consolidated credit funds	**76.1**	**65.2**	**(63.2)**	58.2	54.8	(53.8)
Total	**1,233.3**	**111.9**	**(99.9)**	1,347.2	139.3	(107.1)

Company	2021			2020		
	Contract or underlying principal amount £m	Fair values Asset £m	Fair values Liability £m	Contract or underlying principal amount	Fair values Asset £m	Fair values Liability £m
Foreign exchange derivatives						
Cross currency swaps	**299.3**	**31.9**	**(35.0)**	441.0	71.0	(39.1)
Forward foreign exchange contracts	**857.9**	**14.8**	**(1.7)**	848.0	13.5	(14.2)
Total	**1,157.2**	**46.7**	**(36.7)**	1,289.0	84.5	(53.3)

The value of cash held in margin accounts and therefore pledged as collateral as at 31 March 2021 was £26.8m (31 March 2020: £58.1m). The counterparties were: Citigroup Global Markets Limited, Citibank NA, HSBC Bank London, Commonwealth Bank of Australia, Lloyds Bank Corporate Markets Plc, Royal Bank of Scotland Plc, Credit Agricole, and Société Générale Paris. All the Credit Support Annexes that have been agreed with our counterparties are fully European Market Infrastructure Regulation (EMIR) compliant.

There was no change in fair value related to credit risk, in relation to derivatives as at 31 March 2021 (31 March 2020: £nil).

Under the relevant International Swaps and Derivatives Association (ISDA) Master Agreements in place with our counterparties, the close-out netting provision would result in all obligations under a contract with a defaulting party being terminated and there would be a subsequent combining of positive and negative replacement values into a single net payable or receivable. This reduces the credit exposure from gross to net.

6. Cash and cash equivalents

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Cash and cash equivalents				
Cash at bank and in hand	**581.2**	1,086.9	**264.3**	894.0

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets approximates to their fair value. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cashflows can be reconciled to the related items in the consolidated statement of financial position as shown above.

The Group's cash and cash equivalents includes £284.3m (2020: £139.0m (restated)) of restricted cash, held principally by structured entities controlled by the Group. The Group does not have legal recourse to these balances. Following a review of bank accounts restricted cash as at 31 March 2020 has been restated. The impact of the restatement is to reduce restricted cash by £52.3m.

In the current year £0.4m cash and cash equivalents were included in disposal groups held for sale (2020: £nil) (note 29).

7. Financial liabilities

Accounting policy

Financial liabilities, which include borrowings and listed notes and bonds (with the exception of financial liabilities designated as FVTPL), are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method, with interest expense recognised on an effective yield basis.

Included within financial liabilities held at amortised cost is the Group's present value of its future lease payments. Lease liabilities are initially measured at the present value of all the future lease payments. The present value is determined by discounting all future lease payments, at the Group's centrally determined incremental borrowing rate of 3.7% (2020: 4.5%). In calculating the present value of lease payments, the Group uses its incremental borrowing rate because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Financial liabilities at FVTPL are initially recognised and subsequently measured at fair value on a recurring basis with gains or losses arising from changes in fair value and interest paid on the financial instruments recognised through gains on investments in the income statement. Interest paid on the financial instruments is included within net gains on investments. A financial instrument is designated as FVTPL if it is a derivative that is not designated and effective as a hedging instrument, or the designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Included within financial liabilities at FVTPL are derivative liabilities and other financial liabilities designated as FVTPL within structured entities controlled by the Group.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expire.

Group	2021 Interest rate %	2021 Maturity	2021 Current £m	2021 Non-current £m	2020 Current £m	2020 Non-current £m
Liabilities held at amortised cost:						
– Private placements	**2.03% -6.35%**	**2021-2029**	**113.6**	**628.5**	172.9	814.1
– Listed notes and bonds	**1.63% -5.00%**	**2023-2027**	**–**	**582.7**	79.9	600.8
– Unsecured bank debt[1]	**LIBOR +0.49%**	**2024**	**(1.1)**	**(2.3)**	–	249.2
– Lease liabilities	**3.7%**	**2022-2031**	**3.7**	**55.0**	3.2	5.5
Total liabilities held at amortised cost			**116.2**	**1,263.9**	256.0	1,669.6
Liabilities held at FVTPL:						
– Derivative financial liabilities			**68.2**	**31.7**	65.7	41.4
– Structured entities controlled by the Group	**0.4%-8.9%**	**2028-2033**	**–**	**3,882.9**	–	3,329.3
Total liabilities held at FVTPL			**68.2**	**3,914.6**	65.7	3,370.7
			184.4	**5,178.5**	321.7	5,040.3

Company	2021 Current £m	2021 Non-current £m	2020 Current £m	2020 Non-current £m
Liabilities held at amortised cost:				
– Private placements	**113.6**	**628.5**	172.9	814.1
– Listed notes and bonds	**–**	**582.7**	79.9	600.8
– Unsecured bank debt	**(1.1)**	**(2.3)**	–	249.2
– Lease liabilities	**1.0**	**47.4**	1.1	2.1
Total liabilities held at amortised cost	**113.5**	**1,256.3**	253.9	1,666.2
Liabilities held at FVTPL:				
– Derivative financial liabilities	**5.1**	**31.6**	12.0	41.3
	118.6	**1,287.9**	265.9	1,707.5

1. Unsecured bank debt includes associated fees amortised over the life of the facility

The fair value of the Listed notes and bonds is £599.8m (2020: £614.4m), being the market price of the outstanding bonds. Private placements and unsecured bank debt is held at amortised cost which the Group has determined to be the fair value of these liabilities.

7. Financial liabilities continued

Movement in financial liabilities arising from financing activities

The following tables sets out the movements in financial liabilities (other than lease liabilities) arising from financing activities undertaken during the year.

	2021 Group	2020 Group	2021 Company	2020 Company
At 1 April	**1,916.9**	1,183.5	**1,916.9**	1,183.5
Increase in long term borrowings	**–**	800.1	**–**	800.1
Repayment of long term borrowings	**(495.6)**	(142.5)	**(495.6)**	(142.5)
Net interest movement	**(3.1)**	11.8	**(3.1)**	11.8
Foreign exchange movement	**(96.8)**	64.0	**(96.8)**	64.0
At 31 March	**1,321.4**	1,916.9	**1,321.4**	1,916.9

During the year, the existing £550m bank facilities were refinanced by a new £550m sustainability-linked Revolving Credit Facility, maturing on 22 January 2024.

8. Profit of Parent Company

As permitted by section 408 of the Companies Act 2006, the income statement of the Parent Company is not presented as part of these financial statements. The Parent Company's profit for the year amounted to £203.0m (2020: loss of £9.5m).

9. Finance (loss)/income

Accounting policy

The Group earns interest on its bank deposits. Changes in the fair value of derivatives are recognised in the income statement as incurred.

	2021 £m	2020 £m
Interest income on bank deposits	**–**	0.5
Fair value movements on derivatives	**(9.4)**	29.6
	(9.4)	30.1

10. Net gains on investments

Accounting policy

The Group recognises net gains and losses on investments comprising realised and unrealised gains and losses from disposals and revaluations of financial assets and financial liabilities measured at fair value.

	2021 £m	2020 £m
Financial assets		
Change in fair value of financial instruments classified at FVTPL	**1,207.0**	(137.5)
Financial liabilities		
Change in fair value of financial instruments classified at FVTPL	**(699.6)**	254.9
Net gains and losses arising on investments	**507.4**	117.4

11. Finance costs

Accounting policy

Interest expense on the Group's debt, excluding financial liabilities within structured entities controlled by the Group, is recognised using the effective interest rate method based on the expected future cash flows of the liabilities over their expected life. Financial liabilities within structured entities controlled by the Group is accounted for within Net gains and losses arising on investment (see note 10).

Interest expense associated with lease obligations represents the unwinding of the lease liability discount, accounted for in accordance with IFRS 16 (see note 18).

	2021 £m	2020 £m
Interest expense recognised on financial liabilities held at amortised cost	**52.2**	53.1
Arrangement and commitment fees	**3.3**	4.7
Interest expense associated with lease obligations	**1.3**	0.5
	56.8	58.3

12. Profit for the year

Profit for the year has been arrived at after charging:

	2021 £m	2020 £m
Staff costs	**179.3**	168.5
Amortisation and depreciation	**15.5**	10.3
Operating lease expenses	**2.3**	2.1
Auditor's remuneration	**1.7**	1.8

Auditor's remuneration includes fees for audit and non-audit services payable to the Group's auditor, Ernst and Young LLP, and are analysed as below. Audit fees relating to the prior year were payable to the Group's previous auditors, Deloitte LLP.

	2021 £m	2020 £m
Audit fees		
Group audit of the annual accounts	**1.1**	0.9
The audit of subsidiaries' annual accounts	**0.4**	0.5
Total audit fees	**1.5**	1.4
Non-audit fees		
Non-audit fees in capacity as auditor	**0.1**	0.1
Other non-audit fees	**0.1**	0.3
Total non-audit fees	**0.2**	0.4
Total auditor's remuneration incurred by the Group	**1.7**	1.8

The £0.1m of other non-audit fees during the year relate to Agreed Upon Procedures.

13. Employees and Directors

Accounting policy

The Deal Vintage Bonus (DVB) scheme, forms part of the Group's Remuneration Policy for investment executives. DVB takes the form of an 'in house' carry arrangement (i.e. on the returns from investments made by the Group on its balance sheet).

Payments of DVB are made in respect of plan years, which are aligned to the Group's financial year. Payments of DVB are made only when the performance threshold for the plan year has been achieved. An estimate of the DVB liability for a plan year is developed based on the following inputs: expected realisation proceeds; expected timing of realisations; and allocations of DVB to executives. The Group accrues the estimated DVB cost associated with that plan year evenly over five years with the final accrual in the financial year of the expected first payment. During the year the Group revised the estimation approach and extended the period over which costs are recognised from three years to five years to better reflect the holding period for the underlying investments. Payments of DVB are not subject to clawback.

	2021 £m	2020 £m
Directors' emoluments	**4.4**	3.4
Employee costs during the year including Directors:		
Wages and salaries	**151.6**	146.3
Social security costs	**22.4**	17.9
Pension costs	**5.4**	4.3
	179.4	168.5

The monthly average number of employees (including Directors) was:

	2021	2020
Investment teams	**207**	181
Marketing and support functions	**232**	201
Executive Directors	**3**	2
	442	384

ICG plc, the Company, does not have any employees but relies on the expertise and knowledge of employees of ICG FMC Limited and Intermediate Capital Group Inc., subsidiaries of ICG plc.

Contributions to the Group's defined contribution pension schemes are charged to the consolidated income statement as incurred.

The performance related element included in employee costs is £103.5m (2020: £104.3m) which represents the annual bonus scheme, Omnibus Scheme and the DVB Scheme. Please refer to the report of the Remuneration Committee on page 87.

In addition, during the year, third-party funds have paid £4.2m (2020: £42.8m) to former employees and £7.2m (2020: £64.5m) to current employees, including Executive Directors, relating to distributions from investments in carried interest partnerships made by these employees in prior periods. Such amounts become due over time if, and when, specified performance targets are ultimately realised in cash by the funds and paid by the carried interest partnerships (CIPs) of the funds (see note 28). As these funds and CIPs are not consolidated, these amounts are not included in the Group's consolidated income statement.

14. Tax expense

Accounting policy

The tax expense comprises current and deferred tax.

Current tax assets and liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting periods, that are unpaid at the reporting date.

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the deferred tax assets can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction, other than a business combination, that affects neither the tax nor the accounting profit.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to be applied to their respective period of realisation, provided they are enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right of set off, when they relate to income taxes levied by the same tax authority and the Group intends to settle on a net basis.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity, in which case the related deferred tax is also charged or credited directly to equity.

	2021 £m	2020 £m
Current tax		
Corporate tax	**44.0**	4.1
Prior year adjustment	**(1.5)**	(2.9)
	42.5	1.2
Deferred taxation		
Current year	**10.1**	(0.2)
Prior year adjustment	**(4.1)**	2.9
	6.0	2.7
Tax charge/(credit) on profit on ordinary activities	**48.5**	3.9

The Group is an international business and operates across many different tax jurisdictions. Income and expenses are allocated to these jurisdictions based on transfer pricing methodologies set out both (i) in the laws of the jurisdictions in which the Group operates, and (ii) under guidelines set out by the Organisation for Economic Co-operation and Development (OECD).

The effective tax rate reported by the Group for the period ended 31 March 2021 of 9.5% is lower than the statutory UK corporation tax rate of 19%.

The FMC activities are subject to tax at the relevant statutory rates ruling in the jurisdictions in which the income is earned. The lower effective tax rate compared to the statutory UK rate is largely driven by the IC activities. The IC benefits from statutory UK tax exemptions on certain forms of income arising from both foreign dividend receipts and gains from assets qualifying for the substantial shareholdings exemption. The effect of these exemptions means that the effective tax rate of the Group is highly sensitive to the relative mix of IC income, and composition of such income, in any one period.

Accounting for tax involves a level of estimation uncertainty given that the application of tax law requires a degree of judgement, which tax authorities may ultimately dispute. Tax liabilities are recognised based on the best estimates of probable outcomes, with regard to external advice where appropriate. The principal factors which may influence the Group's future tax rate are changes in tax legislation in the territories in which the Group operates, the relative mix of FMC and IC income, the mix of income and expenses earned and incurred by jurisdiction, and the timing of recognition of available deferred tax assets.

14. Tax expense continued

A reconciliation between the statutory tax rate applied to the Group's profit before tax and the reported effective tax rate is provided below.

	2021 £m	2020 £m
Profit on ordinary activities before tax	**509.5**	114.5
Profit before tax multiplied by the rate of corporation tax in the UK of 19% (2020: 19%)	**96.8**	21.8
Effects of:		
Prior year adjustment to current tax	**(1.5)**	(2.9)
Prior year adjustment to deferred tax	**(4.1)**	2.9
	91.2	21.8
Non-taxable and non-deductible items	**(1.0)**	(3.0)
Overseas tax suffered	**0.2**	–
Non-taxable Investment Company income	**(44.2)**	(12.7)
Trading income generated by overseas subsidiaries subject to different tax rates	**2.3**	4.2
Other temporary differences	**–**	(6.4)
Tax charge/(credit) on profit on ordinary activities	**48.5**	3.9

Deferred tax

Group	Investments £m	Share based payments and compensation deductible as paid £m	Derivatives £m	Other temporary differences £m	Total £m
At 31 March 2019	1.7	(20.2)	5.3	0.6	(12.6)
Prior year adjustment	5.3	(2.3)	0.6	(0.7)	2.9
(Credit)/charge to other comprehensive income	–	0.7	–	–	0.7
(Credit)/charge to income	(8.3)	0.5	3.5	4.1	(0.2)
At 31 March 2020	(1.3)	(21.3)	9.4	4.0	(9.2)
Reclassification	3.4	(2.5)	–	(0.9)	–
At 31 March 2020 restated	2.1	(23.8)	9.4	3.1	(9.2)
Prior year adjustment	**2.9**	**(0.1)**	**(6.2)**	**(0.7)**	**(4.1)**
Reclassification to Current Tax	**(1.2)**	**–**	**(1.4)**	**–**	**(2.6)**
Movement to equity	**–**	**(2.2)**	**–**	**–**	**(2.2)**
(Credit)/charge to income	**8.1**	**1.3**	**(0.6)**	**1.3**	**10.1**
At 31 March 2021	**11.9**	**(24.8)**	**1.2**	**3.7**	**(8.0)**

Company	Investments £m	Share based payments and compensation deductible as paid £m	Derivatives £m	Other temporary differences £m	Total £m
At 31 March 2019	(1.1)	(17.3)	5.3	1.4	(11.7)
Prior year adjustment	0.1	(1.9)	0.6	–	(1.2)
(Credit)/charge to other comprehensive income	–	0.7	–	–	0.7
(Credit)/charge to income	1.6	(1.2)	3.5	0.2	4.1
At 31 March 2020	0.6	(19.7)	9.4	1.6	(8.1)
Reclassification	4.5	(2.6)	–	(1.9)	–
At 31 March 2020 restated	5.1	(22.3)	9.4	(0.3)	(8.1)
Prior year adjustment	**2.4**	**7.7**	**(6.2)**	**(2.5)**	**1.4**
Reclassification to Current Tax	**–**	**–**	**(1.4)**	**–**	**(1.4)**
Movement to equity	**–**	**2.9**	**–**	**–**	**2.9**
(Credit)/charge to income	**(0.4)**	**1.0**	**(0.6)**	**2.8**	**2.8**
At 31 March 2021	**7.1**	**(10.7)**	**1.2**	**–**	**(2.4)**

Deferred tax has been accounted for at the applicable tax rates enacted or substantively enacted, in each case in the relevant jurisdiction of the tax arising, as at the end of the reporting period. As at 31 March 2021 the value of losses unrecognised for deferred tax is £0.2m.

The UK Government announced on 3 March 2021 its intention to increase the UK rate of corporation tax to 25% from 19% from 1 April 2023. As this rate was not substantively enacted at the year end, deferred tax on future UK taxable profits has been calculated based on the prevailing rate of 19%. The net UK group deferred tax asset comprises a mixture of separate deferred tax assets and liabilities. Due to timing differences as to when these deferred tax assets and liabilities will realise into current tax, the estimated impact of the new 25% rate on the deferred tax asset overall would be a decrease of £2.0m.

15. Dividends

Accounting policy

Dividends paid to the Company's shareholders are recognised in the period in which the dividends are declared. Dividends become final once approved by the Company's shareholders at the AGM and may be subject to change. Dividends paid are recognised as a deduction from equity.

	2021		2020	
	Per share pence	£m	Per share pence	£m
Ordinary dividends paid:				
Final	**35.8**	**102.3**	35.0	100.0
Interim	**17.0**	**48.6**	15.0	42.8
	52.8	**150.9**	50.0	142.8
Proposed final dividend	**39.0**	**111.5**	35.8	101.6

Of the £150.9m (2020: £142.8m) of ordinary dividends paid during the year, £2.9m (2020: £0.7m) were reinvested under the dividend reinvestment plan offered to shareholders.

16. Earnings per share

Earnings	2021 £m	2020[1] £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	**457.1**	108.9

Number of shares	2021	2020 (restated)[1]
Weighted average number of ordinary shares for the purposes of basic earnings per share	**285,154,566**	284,813,542
Effect of dilutive potential ordinary shares share options	**5,043,079**	5,823,415
Weighted average number of ordinary shares for the purposes of diluted earnings per share	**290,197,645**	290,636,957
Earnings per share (pence)	**160.3p**	38.2p
Diluted earnings per share (pence)	**157.5p**	37.5p

1. The 2020 Weighted average number of ordinary shares for the purposes of diluted earnings per share has been re-presented to include the dilutive impact of deferred share awards. The Diluted earnings per share has been restated.

17. Intangible assets

Accounting policy

Business combinations

Business combinations are accounted for using the acquisition method. The acquisition method involves the recognition of all assets, liabilities and contingent liabilities of the acquired business at their fair value at the acquisition date.

The excess of the fair value at the date of acquisition of the cost of investments in subsidiaries over the fair value of the net assets acquired which is not allocated to individual assets and liabilities is determined to be goodwill. Goodwill is reviewed at least annually for impairment.

Investment management contracts

Intangible assets with finite useful lives that are acquired separately, including investment management contracts, are carried at cost less accumulated depreciation and impairment losses. These are measured at cost and are amortised on a straight line basis over the expected life of the contract.

Impairment of non-financial assets and goodwill

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Computer software – Acquired intangible assets

Intangible assets that are acquired by the Group are typically computer software related and are stated at historical cost less accumulated amortisation and any impairment losses. Amortisation is on a straight line basis over the estimated useful lives. The Group's intangible assets are computer software, for which the estimated lives are three years.

Computer software – Internally generated intangible assets – research and development expenditure

Research costs are expensed as they are incurred.

Development expenditure incurred on individual projects related to computer software are capitalised only if all of the following criteria are demonstrated:

- An asset is created that can be separately identified;
- It is probable that the asset created will generate future economic benefits; and
- The development cost of the asset can be measured reliably.

Following the initial recognition of development expenditure, the cost is amortised over the estimated useful life of the asset created, of three years. Amortisation commences on the date that the asset is brought into use. Work-in-progress assets are not amortised until they are brought into use and transferred to the appropriate category of intangible assets. Amortisation of intangible assets is included in administrative expenses in the income statement and detailed in note 12.

Group	Computer software 2021 £m	Computer software 2020 £m	Goodwill[1] 2021 £m	Goodwill[1] 2020 £m	Investment management contract 2021 £m	Investment management contract 2020 £m	Total 2021 £m	Total 2020 £m
Cost								
At 1 April	**37.1**	–	**4.3**	4.3	**25.5**	25.5	**66.9**	29.8
Reclassified[2]	**–**	31.0	**–**	–	**–**	–	**–**	31.0
Additions	**4.0**	6.1	**–**	–	**–**	–	**4.0**	6.1
Derecognised	**(20.3)**	–	**–**	–	**–**	–	**(20.3)**	–
At 31 March	**20.8**	37.1	**4.3**	4.3	**25.5**	25.5	**50.6**	66.9
Amortisation								
At 1 April	**23.5**	–	**–**	–	**16.7**	14.4	**40.2**	14.4
Reclassified[2]	**–**	19.7	**–**	–	**–**	–	**–**	19.7
Charge for the year	**5.5**	3.8	**–**	–	**2.3**	2.3	**7.8**	6.1
Derecognised	**(18.9)**	–	**–**	–	**–**	–	**(18.9)**	–
At 31 March	**10.1**	23.5	**–**	–	**19.0**	16.7	**29.1**	40.2
Net book value at 31 March	**10.7**	13.6	**4.3**	4.3	**6.5**	8.8	**21.5**	26.7

1. Goodwill was acquired in the ICG-Longbow Real Estate Capital LLP business combination and represents a single cash generating unit. The recoverable amount of the real estate cash generating unit is based on fair value less costs to sell where the fair value equates to a multiple of adjusted net income, in line with the original consideration methodology. The significant headroom on the recoverable amount is not sensitive to any individual assumption.
2. During the prior year the Group carried out an assessment of its assets categorised as furniture and equipment and determined that those assets relating to computer software were more appropriately classified as intangible assets. During the current year, computer software assets valued at £1.4m were derecognised.

During the financial year ended 31 March 2021 the Group recognised as an expense £0.1m (2020: £0.1m) of research and development expenditure.

Company	Computer software 2021 £m	Computer software 2020 £m	Investment management contract 2021 £m	Investment management contract 2020 £m	Total 2021 £m	Total 2020 £m
Cost						
At 1 April	**37.1**	–	**19.9**	19.9	**57.0**	19.9
Reclassified[1]	**–**	31.0	**–**	–	**–**	31.0
Additions	**4.0**	6.1	**–**	–	**4.0**	6.1
Derecognised	**(20.3)**	–	**–**	–	**(20.3)**	–
At 31 March	**20.8**	37.1	**19.9**	19.9	**40.7**	57.0
Amortisation						
At 1 April	**23.5**	–	**11.1**	8.8	**34.6**	8.8
Reclassified[1]	**–**	19.7	**–**	–	**–**	19.7
Charge for the year	**5.5**	3.8	**2.3**	2.3	**7.8**	6.1
Derecognised	**(18.8)**	–	**–**	–	**(18.8)**	–
At 31 March	**10.2**	23.5	**13.4**	11.1	**23.6**	34.6
Net book value at 31 March	**10.6**	13.6	**6.5**	8.8	**17.1**	22.4

1. During the prior year the Group carried out an assessment of its assets categorised as furniture and equipment and determined that those assets relating to computer software were more appropriately classified as intangible assets. During the current year, computer software assets valued at £1.4m were derecognised.

18. Property, plant and equipment

Accounting policy

The Group's property, plant and equipment provide the infrastructure to enable the Group to operate. Assets are initially stated at cost, which includes expenditure associated with acquisition. The cost of the asset is recognised in the income statement as an amortisation charge on a straight line basis over the estimated useful life, three years for furniture and equipment, five years for short leasehold premises and over the life of the lease term for Right of Use (ROU) assets.

Group as a lessee

Included within the Group's property, plant and equipment are its ROU assets. ROU assets are the present value of the Group's global leases and comprises all future lease payments, and all expenditure associated with acquiring the lease. The Group's leases are primarily made up of its global offices. The Group has elected to capitalise initial costs associated with acquiring a lease before commencement as a ROU asset. The cost of the ROU asset is recognised in the income statement as an amortisation charge on a straight line basis over the life of the lease term.

Short-term leases and leases of low value assets

The Group applies the short-term lease recognition exemption to its leasehold improvements and short-term leases, those leases that have a lease term of 12 months or less from the commencement date which do not contain a purchase option. The Group also applies the recognition exemption to leases that are considered to be low value. Leasehold improvements are amortised on a straight line basis over the lease term. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight line basis over the lease term.

	Furniture and equipment[1]		ROU asset		Leasehold improvements		Total	
Group	**2021 £m**	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m	**2021 £m**	2020 £m
Cost								
At 1 April	**5.5**	36.4	**42.3**	30.6	**–**	5.8	**47.8**	72.8
Reclassified[1]	**–**	(31.0)	**(10.9)**	5.8	**10.9**	(5.8)	**–**	(31.0)
Additions	**2.3**	–	**56.0**	5.9	**4.9**	–	**63.2**	5.9
Disposals	**(4.1)**	–	**(14.4)**	–	**(5.2)**	–	**(23.7)**	–
Exchange differences	**0.1**	0.1	**–**	–	**–**	–	**0.1**	0.1
At 31 March	**3.8**	5.5	**73.0**	42.3	**10.6**	–	**87.4**	47.8
Depreciation								
At 1 April	**4.6**	24.0	**29.8**	20.2	**–**	5.6	**34.4**	49.8
Reclassified[1]	**–**	(19.7)	**(5.8)**	5.6	**5.8**	(5.6)	**–**	(19.7)
Charge for the year	**0.5**	0.2	**6.8**	4.0	**0.5**	–	**7.8**	4.2
Disposals	**(3.5)**	–	**(13.1)**	–	**(5.2)**	–	**(21.8)**	–
Exchange differences	**–**	0.1	**–**	–	**–**	–	**–**	0.1
At 31 March	**1.6**	4.6	**17.7**	29.8	**1.1**	–	**20.4**	34.4
Net book value	**2.2**	0.9	**55.3**	12.5	**9.5**	–	**67.0**	13.4

1. During the prior year, the Group carried out an assessment of its assets categorised as furniture and equipment and determined that those assets relating to computer software were more appropriately classified as intangible assets. These assets were transferred at book value and there was no profit or loss arising on transfer.

Company	Furniture and equipment[2] 2021 £m	Furniture and equipment[2] 2020 £m	ROU asset 2021 £m	ROU asset 2020 £m	Leasehold improvements[1] 2021 £m	Leasehold improvements[1] 2020 £m	Total 2021 £m	Total 2020 £m
Cost								
At 1 April	**1.8**	32.8	**26.9**	18.3	**–**	4.2	**28.7**	55.3
Reclassified[1,2]	**–**	(31.0)	**(9.5)**	4.2	**9.5**	(4.2)	**–**	(31.0)
Additions	**2.2**	–	**47.9**	4.4	**4.6**	–	**54.7**	4.4
Disposals	**(1.4)**	–	**(14.4)**	–	**(5.2)**	–	**(21.0)**	–
At 31 March	**2.6**	1.8	**50.9**	26.9	**8.9**	–	**62.4**	28.7
Depreciation								
At 1 April	**1.5**	21.0	**19.7**	13.5	**–**	4.2	**21.2**	38.7
Reclassified[2]	**–**	(19.7)	**(4.2)**	4.2	**4.2**	(4.2)	**–**	(19.7)
Charge for the year	**0.5**	0.2	**2.8**	2.0	**0.3**	–	**3.6**	2.2
Disposals	**(1.4)**	–	**(13.1)**	–	**(4.2)**	–	**(18.7)**	–
At 31 March	**0.6**	1.5	**5.2**	19.7	**0.3**	–	**6.1**	21.2
Net book value	**2.0**	0.3	**45.7**	7.2	**8.6**	–	**56.3**	7.5

1. With the implementation of IFRS 16, shorthold leases were reassessed in the prior year and those more than 12 months remaining on the lease were reclassified to ROU assets. £30.6m (Company: £18.3m) was reclassified on 1 April 2019.
2. During the prior year, the Group carried out an assessment of its assets categorised as furniture and equipment and determined that those assets relating to computer software were more appropriately classified as intangible assets per note 17.

Group as Lessor

Accounting policy

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other income in the consolidated income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and amortised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

The Group has entered into sub-lease agreements of certain office buildings (see Note 18 above). These leases have terms of between two and five years. Rental income recognised by the Group during the year was £0.8m (2020: £0.8m). Future minimum rentals receivable under non-cancellable operating leases as at 31 March are as follows:

Group	2021 £m	2020 £m
Within one year	**0.3**	0.8
After one year but not more than five years	**2.3**	0.1
At 31 March	**2.6**	0.9

19. Investment property

Accounting policy

The Group holds investment property for the development of the Group's long-term real assets strategy. As the properties are being held with a purpose to earn rental income and/or for capital appreciation and are not occupied by the Group, IAS 40 Investment Property requires that the property be measured initially at cost, including transaction costs, and subsequently measured at fair value. The fair value of the investment properties has been recorded based on independent valuations prepared by third-party real estate valuation specialists in line with the Royal Institution of Chartered Surveyors Valuation – Global Standards 2020. A market and income approach was performed to estimate the fair value of the Group's investments. These valuation techniques can be subjective and include assumptions which are not supportable by observable data. Details of the valuation techniques and the associated sensitivities are further disclosed in note 5.

Group	2021 £m	2020 £m
Investment property at fair value		
At 1 April	**8.1**	97.1
Disposals	**(6.3)**	(89.0)
Transfer to investment property on obtaining control of subsidiary	**56.7**	–
Classified as Disposal Group held for Sale	**(56.7)**	–
At 31 March	**1.8**	8.1

During the year, the Group held £56.7m investment property within a disposal group held for sale (see note 29).

20. Trade and other receivables

Accounting policy

Trade and other receivables represent amounts the Group is due to receive in the normal course of business and are held at amortised cost. Other receivables within structured entities controlled by the Group relate principally to unsettled trades on the sale of financial assets. Amounts owed by Group companies are non-interest bearing and repayable on demand. The carrying value of trade and other receivables reported within current assets approximates fair value as these are short-term and do not contain any significant financing components. The carrying value of trade and other receivables reported within non-current assets approximates fair value as these do not contain any significant financing components.

Performance fees receivable relates to fees which are considered contract assets under IFRS 15 and will only be received after realisation of the underlying assets, see note 3.

Trade and other receivables from Group entities are considered related party transactions as stated in note 27.

The Company has adopted the simplified approach to measuring the loss allowance at lifetime Expected Credit Loss (ECL), as permitted under IFRS 9. Trade and other receivables are received from Group entities or its affiliates and are paid shortly following notification to the Group, which causes the receivable to initially be recorded, the ECL of these receivables are expected to be nil or close to nil. Lastly, the assets do not contain any significant financing components, therefore the simplified approach is deemed most appropriate.

	Group		Company	
	2021 £m	2020 (restated)[1] £m	2021 £m	2020 (restated)[1,2] £m
Current assets				
Trade and other receivables within structured entities controlled by the Group	**99.5**	55.8	**–**	–
Trade and other receivables excluding structured entities controlled by the Group	**107.1**	117.0	**8.2**	11.8
Amounts owed by Group companies	**–**	–	**704.2**	574.5
Prepayments	**8.6**	4.5	**4.2**	3.9
Total current assets	**215.2**	177.3	**716.6**	590.2
Non-current assets				
Trade and other receivables excluding structured entities controlled by the Group	**62.8**	24.5	**33.8**	9.4
Amounts owed by Group companies	**–**	–	**472.8**	526.0
Total non-current assets	**62.8**	24.5	**506.6**	535.4

1. A review of the balances included within 'Trade and other receivables excluding structured entities controlled by the Group' was undertaken and it was identified that certain balances were more appropriately classified as non-current assets, as the Group does not expect to receive them in the next 12 months. The prior year (Group: £24.5m, Company: £9.4m) has also been reclassified to present on a consistent basis.
2. A review of the balances included within 'Amounts owed by Group companies' was undertaken and it was identified that this balance contained amounts relating to long-term investments. £526.0m has been reclassified as non-current assets as at 31 March 2020, even though these balances are repayable on demand, as the Company does not expect to realise them in the next 12 months.

21. Trade and other payables

Accounting policy

Trade and other payables are held at amortised cost and represent amounts the Group is due to pay in the normal course of business. Other payables in the table below relate principally to unsettled trades on the purchase of financial assets within structured entities controlled by the Group. Accruals represent costs, including remuneration, that are not yet billed or due for payment, but for which the goods or services have been received. Amounts owed to Group companies are non-interest bearing and repayable on demand. The carrying value of trade and other payables approximates fair value as these are short-term and do not contain any significant financing components.

Trade and other payables from Group entities are considered related party transactions as stated in note 27.

	Group		Company	
	2021 £m	2020 (restated)[1] £m	2021 £m	2020 (restated)[1] £m
Current liabilities				
Trade and other payables within structured entities controlled by the Group	**315.9**	176.6	**–**	–
Trade and other payables excluding structured entities controlled by the Group	**110.1**	108.2	**114.8**	86.6
Amounts owed to Group companies	**–**	–	**1,165.7**	1,123.5
Social security tax	**1.3**	1.2	**1.5**	1.4
Total current liabilities	**427.3**	286.0	**1,282.0**	1,211.5
Non-current liabilities				
Trade and other payables excluding structured entities controlled by the Group	**41.9**	50.0	**41.9**	50.0
Total non-current liabilities	**41.9**	50.0	**41.9**	50.0

1. A review of the balances included within 'Trade and other payables excluding structured entities controlled by the Group' was undertaken and it was identified that certain balances totalling £41.9m (2020: £50.0m) were more appropriately classified as non-current liabilities, as the Group does not expect to settle these in the next 12 months. The prior year has also been reclassified to present on a consistent basis.

22. Financial risk management

The Group has identified Financial Risk, comprising market and liquidity risk, as a principal risk. Further details are set out on page 49. The Group has exposure to market risk (including exposure to interest rates and foreign currency), liquidity risk and credit risk arising from financial instruments.

Interest rate risk

The Group's assets include both fixed and floating rate loans and non-interest-bearing equity investments.

The Group's operations are financed with a combination of its shareholders' funds, bank borrowings, private placement notes, public bonds, and fixed and floating rate notes. The Group manages its exposure to market interest rate movements by matching, to the extent possible, the interest rate profiles of assets and liabilities and by using derivative financial instruments.

The sensitivity of floating rate financial assets to the 100 basis points interest rate increase is £43.8m (2020: £44.7m) and the sensitivity of financial liabilities to the same interest rate increase is £37.6m (2020: £35.5m). There is an indirect exposure to interest rate risk through the impact on the performance of portfolio companies and therefore valuations. There is no interest rate risk exposure on fixed rate financial assets or liabilities.

The sensitivity of assets and liabilities to interest rate risk is disclosed above. The Group's sensitivity to movements is calculated by applying 100 basis points sensitivity to interest rates to the Group's forecast model.

Exposure to interest rate risk

	2021			2020		
Group	**Floating £m**	**Fixed £m**	**Total £m**	Floating £m	Fixed £m	Total £m
Financial assets (excluding investments in loans held in consolidated structured entities)	460.5	2,680.2	3,140.7	1,138.2	2,156.7	3,294.9
Investments in loans held in consolidated credit funds	3,916.0	338.0	4,254.0	3,332.5	164.8	3,497.3
Financial liabilities (excluding borrowings and loans held in consolidated credit funds)	3.6	(1,576.9)	(1,573.3)	(249.1)	(1,851.5)	(2,100.6)
Borrowings and loans held in consolidated structured entities	(3,763.7)	(547.5)	(4,311.2)	(3,304.4)	(187.1)	(3,491.5)
	616.4	893.8	1,510.2	917.2	282.9	1,200.1

Foreign exchange risk

The Group is exposed to currency risk in relation to currency transactions and the translation of net assets, and income statement of foreign subsidiaries. The Group's most significant exposures are to the euro and the US dollar. Exposure to market currency risk is managed by matching assets with liabilities to the extent possible and through the use of derivative instruments.

The Group regards its interest in overseas subsidiaries as long-term investments. Consequently, it does not normally hedge the translation effect of exchange rate movements on the financial statements of these businesses.

The Group is also exposed to currency risk arising on the translation of fund management fee income receipts, which are primarily denominated in Euro and US dollar. Fund management fee income is hedged to provide more certainty over the value of future cash inflows.

The sensitivity to movements in exchange rates is assumed by applying a percentage measure, based on the volatility of the applicable currency, as defined in the Group's treasury policy, to the net currency asset or liability at the balance sheet date.

The effect of fluctuations in other currencies is considered by the Directors to be insignificant in the current and prior year. The net assets/(liabilities) by currency and the sensitivity of the balances to foreign exchange rates are shown below:

Group	2021 Net statement of financial position £m	Derivative contracts £m	Net exposure £m	Sensitivity to strengthening %	Increase in net assets £m
Sterling	353.5	960.8	1,314.3	–	–
Euro	791.8	(747.8)	44.0	15%	6.6
US dollar	54.1	75.3	129.4	20%	25.9
Other currencies	298.8	(276.3)	22.5	10-25%	–
	1,498.2	12.0	1,510.2		32.5

Group	2020 Net statement of financial position £m	Derivative contracts £m	Net exposure £m	Sensitivity to strengthening %	Increase in net assets £m
Sterling	506.0	795.8	1,301.8	–	–
Euro	626.2	(640.6)	(14.4)	15%	(2.2)
US dollar	(196.2)	98.3	(97.9)	20%	(19.6)
Other currencies	264.1	(221.3)	42.8	10-25%	–
	1,200.1	32.2	1,232.3		(21.8)

The weakening of the above currencies would have resulted in an equal but opposite impact, being a decrease in net assets.

Liquidity risk

The Group manages its liquidity risk by maintaining headroom on its financing facilities, particularly its bank facilities.

The table below shows the liquidity profile of the Group's financial liabilities, based on contractual repayment dates of principal and interest payments. Future interest and principal cash flows have been calculated based on exchange rates and floating rate interest rates as at 31 March 2021. It is assumed that Group borrowings under its senior debt facilities remain at the same level as at 31 March 2021 until contractual maturity. Included in financial liabilities are contractual interest payments. All financial liabilities excluding structured entities controlled by the Group are held by the Company.

Liquidity profile

	Contractual maturity analysis				
As at 31 March 2021	Less than one year £m	One to two years £m	Two to five years £m	More than five years £m	Total £m
Financial liabilities					
Private placements	138.5	59.0	503.4	171.7	872.6
Listed notes and bonds	14.9	174.9	20.7	432.4	642.9
Unsecured bank debt	–	–	–	–	–
Structured entities controlled by the Group	69.4	69.4	208.2	4,329.3	4,676.3
Derivative financial instruments	(3.6)	26.3	–	–	22.7
	219.2	329.6	732.3	4,933.4	6,214.5

As at 31 March 2021 the Group has liquidity of £846.9m (2020: £1,216.5m) which consists of undrawn debt of £550m (2020: £300m) and £296.9m (2020: £947.9m) of unencumbered cash. Unencumbered cash excludes £284.3m (2020: £139.0m (restated)) of restricted cash held principally by structured entities controlled by the Group.

22. Financial risk management continued

As at 31 March 2020	Contractual maturity analysis Less than one year £m	One to two years £m	Two to five years £m	More than five years £m	Total £m
Financial liabilities					
Private placements	209.3	156.6	421.7	387.8	1,175.4
Listed notes and bonds	97.7	15.2	189.7	458.9	761.5
Unsecured bank debt	5.4	5.4	252.6	–	263.4
Structured entities controlled by the Group	96.8	96.8	290.5	4,013.8	4,497.9
Derivative financial instruments	(6.0)	(4.0)	26.1	(5.2)	10.9
	403.2	270.0	1,180.6	4,855.3	6,709.1

The Group's policy is to maintain continuity of funding. Due to the long-term nature of the Group's assets, the Group seeks to ensure that the maturity of its debt instruments is matched to the expected maturity of its assets.

Credit risk

Credit risk is the risk of financial loss to the Group as a result of a counterparty failing to meet its contractual obligations. This risk is principally in connection with the Group's investments.

This risk is mitigated by the disciplined credit procedures that the Fund Investment Committees have in place prior to making an investment and the ongoing monitoring of investments throughout the ownership period. In addition, the risk of significant credit loss is further mitigated by the Group's policy to diversify its investment portfolio in terms of geography and industry sector and to limit the amount invested in any single company.

Exposure to credit risk

	Group		Company	
	2021 £m	2020 £m	**2021 £m**	2020 £m
Direct investment in portfolio companies held at fair value	**171.8**	432.6	**126.4**	211.2
Investments with funds	**1,812.8**	1,342.8	**316.0**	375.4
Investments in senior and subordinated notes of CLO vehicles	**132.1**	117.4	**9.2**	12.1
Investments in loans held within structured entities controlled by the Group	**4,147.8**	3,599.8	**–**	–
Investment in joint ventures	**2.8**	2.5	**–**	–
	6,267.3	5,495.1	**451.6**	598.7

The Group minimises its surplus operational cash balance by the regular forecasting of cashflow requirements, debt management and cash pooling arrangements. Credit risk exposure on cash and derivative instruments is managed in accordance with the Group's treasury policy which provides limits on exposures with any single financial institution. The Group's surplus cash is held in financial institutions rated AAA or above. Other credit exposures arise from outstanding derivatives with financial institutions rated from BBB to AAA, with 90% at institutions rated A- or above.

The Group is exposed to credit risk as a result of financing guarantees provided. The maximum exposure to guarantees is £8.2m (2020: £9.0m). No liability has been recognised in respect of these guarantees.

The Directors consider the Group's credit exposure to trade and other receivables and current assets held for sale to be low and as such no further analysis has been presented. The Directors consider the credit risk of the investments within the structured entities controlled by the Group to be low.

The Group's investments in CLOs and loans held within structured entities controlled by the Group principally comprise senior loans. The credit risk related to any reduction in the value of investments in loans held in credit funds is borne by the investors in the loan notes or units in these funds. The Group's exposure to the credit risk of the underlying collateral is therefore limited to its investments in these CLOs and credit funds, which at 31 March 2021 was £506.0m (2020: £421.5m). This credit exposure comprises investment grade notes £3,605.0m (2020: £3,144.0) rated BBB- and above, and sub-investment grade notes £542.9m (2020: £455.8m).

The carrying amount of financial assets represents the Directors' assessment of the maximum credit risk exposure of the Group and Company at the balance sheet date. Decreases in fair value during the year reflect the decline in recoverability on individual assets, as a result either of company specific or of general macroeconomic conditions.

The Directors believe that credit risk as a result of the concentration of significant counterparties is low as there is no individual counterparty comprising more than 10% of the Group's total exposure.

Other than the Group investments in CLOs and loans held within structured entities controlled by the Group, the Group has no direct exposure to defaulted and past due financial assets.

Capital management

Managing capital is the ongoing process of determining and maintaining the quantity and quality of capital appropriate for the Group and ensuring capital is deployed in a manner consistent with the expectations of our stakeholders. The primary objectives of the Group's capital management are (i) to ensure that the Group complies with externally imposed capital requirements by the Financial Conduct Authority (the FCA) and (ii) to ensure that the Group maximises the return to shareholders through the optimisation of the debt and equity balance. The Group's strategy has remained unchanged from the year ended 31 March 2020.

The capital structure of the Group consists of cash and cash equivalents, £581.2m (2020: £1,086.9m) (see note 6); debt, which includes borrowings, £1,321.4, (2020: £1,916.9m) (see note 7) and capital and reserves of the Company, comprising called up share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity, £1,060.9m (2020: £1,016.1m) (see page 130).

(i) Regulatory capital requirements

The Group is required to hold capital resources to cover both Pillar 1 and Pillar 2 capital requirements, described below:

- Pillar 1 calculates a company's minimum capital resource requirement mechanically by reference to the company type and based on prescribed factors
- Pillar 2 requires a subjective assessment of the company's capital resource requirement by reference to the risks to which it is exposed and within the context of its overall risk management framework. The process, known as the ICAAP, is a key input into the supervisory review process of the FCA

The Group's capital for regulatory purposes comprises the capital and reserves of the Company, comprising called up share capital, reserves and retained earnings as disclosed in the Statement of Changes in Equity (see page 130).

The Group is required to maintain minimum Pillar 1 regulatory capital of £405.9m (2020: £390.6m). The Group's total capital requirement is £454.7m (2020: £439.4m). The Group's regulatory surplus capital, comprising the Group's total equity (less regulatory deductions) and the regulatory capital requirement, was £632.9m (2020: £648.0m). The Group has complied with the imposed minimum capital throughout the year. The full Pillar 3 disclosures are available on the Group's website: www.icgam.com.

(ii) Capital and risk management policies

The formal procedures for identifying and assessing risks that could affect the capital position of the Group are described in the Strategic Report on page 49. The capital structure comprises debt, which include the borrowings disclosed in note 7, cash and cash equivalents, and capital and reserves of the Company, comprising called up share capital, reserves and retained earnings as disclosed in the Parent Company Consolidated Statement of Changes in Equity.

23. Called up share capital and share premium

Share capital represents the number of issued ordinary shares in Intermediate Capital Group plc multiplied by their nominal value of 26¼p each.

The Company has the authority limited by shareholder resolution to issue, buy back, or cancel ordinary shares in issue (including those held in trust, described below). New shares are issued when share options are exercised by employees. The Company has 294,276,532 authorised shares (2020: 294,179,174).

Group and Company	Number of ordinary shares of 26¼p allotted, called up and fully paid	Share capital £m	Share premium £m
1 April 2020	**294,179,174**	**77.2**	**179.9**
Shares issued	**97,358**	**–**	**0.3**
31 March 2021	**294,276,532**	**77.2**	**180.2**

Group and Company	Number of ordinary shares of 26¼p allotted, called up and fully paid	Share Capital £m	Share Premium £m
1 April 2019	294,084,351	77.2	179.5
Shares issued	94,823	–	0.4
31 March 2020	294,179,174	77.2	179.9

24. Own shares reserve

Accounting policy

Own shares are recorded by the Group when ordinary shares are purchased in the market by ICG plc or through the ICG Employee Benefit Trust (EBT).

The EBT is a special purpose vehicle, with the purpose of purchasing and holding shares of the Company for the hedging of future liabilities arising as a result of the employee share-based compensation schemes, (see note 25) in a way that does not dilute the percentage holdings of existing shareholders.

Own shares are held at cost and their purchase reduces the Group's net assets by the amount spent. When shares vest or are cancelled, they are transferred from own shares to the retained earnings reserve at their weighted average cost. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own shares.

The movement in the year is as follows:

	2021 £m	2020 (restated)[1] £m	2021 Number	2020 (restated)[1] Number
At 1 April	**114.4**	92.8	**10,899,484**	11,218,285
Purchased (ordinary shares of 26¼p)	**–**	40.3	**–**	2,500,000
Options/awards exercised	**(32.2)**	(18.7)	**(2,510,238)**	(2,818,801)
As at 31 March	**82.2**	114.4	**8,389,246**	10,899,484

1. A review of the movements within the 'Own shares' reserve identified that shares retained on vesting by the EBT to settle employee taxes had been incorrectly disclosed. The effect of the restatement was to reduce the increase in value of 'Purchased (ordinary shares of 26¼p)' by £30.0m and the increase in the number of shares by 2,278,936, and to reduce the charge related to 'Options/awards exercised' by £30.0m and the decrease in the number of shares by 2,278,936.

The Company held 3,733,333 shares in the Own Share Reserve at 31 March 2021 and 31 March 2020 at a cost of £21.3m. These shares were purchased through a share buy back programme in prior years.

The number of shares held by the Group at the balance sheet date represented 2.9% (2020: 3.7%) of the Parent Company's allotted, called up and fully paid share capital.

25. Share based payments

Accounting policy

The Group issues compensation to its employees under equity settled share based payment plans.

Equity settled share based payments are measured at the fair value of the awards at grant date. The fair value includes the effect of non-market based vesting conditions. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period.
At each reporting date, the Group revises its estimate of the number of equity instruments expected to vest as a result of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

The total charge to the income statement for the year was £26.9m (2020: £25.2m) and this was credited to the share based payments reserve in equity. Details of the different types of awards are as follows:

Intermediate Capital Group plc Omnibus Plan

The Omnibus Plan provides for two different award types to be made over ICG plc shares: Deferred Share Awards and PLC Equity Awards.

Deferred Share Awards

Awards are made after the end of the financial year (and in a small number of cases during the year) to reward employees for delivering cash profits, managing the cost base, and employing sound risk and business management. These share awards normally vest one third at the end of the first, second and third years following the year of grant, unless the individual leaves for cause or to join a competitor. Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date. Awards are based on performance against the individual's objectives. There are no further performance conditions.

PLC Equity Awards

Awards are made after the end of the financial year to reward senior employees for increasing long-term shareholder value. These share awards normally vest one third at the end of the third, fourth and fifth years following the year of grant, unless the individual leaves for cause or to join a competitor. Dividend equivalents accrue to participants during the vesting period and are paid at the vesting date. Awards are based on performance against the individual's objectives. There are no further performance conditions.

Share awards outstanding under the Omnibus Plan were as follows:

	Number		Weighted average fair value (£)	
Deferred Share Awards	**2021**	2020	**2021**	2020
Outstanding at 1 April	**2,829,014**	2,780,324	**11.33**	10.18
Granted	**1,512,583**	1,292,442	**13.07**	11.98
Vested	**(1,383,114)**	(1,236,430)	**10.80**	9.42
Forfeited	**–**	(7,322)	**–**	11.98
Outstanding at 31 March	**2,958,483**	2,829,014	**12.47**	11.33

	Number		Weighted average fair value (£)	
PLC Equity Awards	**2021**	2020	**2021**	2020
Outstanding at 1 April	**3,333,119**	3,906,404	**8.74**	7.25
Granted	**429,746**	579,715	**13.08**	11.98
Vested	**(1,082,131)**	(1,153,000)	**6.78**	5.33
Outstanding at 31 March	**2,680,734**	3,333,119	**10.22**	8.74

The fair values of awards granted under the ICG plc Omnibus Plan are determined by the average share price for the five business days prior to grant.

25. Share based payments continued

FMC Equity Awards

FMC Equity Awards were awarded up until May 2017. Awards were made after the end of the financial year to incentivise those employees charged with accelerating the expansion of the Company's fund management business. The awards were over shares in the FMC and shares vested one third in each of the first, second and third years following the year of grant subject to continuing service. A holding period applies until the third year following the year of grant, at which time all vested FMC shares are automatically 'exchanged' for Company shares of an equivalent value. The value of a share was determined by an independent valuation every year. Awards were based on performance against the individual's objectives. There are no further performance conditions.

There are no outstanding awards at 31 March 2021.

FMC Equity Awards	Number 2021	Number 2020	Weighted average fair value (£) 2021	Weighted average fair value (£) 2020
Outstanding at 1 April	**11,104**	30,473	**700.0**	582.0
Vested	**(11,104)**	(19,369)	**700.0**	–
Forfeited	**–**	–	**–**	515.0
Outstanding at 31 March	**–**	11,104	**700.0**	700.0

Intermediate Capital Group plc Buy Out Awards

Buy Out Awards are shares awarded to new employees in lieu of awards forfeited from their previous employment. These share awards shall vest or be forfeited according to the schedule and terms of the forfeited awards, and any performance conditions detailed in the individual's employment contract. Buy Out Awards may be cash settled.

Buy Out Awards outstanding were as follows:

Buy Out Awards	Number 2021	Number 2020	Weighted average fair value (£) 2021	Weighted average fair value (£) 2020
Outstanding at 1 April	**175,512**	265,844	**7.87**	6.54
Granted	**215,817**	66,629	**13.42**	12.04
Vesting	**(145,906)**	(156,961)	**9.10**	7.38
Outstanding at 31 March	**245,423**	175,512	**12.06**	7.87

The fair values of the Buy Out Awards granted are determined by the average share price for the five business days prior to grant.

Save As You Earn

The Group offers a Sharesave Scheme (SAYE) to its employees and are granted by invitation at a 20% discount to the prevailing market price at the date of issue. Options to this equity-settled scheme are exercisable at the end of a three year savings contract. Participants are not entitled to dividends prior to the exercise of the options. The maximum amount that can be saved by a participant in this way is £6,000 in any tax year.

Fair value is measured using the Black–Scholes valuation model, which considers the current share price of the Group, the risk-free interest rate and the expected volatility of the share price over the life of the award. The expected volatility was calculated by analysing three years of historic share price data of the Group.

The total amount to be expensed over the vesting period is determined by reference to the fair value of the share awards and options at grant date, which is remeasured at each reporting date. The total amount to be expensed during the year is £227,264 (2020: £241,700).

Save As You Earn Scheme (SAYE)	Number		Weighted average fair value (£)	
	2021	2020	2021	2020
Outstanding at 1 April	**244,446**	127,147	**2.79**	2.15
Granted	**–**	147,063	**3.26**	3.26
Vested	**(92,240)**	(618)	**2.15**	2.15
Forfeited	**(14,811)**	(29,146)	**3.14**	2.35
Outstanding at 31 March	**137,395**	244,446	**3.19**	2.79

In 2016, the Group offered a Sharesave Scheme granting 91,398 shares. As at the reporting date there are no shares outstanding from the 2016 scheme.

Intermediate Capital Group plc 2001 approved and unapproved executive share option scheme

All options under the Intermediate Capital Group plc 2001 scheme have vested, and no new options will be awarded as the scheme is now closed. Analysis of movements in the number and weighted average exercise price of options is set out below:

	Number		Exercise price (£)	
	2021	2020	2021	2020
Outstanding at 1 April	**–**	25,601	**–**	2.95
Exercised	**–**	(25,601)	**–**	2.95
Outstanding at 31 March	**–**	–	**–**	–
Of which are currently exercisable	**–**	–	**–**	–

26. Financial commitments

As described in the Strategic Report, the Group invests balance sheet capital alongside the funds it manages to grow the business and create long-term shareholder value. Commitments are made at the time of the fund's launch and are drawn down with the fund as it invests. Commitments may increase where distributions made are recallable. At the balance sheet date the Group had undrawn commitments, which can be called on over the commitment period, as follows:

	2021 £m	2020 £m
ICG Senior Debt Partners	**8.9**	10.0
ICG Senior Debt Partners II	**4.4**	–
ICG Senior Debt Partners III	**6.2**	3.1
ICG Senior Debt Partners IV	**17.5**	–
ICG Europe Fund V	**32.5**	36.8
ICG Europe Fund VI	**86.5**	73.6
ICG Europe Fund VII	**121.2**	215.0
ICG Mid-Market Fund	**60.7**	83.0
ICG North American Private Debt Fund	**30.0**	33.5
ICG North American Private Debt Fund II	**56.8**	89.8
Intermediate Capital Asia Pacific Fund III	**45.2**	41.2
ICG Asia Pacific Fund IV	**46.9**	69.9
Nomura ICG Investment Business Limited Partnership A	**19.8**	22.8
ICG Strategic Secondaries Fund II	**30.7**	46.2
ICG Strategic Equity Fund III	**44.4**	124.4
ICG Strategic Equity Fund IV	**145.1**	–
ICG-Longbow UK Real Estate Debt Investments V	**13.1**	16.3
ICG-Longbow UK Real Estate Debt Investments VI	**25.0**	–
ICG-Longbow Development Fund	**4.0**	6.1
ICG Centre Street Partnership	**4.6**	2.6
ICG Infrastructure Equity Fund I	**92.3**	112.5
ICG Recovery Fund II	**76.2**	–
ICG Private Markets Pooling – Sale and Leaseback	**44.2**	79.5
	1,016.2	1,066.3

27. Related party transactions

Subsidiaries

The Group is not deemed to be controlled or jointly controlled by a party directly or through intermediaries. The Group consists of the Parent Company, ICG plc, incorporated in the UK, and its subsidiaries listed in note 28. All entities meeting the definition of a controlled entity as set out in IFRS 10 are consolidated within the results of the Group. All transactions between the Parent Company and its subsidiary undertakings are classified as related party transactions for the Parent Company accounts and are eliminated on consolidation. Significant transactions with subsidiary undertakings relate to dividends received, the aggregate amount received during the year is £121.2m (2020: £103.8m).

Associates and joint ventures

An associate is an entity over which the Group has significant influence, but no control, over the financial and operating policy decisions of the entity. As the investments in associates are held for venture capital purposes they are designated at fair value through profit or loss. A joint venture is a joint arrangement whereby the parties have joint control over the arrangements, see note 30. Where the investment is held for venture capital purposes they are designated as fair value through profit. These entities are related parties, the significant transactions with associates and joint ventures are as follows:

	2021 £m	2020 £m
Income statement		
Net gains on investments	**(2.8)**	(3.1)
	(2.8)	(3.1)

	2021 £m	2020 £m
Statement of financial position		
Trade and other receivables	**84.3**	59.1
Trade and other payables	**(42.3)**	(49.3)
	42.0	9.8

Unconsolidated structured entities

The Group has determined that where the Group holds an investment, loan, fee receivable, guarantee or commitment with an investment fund, carried interest partnership or CLO that this represents an interest in a structured entity in accordance with IFRS 12 Disclosure of Interest in Other Entities (see note 31). The Group provides investment management services and receives management fees, performance related fees and dividend income from these structured entities and these are therefore related parties. Amounts receivable and payable from these structured entities arising in the normal course of business remain outstanding. At 31 March 2021, the Group's interest in and exposure to unconsolidated structured entities are as follows:

	2021 £m	2020 £m
Income statement		
Management fees	**17.5**	18.9
Dividend income	**4.6**	3.1
	22.1	22.0

	2021 £m	2020 £m
Statement of financial position		
Management fees receivable	**0.1**	–
Trade and other receivables	**87.6**	78.9
Trade and other payables	**(84.0)**	(67.8)
	3.7	11.2

During the year the Group increased its investment in a portfolio company. The Group reassessed this entity for control under the rules of IFRS 10 and has concluded that, due to the exposure of the economic returns of the entity, the Group controlled the entity. As the Directors have plans to sell this asset imminently, the entity has been classified as a disposal group held for sale within the rules of IFRS 5, see note 29.

Key management personnel

Key management personnel are defined as the Executive Directors. Antje Hensel-Roth was appointed as an Executive Director effective on 16 April 2020. Antje Hensel-Roth joins Vijay Bharadia and Benoît Durteste as Executive Directors of the Group.

The remuneration of key management personnel during the year was as follows:

	2021 £m	2020 £m
Short-term employee benefits	**3.3**	2.3
Post-employment benefits	**0.1**	0.1
Other long-term benefits	**1.4**	1.9
Share based payment benefits	**6.5**	4.6
	11.3	8.9

Fees paid to Non-Executive Directors were as follows:

Non Executive Directors	2021 £000	2020 £000
Lord Davies of Abersoch	**275.0**	96.7
Virginia Holmes	**109.3**	109.3
Rosemary Leith	**17.0**	–
Rusty Nelligan	**109.3**	109.3
Kathryn Purves	**109.3**	109.3
Amy Schioldager	**121.6**	121.6
Andrew Sykes	**116.6**	116.6
Stephen Welton	**88.8**	88.8

The remuneration of Directors and key executives and Non-Executive Directors is determined by the Remuneration Committee having regard to the performance of individuals and market rates. The Remuneration Policy is described in more detail in the Remuneration Committee Report on page 87.

28. Subsidiaries

Accounting policy

Investment in subsidiaries

The Group consists of the Parent Company, Intermediate Capital Group plc, and its subsidiaries, described collectively herein as 'ICG' or 'the Group'. Investments in subsidiaries in the Parent Company statement of financial position are recorded at cost less provision for impairments or at fair value through profit or loss.

Critical judgement

A significant judgement for the Group is whether the Group controls an investee or fund and is required to consolidate the investee or fund into the results of the Group. Control is determined by the Directors' assessment of decision making authority, rights held by other parties, remuneration and exposure to returns.

When assessing whether the Group controls any fund it manages it is necessary to determine whether the Group acts in the capacity of principal or agent for the third-party investor. An agent is a party primarily engaged to act on behalf and for the benefit of another party or parties, whereas a principal is primarily engaged to act for its own benefit.

A significant judgement when determining that the Group acts in the capacity of principal or agent is the kick-out rights of the third-party fund investors. Across each of the entities where the Group has a significant interest we have reviewed these kick-out rights. Where fund investors have substantive rights to remove the Group as the investment manager it has been concluded that the Group is an agent to the fund and thus the fund does not require consolidation into the Group. We consider if the Group has significant influence over these entities and, where we conclude it does, we recognise them as associates. Where the conclusion is that the Group acts in the capacity of principal the fund has been consolidated into the Group's results.

Where the Group has Trust entities in investment deals or fund structures, a key judgement is whether the Trust is acting on behalf of the Group or another third party. Where the Trust is considered to act as an agent of the Group, the Trust and its related subsidiaries have been consolidated into the Group.

As a fund manager ICG participates in carried interest partnerships (CIPs), the participants of which are the Group, certain of the Group's employees and others connected to the underlying fund. These vehicles have two purposes: 1) to facilitate payments of carried interest from the fund to carried interest participants, and 2) to facilitate individual co-investment into the funds. The Directors have undertaken a control assessment of each CIP in accordance with IFRS10 and have considered whether the CIP participants were providing a service for the benefit of the Group. The Directors have assessed that certain CIPs are controlled, and they are included within Indirectly held subsidiaries below. The Directors conclude that other CIPs are not controlled by the Group.

The Group consists of a Parent Company, ICG plc, incorporated in the UK, and a number of subsidiaries held directly or indirectly by ICG plc, which operate and are incorporated around the world. The subsidiary undertakings of the Group are shown below.

All are wholly owned, and the Group's holding is in the ordinary share class, except where stated. The Companies Act 2006 requires disclosure of certain information about the Group's related undertakings. Related undertakings are subsidiaries, joint ventures and associates.

The registered office of all related undertakings at 31 March 2021 was Procession House, 55 Ludgate Hill, New Bridge Street, London EC4M 7JW, unless otherwise stated.

The financial year end of all related undertakings is 31 March, unless otherwise stated.

All entities are consolidated as at 31 March.

Directly held subsidiaries

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
Intermediate Capital Investments Limited		United Kingdom	Investment company	Ordinary shares	100%
Intermediate Finance II PLC		United Kingdom	Provider of mezzanine capital	Ordinary shares	100%
ICG Longbow Senior Debt I GP Limited (formerly JOG Partners Limited)		United Kingdom	Investment company	Ordinary shares	100%
Intermediate Investments Jersey Limited	1	Jersey	Investment company	Ordinary shares	100%
ICG FMC Limited		United Kingdom	Holding company for funds management	Ordinary shares	100%
LREC Partners Investments No.2 Limited		United Kingdom	Real estate investment company	Ordinary shares	59%
ICG Carbon Funding Limited		United Kingdom	Investment company	Ordinary shares	100%
ICG-Longbow Development(Brighton) Limited		United Kingdom	Holding company	Ordinary shares	100%
ICG Japan (Funding 2) Limited		United Kingdom	Holding company	Ordinary shares	100%
ICG Re Holding (Germany) GmbH	4	Germany	Special purpose vehicle	Ordinary shares	100%
ICG Financing (Luxembourg) S.à r.l.	5	Luxembourg	Special purpose vehicle	Ordinary shares	100%
ICG Financing (Ireland) Limited	6	Ireland	Special purpose vehicle	Ordinary shares	100%
Intermediate Capital Nominees Limited		United Kingdom	Nominee company – Dormant	Ordinary shares	100%
ICG Global Investment UK Limited		United Kingdom	Holding company	Ordinary shares	100%
ICG Debt Advisors (Cayman) Limited	27	Cayman Islands	Advisory company	Ordinary shares	100%
ICG-Longbow Richmond Limited	15	United Kingdom	Holding company	Ordinary shares	100%
ICG-Longbow BTR Limited		United Kingdom	Holding company	Ordinary shares	100%
ICG Seed Asset Investment Trust (Jersey)	1	Jersey	Seed asset trust	N/A	–
Intermediate Capital Group Espana SL	9	Spain	Advisory company	Ordinary shares	100%

Indirectly held subsidiaries

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
AMM Financing S.à r.l.	29	Luxembourg	Investment company	Ordinary shares	100%
AMM Investment S.à r.l.	5	Luxembourg	Investment company	Ordinary shares	100%
European Credit 2019 S.à r.l.	24	Luxembourg	Special purpose vehicle	Ordinary shares	100%
ICG Alternative Credit (Cayman) GP Limited	21	Cayman Islands	General partner	Ordinary shares	100%
ICG Alternative Credit (Jersey) CIP LP	1	Jersey	Partnership	N/A	–
ICG Alternative Credit (Jersey) GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Alternative Credit (Luxembourg) GP S.à r.l.	19	Luxembourg	General partner	Ordinary shares	100%
ICG Alternative Credit LLC *	20	United States of America	Advisory company	Ordinary shares	100%
ICG Alternative Investment (Netherlands) B.V.	11	Netherlands	Advisory company	Ordinary shares	100%
ICG Alternative Investment Limited		United Kingdom	Advisory company	Ordinary shares	100%
ICG Asia Pacific Fund III GP Limited	2	Jersey	General partner	Ordinary shares	100%
ICG Asia Pacific Fund IV GP S.à r.l.	28	Luxembourg	General partner	Ordinary shares	100%
ICG Augusta Associates LLC *	23	United States of America	General partner	Ordinary shares	100%
ICG Augusta GP LP *	2	Jersey	Limited partner	N/A	–
ICG Centre Street Partnership GP Limited	2	Jersey	General partner	Ordinary shares	100%
ICG Debt Administration LLC *	15	United States of America	Service company	Ordinary shares	100%
ICG Debt Advisors LLC – Holdings Series *	16	United States of America	Investment company	Ordinary shares	100%
ICG Debt Advisors LLC - Manager Series *	16	United States of America	Advisory company	Ordinary shares	100%
ICG EFV MLP GP Limited		United Kingdom	General partner	Ordinary shares	100%
ICG EFV MLP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Enterprise Co-Investment GP Limited		United Kingdom	General partner	Ordinary shares	100%
ICG Enterprise Carry (1) LP **		United Kingdom	Partnership	N/A	–
ICG Enterprise Carry (2) LP **		United Kingdom	Partnership	N/A	–
ICG Enterprise Carry GP Limited	33	Jersey	General partner	Ordinary shares	100%
ICG Europe Fund V GP Limited	2	Jersey	General partner	Ordinary shares	100%
ICG Europe Fund VI GP Limited	2	Jersey	General partner	Ordinary shares	100%
ICG Europe Fund VI GP LP	2	Jersey	Limited partner	N/A	–

28. Subsidiaries continued

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Europe Fund VI Lux GP S.à r.l.	5	Luxembourg	General partner	Ordinary shares	100%
ICG Europe Fund VII GP S.à r.l.	24	Luxembourg	General partner	Ordinary shares	100%
ICG Europe Fund VII GP LP SCSp	24	Luxembourg	Limited partner	N/A	–
ICG Europe Fund VIII GP S.à r.l.	29	Luxembourg	General partner	Ordinary shares	100%
ICG Europe Fund VIII GP LP SCSp	29	Luxembourg	Limited partner	N/A	–
ICG Europe Mid-Market Fund GP S.à r.l.	24	Luxembourg	General partner	Ordinary shares	100%
ICG Europe Mid-Market Fund GP LP SCSp	24	Luxembourg	Limited partner	N/A	–
ICG Europe S.à r.l.	27	Luxembourg	Advisory company	Ordinary shares	100%
ICG European Credit Mandate GP S.à r.l.	24	Luxembourg	General partner	Ordinary shares	100%
ICG European Fund 2006 GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG European Fund 2006 B GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Fund Advisors LLC *	15	United States of America	Advisory company	Ordinary shares	100%
ICG Global Investment Jersey Limited	2	Jersey	Investment company	Ordinary shares	100%
ICG Global Nominee Jersey Limited	1	Jersey	Special purpose vehicle	Ordinary shares	100%
ICG Infrastructure Equity Fund I GP LP SCSp	29	Luxembourg	Limited partner	N/A	–
ICG Infrastructure Equity Fund I GP S.à r.l.	29	Luxembourg	General partner	Ordinary shares	100%
ICG Japan KK	31	Japan	Advisory company – Dissolved	Ordinary shares	100%
ICG Longbow Development GP LLP *		United Kingdom	General partner	Holding in partnership investment	100%
ICG Longbow Fund V GP S.à r.l.	24	Luxembourg	General partner	Ordinary shares	100%
ICG Longbow Investment 3 LLP		United Kingdom	Limited liability partnership - Dormant	Holding in partnership investment	100%
ICG Longbow IV GP S.à r.l.	26	Luxembourg	General partner	Ordinary shares	100%
ICG Longbow Real Estate Capital LLP		United Kingdom	Advisory company	Holding in partnership investment	100%
ICG Longbow Senior GP LLP		United Kingdom	General partner	Holding in partnership investment	100%
ICG MF 2003 No. 1 EGP 1 Limited	1	Jersey	General partner	Ordinary shares	100%
ICG MF 2003 No. 1 EGP 2 Limited	1	Jersey	General partner	Ordinary shares	100%
ICG MF 2003 No. 3 EGP 1 Limited	1	Jersey	General partner	Ordinary shares	100%
ICG MF 2003 No. 3 EGP 2 Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Minority Partners Limited		United Kingdom	Special purpose vehicle -Dormant	Ordinary shares	100%
ICG NA Debt Co-Invest Limited		United Kingdom	Investment company	Ordinary shares	100%
ICG North America Associates LLC *	15	United States of America	General partner	Ordinary shares	100%
ICG North America Associates II LLC *	15	United States of America	General partner	Ordinary shares	100%
ICG North American Private Debt GP LP *	15	United States of America	Limited partner	N/A	–
ICG North American Private Debt (Offshore) GP LP *	21	Cayman Islands	General partner	Ordinary shares	100%
ICG North American Private Debt II GP LP *	15	United States of America	Limited partner	N/A	–
ICG North American Private Debt II (Offshore) GP LP *	21	Cayman Islands	General partner	Ordinary shares	100%
ICG Private Credit GP S.à r.l.	34	Luxembourg	General partner	Ordinary shares	100%
ICG Private Markets GP S.à r.l.	28	Luxembourg	General partner	Ordinary shares	100%
ICG Real Estate Debt VI GP S.à r.l.	28	Luxembourg	General partner	Ordinary shares	100%
ICG Real Estate Debt VI GP LP SCSp	28	Luxembourg	Limited partner	N/A	–
ICG Recovery Fund 2008 GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Recovery Fund B 2008 GP Limited *	33	Jersey	General partner	Ordinary shares	100%
ICG Senior Debt Partners Performance GP Limited	33	Jersey	General partner	Ordinary shares	100%
ICG Senior Debt Partners S.à r.l.	22	Luxembourg	General partner	Ordinary shares	100%
ICG Senior Debt Partners UK GP Limited		United Kingdom	General partner	Ordinary shares	100%

Name	Ref	Country of incorporation	Principal activity	Share class	% Voting rights held
ICG Strategic Equity Advisors LLC *	23	United States of America	Advisory company	Ordinary shares	100%
ICG Strategic Equity Associates II LLC *	23	United States of America	General partner	Ordinary shares	100%
ICG Strategic Equity Associates III LLC *	23	United States of America	General partner	Ordinary shares	100%
ICG Strategic Equity Associates IV LLC *	13	United States of America	General partner	Ordinary shares	100%
ICG Strategic Equity Associates IV S.à r.l. *	29	Luxembourg	General partner	Ordinary shares	100%
ICG Strategic Equity GP LP *	32	United States of America	General partner	Ordinary shares	100%
ICG Strategic Equity III GP LP *	2	Jersey	Limited partner	N/A	–
ICG Strategic Equity IV GP LP SCSp *	29	Luxembourg	General partner	Ordinary shares	100%
ICG Strategic Secondaries (Offshore) GP LP *	2	Jersey	Limited partner	N/A	–
ICG Strategic Secondaries Carbon (Offshore) GP LP *	2	Jersey	Limited partner	N/A	–
ICG Strategic Secondaries Carbon Associates LLC *	23	United States of America	General partner	Ordinary shares	100%
ICG Strategic Secondaries GP LP *	2	Jersey	Limited partner	N/A	–
ICG Total Credit (Global) GP S.à r.l.	24	Luxembourg	General partner	Ordinary shares	100%
ICG Velocity Co-Investor Associates LLC *	23	United States of America	General partner	Ordinary shares	100%
ICG Velocity GP LP *	2	Jersey	Limited partner	N/A	–
ICG Watch Jersey GP Limited	1	Jersey	General partner	Ordinary shares	100%
ICG Watch Limited Partnership		United Kingdom	Limited partner	N/A	–
Intermediate Capital Asia Pacific 2008 GP Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital Asia Pacific Limited	7	Hong Kong	Advisory company	Ordinary shares	100%
Intermediate Capital Asia Pacific Mezzanine 2005 GP Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital Asia Pacific Mezzanine Opportunity 2005 GP Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital Australia Pty Limited	12	Australia	Advisory company	Ordinary shares	100%
Intermediate Capital GP 2003 Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital GP 2003 No.1 Limited	1	Jersey	General partner	Ordinary shares	100%
Intermediate Capital Group (Italy) S.r.l.	30	Italy	Service company	Ordinary shares	100%
Intermediate Capital Group (Singapore) Pte. Limited	14	Singapore	Advisory company	Ordinary shares	100%
Intermediate Capital Group Benelux B.V.	11	Netherlands	Advisory company	Ordinary shares	100%
Intermediate Capital Group Beratungsgesellschaft GmbH	4	Germany	Advisory company	Ordinary shares	100%
Intermediate Capital Group Dienstleistungsgesellschaft mbH	4	Germany	Service company	Ordinary shares	100%
Intermediate Capital Group Inc *	13	United States of America	Advisory company	Ordinary shares	100%
Intermediate Capital Group Korea Limited	18	Republic of Korea	Advisory company	Ordinary shares	100%
Intermediate Capital Group Polska SZOO	3	Poland	Service company	Ordinary shares	100%
Intermediate Capital Group SAS	8	France	Advisory company	Ordinary shares	100%
Intermediate Capital Inc *	15	United States of America	Dormant company	Ordinary shares	100%
Intermediate Capital Managers (Australia) Pty Limited	12	Australia	Advisory company	Ordinary shares	100%
Intermediate Capital Managers Limited		United Kingdom	Advisory company	Ordinary shares	100%
Intermediate Capital Nordic AB	10	Sweden	Advisory company	Ordinary shares	100%
Life Sciences GP S.à r.l.	28	Luxembourg	General partner	Ordinary shares	100%
Avanton Richmond Developments Limited	35	United Kingdom	Special purpose vehicle	Ordinary shares	70%
Wise Living Homes Limited	36	United Kingdom	Special purpose vehicle	Ordinary shares	83.33%

1. Where a listed subsidiary does not include any voting rights, such entities voting rights are held on Trust to which the Group's related entities are the beneficiaries. These subsidiaries are deemed to be de facto controlled by ICG plc in line with the Group's control assessment under the rules of IFRS 10.

* Denotes an entity which has a 31 December reporting date.
** Denotes an entity which has a 31 January reporting date.

28. Subsidiaries continued

Indirectly held subsidiaries

	Registered offices
1	Ogier House, The Esplanade, St Helier, JE4 9WG
2	Liberte House 19-23 La Motte Street, St Helier JE2 4SY
3	Aleja Solidarnosci 171 St. 00-877, Warsaw
4	12th Floor, Stockwerk, An der Welle 5, 60322, Frankfurt
5	6D Route de Treves, L-2633 Senningerberg, Grand Duchy of Luxembourg
6	6th Floor South Bank House, Barrow Street, Dublin 4
7	Suites 3414-3417, Jardine House, 1 Connaught Place, Central, Hong Kong
8	7 rue de la Paix, 75002, Paris
9	Serrano 30-3, 28001 Madrid
10	Strandvagen 7a 111 56 Stockholm, Sweden
11	Paulus Potterstraat 20, 2hg, 1071 DA Amsterdam
12	Level 30, 88 Phillip Street, Sydney, NSW 2000
13	600 Lexington Avenue, 24th Floor, New York, NY 10022
14	20 Collyer Quay, Unit 21-01, Singapore 049319
15	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington, Delaware 19802
16	c/o The Corporation Service Company, 251 Little Falls Drive, Wilmington, Delaware 19808
17	89 Nexus Way, Camana Bay, Grand Cayman
18	(Daechi-dong) 5th Floor, 26, Samseong-ro 86-gil, Gangnam-gu, Seoul
19	5 Allee Scheffer, L-2520 Luxembourg, Grand Duchy of Luxembourg
20	2711 Centerville Road, Suite 400, Wilmington, Delaware 19808
21	c/o Maples Corporate Services Limited, PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands
22	Rue de Gasperich, Hesperange, L-5826, Luxembourg, Grand Duchy of Luxembourg
23	4001 Kennett Pike, Wilmington, Delaware, 19807
24	49, Avenue John F Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg
25	Estera Trust (Cayman) Limited, PO Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1109, Cayman Islands
26	2, boulevard de la Foire, L – 1528 Luxembourg, Grand Duchy of Luxembourg
27	32-36, boulevard d'Avranches, L-1160 Luxembourg, Grand Duchy of Luxembourg
28	6 rue Eugène Ruppert, L-2453 Luxembourg, Grand Duchy of Luxembourg
29	6H Route de Treves, L-2633 Senningerberg, Grand Duchy of Luxembourg
30	Milan, Via Manfredo Camperio, no.9. 20123, Italy
31	Level 23, Otemachi Nomura Building, 2-1-1 Otemachi, Chiyoda-ku, Tokyo 100-0004
32	c/o Maples Fiduciary Services (Delaware) Inc, 4001 Kennett Pike, Suite 302, Wilmington, Delaware 19807
33	44 Esplanade, St Hellier, Jersey, JE4 9WG
34	60 Avenue J.F. Kennedy L-1855 Luxembourg, Grand Duchy of Luxembourg, L-1855, Luxembourg
35	51 Welbeck Street, London, W1G 9HL
36	17 Regan Way, Chetwynd Business Park, Chilwell, Nottingham, NG9 6RZ

The table below shows details of structured entities that the Group is deemed to control:

Name of subsidiary	Country of incorporation	% of ownership interests and voting rights 2021
US CLO 2014-1	Cayman Islands	100.0
US CLO 2014-2	Cayman Islands	72.0
US CLO 2014-3	Cayman Islands	51.3
US CLO 2015-1	Cayman Islands	50.3
US CLO 2015-2R	Cayman Islands	82.5
US CLO 2016-1	Cayman Islands	55.6
US CLO 2017-1	Cayman Islands	59.9
US CLO 2020-1	Cayman Islands	51.5
St. Paul's CLO II Designated Activity Company	Ireland	33.9
St. Paul's CLO III-R Designated Activity Company	Ireland	62.4
St. Paul's CLO VI Designated Activity Company	Ireland	53.2
St. Paul's CLO VIII	Ireland	52.7
St. Paul's CLO XI	Ireland	57.5
ICG High Yield Bond Fund	Ireland	100.0
ICG Global Total Credit Fund[1]	Ireland	84.0
ICG Total Credit (Global) S.C.A	Luxembourg	100.0
ICG US Senior Loan Fund	Cayman Islands	100.0

1. The Group's interest in ICG Global Total Credit Fund is held through ICG Total Credit (Global) S.C.A.

The structured entities controlled by the Group include £4,513.6m (2020: £3,796.3m) of assets and £4,458.8m (2020: £3,778.9m) of liabilities within 17 credit funds listed above. These assets are restricted in their use to being the sole means by which the related fund liabilities can be settled. All other assets can be accessed or used to settle the other liabilities of the Group without significant restrictions.

The Group has not provided contractual or non-contractual financial or other support to a consolidated structured entity during the period. It is not the current intention to provide such support, including the intention to assist the structured entity in obtaining financial support.

29. Disposal groups held for sale

Non-current and current financial assets held for sale and disposal groups

Accounting policy

Non-current and current financial assets held for sale and disposal groups

The Group may make an investment and hold the asset on its balance sheet prior to it being transferred into a fund, or sold to third-party investors. The assets are expected to be held for a period up to a year, during which the asset will be classified as held for sale. Where the investment is held through a controlled investee the entity is classified as a disposal group held for sale.

The conditions for disposal groups held for sale are regarded as met only when the asset is available for immediate sale, the Directors are committed to the sale, and the sale is expected to be completed within one year from the date of classification.

Disposal groups held for sale are recognised at the lower of fair value less cost to sell and its carrying amount as required by IFRS 5 Non-Current Assets Held for Sale and Discontinued Operations, except where the asset is a financial instrument or investment property. The measurement of these assets is determined by IFRS 9 Financial Instruments and IAS 40 Investment Property respectively. The Group's measurement of these assets is detailed in note 5.

Financial year ended 31 March 2021

During the year the Group acquired a controlling interest in Avanton Richmond Limited. The underlying asset in Avanton Richmond Limited is an investment property (see note 19) which is currently for sale and is expected to be sold during financial year ended 31 March 2022. This entity has been designated a disposal group held for sale. During the year the Group recognised £1.5m of fair value losses relating to the assets and liabilities of this entity. These amounts have not been separately presented as they are not material to the Group. As at the year ended 31 March 2020 there were no disposal groups held for sale.

29. Disposal groups held for sale continued

The non-current assets and liabilities of the disposal groups held for sale are as follows:

	2021 £m	2020 £m
Non-current assets		
Investment property	**56.7**	–
Cash	**0.4**	–
Other debtors	**0.3**	–
	57.4	–
Non-current liabilities		
Liabilities	**4.8**	–

30. Associates and joint ventures

Accounting policy

Investment in associates

An associate is an entity over which the Group has significant influence, but no control, over the financial and operating policy decisions of the entity. As the investments in associates are held for venture capital purposes they are designated at fair value through profit or loss.

Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control over the arrangement have rights to the net assets of the arrangements. The results and assets and liabilities of joint ventures are incorporated in these financial statements using the equity method of accounting from the date on which the investee becomes a joint venture, except when the investment is held for venture capital purposes in which case they are designated as fair value through profit and loss. Under the equity method, an investment in a joint venture is initially recognised in the consolidated statement of financial position at cost, and adjusted thereafter to recognise the Group's share of the joint venture's profit or loss.

The nature of some of the activities of the Group associates and joint ventures are investment related which are seen as complementing the Group's operations and contributing to achieving the Group's overall strategy. The remaining associates and joint ventures are portfolio companies not involved in investment activities.

Details of associates and joint ventures

During the year the Group acquired an interest in ICG Infrastructure Equity Fund I (No.1) SCSp.

Details of each of the Group's associates at the end of the reporting period are as follows:

Name of associate	Principal activity	Country of incorporation	Proportion of ownership interest/ voting rights held by the Group 2021 %	Income distributions received from associate 2021 £m	Income distributions received from associate 2020 £m
ICG Europe Fund V Jersey Limited[1]	Investment company	Jersey	**20.00%**	**0.6**	64.6
ICG Europe Fund VI Jersey Limited[2]	Investment company	Jersey	**16.67%**	**25.9**	29.9
ICG North American Private Debt Fund[3]	Investment company	United States of America	**20.00%**	**6.0**	6.0
ICG Asia Pacific Fund III Singapore Pte. Limited[4]	Investment company	Singapore	**20.00%**	**2.1**	1.0
ICG Infrastructure Equity Fund I SF (No.1) SCSp[5]	Investment company	Luxembourg	**30.00%**	**–**	–

All associates are accounted for at fair value.

1. The registered address for this entity is IFC 1 – The Esplanade, St Helier, Jersey JE1 4BP.
2. The registered address for this entity is IFC 1 – The Esplanade, St Helier, Jersey JE1 4BP.
3. The registered address for this entity is 600, Lexington Avenue, 24th Floor, New York, NY 10022, United States of America.
4. The registered address for this entity is 1 Raffles Place, #13-01 One Raffles Place, Singapore, 048616.
5. The registered address for this entity is 6H, Route de Tréves, L - 2633 Senningerberg

The Group has a shareholding in each of these fund entities arising from its co-investment with the fund. The Group appoints the General Partner (GP) to each fund. However, the investors have substantive rights to remove the GP without cause by Special Investor Consent (1, 2, 4, 5)/Combined Limited Partner Consent (3). The Funds also each have an Advisory Council, nominated by the investors, whose function is to ensure that the GP is acting in the interest of investors. The Advisory Council could influence investors to invoke Special Investor Consent/Combined Limited Partner Consent and remove the GP, and as such ICG acts in the capacity of agent to the fund. However, as ICG has a 16.67%–30% holding, and therefore significant influence in each entity, they have been considered as associates.

Details of each of the Group's joint ventures at the end of the reporting period are as follows:

Name of joint venture	Principal activity	Country of incorporation	Proportion of ownership interest held by the Group 2021	Proportion of voting rights held by the Group 2021
Nomura ICG KK	Advisory company	Japan	50%	50%
Brighton Marina Group Limited	Investment Company	United Kingdom	70%	50%

Nomura ICG KK is equity accounted as a joint venture in accordance with IFRS 11. Brighton Marina Group Limited is accounted for at fair value in accordance with the Group's accounting policy in note 5 to the financial statements. The Group's policy is to fair value investments in a portfolio company on a consistent basis with all other portfolio assets regardless of the classification in the financial statements. Nomura ICG KK is not a portfolio company and was established to operate the Group's core business of fund management activities in Japan. Management therefore considers it more appropriate to equity account for this entity in the financial statements.

The Group holds 70% of the ordinary shares of Brighton Marina Group Limited and the management of this entity is jointly controlled with a third party who the Group does not control and therefore the Group is unable to execute decisions without the consent of the third party. The Group and the third party hold all voting rights 50:50.

The Group's 50% interest in Luxembourg Investment Company 296 S.à r.l. was sold during the year to a Fund managed by the Group.

During the year the Group increased its investment in Avanton Richmond Developments Limited (Avanton Richmond). In performing a control assessment it was concluded that, due to the exposure to the economic returns of the entity, the Group controlled Avanton Richmond. As the Directors have plans to sell this asset imminently, the entity has been classified as a disposal group held for sale within the rules of IFRS 5, see note 29.

Significant restriction

There are no significant restrictions on the ability of associates and joint ventures to transfer funds to the Group other than having sufficient distributable reserves.

Summarised financial information for associates material to the reporting entity

The Group's only material associates are ICG Europe Fund V Jersey Limited, ICG Europe Fund VI Jersey Limited and ICG Infrastructure Equity Fund I SF (No.1) SCSp, which are associates measured at fair value through profit and loss. The information below is derived from the IFRS financial statements of the entities. Materiality has been determined by the carrying value of the associate as a percentage of total Group assets.

The entities allow the Group to co-invest with ICG Europe Fund V, ICG Europe Fund VI and ICG Infrastructure Equity Fund I respectively, aligning interests with other investors. In addition to the returns on its co-investment the Group receives performance-related fee income from the funds (see note 3). This is industry standard and is in line with other private equity funds.

	ICG Fund VI Jersey Limited		ICG Fund V Jersey Limited		ICG Infrastructure Equity Fund I SF (No.1) SCSp	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m
Current assets	**11.8**	5.0	**8.6**	2.9	**20.5**	17.5
Non-current assets	**2,935.4**	1,947.3	**586.8**	575.5	**331.7**	282.3
Current liabilities	**(38.8)**	(15.1)	**(0.7)**	(0.1)	**(20.6)**	(17.5)
	2,908.4	1,937.2	**594.7**	578.3	**331.6**	282.3
Revenue	**876.8**	166.4	**25.2**	471.1	**7.0**	6.3
Profit from continuing operations	**862.8**	166.1	**23.6**	470.9	**7.0**	6.2
Total comprehensive income	**862.8**	166.1	**23.6**	470.9	**7.0**	6.2

Summarised financial information for equity accounted joint ventures

Nomura ICG KK made a profit from continuing operations and total comprehensive income of £0.3m for the year ended 31 March 2021 (2020: £1.2m), of which the Group's share of results accounted for using the equity method is £0.2m for the year ended 31 March 2021 (2020: £0.6m).

31. Unconsolidated structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of contractual arrangements. The Group has determined that it has an interest in a structured entity where the Group holds an investment, loan, fee receivable or commitment with an investment fund or CLO. Where the Group does not hold an investment in the structured entity, management has determined that the characteristics of control are not met.

The Group, as fund manager, acts in accordance with the pre-defined parameters set out in various agreements. The decision-making authority of the Group and the rights of third-parties are documented. These agreements include management fees that are commensurate with the services provided and performance fee arrangements that are industry standard. As such, the Group is acting as agent on behalf of these investors and therefore these entities are not consolidated into the Group's results. Consolidated structured entities are detailed in note 28.

At 31 March 2021, the Group's interest in and exposure to unconsolidated structured entities including outstanding management and performance fees are detailed in the table below, and recognised within financial assets at FVTPL and trade and other receivables in the statement of financial position:

	2021					
Funds	**Investment in Fund £m**	**Management fees receivable £m**	**Management fees %**	**Performance fees receivable £m**	**Performance fees %**	**Maximum exposure to loss £m**
CLOs	**132.1**	**3.8**	**0.35% to 0.65%**	**–**	**0.05% to 0.20%**	**135.9**
Credit Funds	**16.0**	**11.1**	**0.40% to 1.50%**	**0.1**	**20% of returns in excess of 0% for Alternative Credit Fund only**	**27.1**
Corporate Investment Funds	**1,373.2**	**40.4**	**0.60% to 2.00%**	**58.6**	**20%-25% of total performance fee of 20% of profit over the threshold**	**1,472.3**
Real Asset Funds	**204.1**	**20.7**	**0.38% to 1.50%**	**–**	**20% of returns in excess of 9% IRR**	**224.8**
Secondaries Funds	**215.6**	**8.8**	**1.25% to 1.50%**	**4.1**	**10%-20% of total performance fee of 8%-20% of profit over the threshold**	**228.5**
Total	**1,941.0**	**84.8**		**62.8**		**2,088.6**

	2020					
Funds	Investment in Fund £m	Management fees receivable £m	Management fees %	Performance fees receivable £m	Performance fees %	Maximum exposure to loss £m
CLOs	117.4	3.4	0.35% to 0.65%	–	0.05% to 0.20%	120.8
Credit Funds	19.5	7.2	0.40% to 0.75%	–	20% of returns in excess of 0% for Alternative Credit Fund	26.7
Corporate Investment Funds	1,092.7	39.7	0.50% to 2.0%	23.4	20%-25% of total performance fee of 20% of profit over the threshold	1,155.8
Real Asset Funds	89.1	13.2	0.38% to 1.50%	–	20% of returns in excess of 9% IRR	102.3
Secondaries Funds	140.1	7.7	1.25% to 1.50%	1.1	10%-20% of total performance fee of 8%-20% of profit over the threshold	148.9
Total	**1,458.8**	**71.2**		**24.5**		**1,554.5**

ICG's maximum exposure to loss is equal to the value of any investments held and unpaid management fees and performance fees.

ICG has not provided non-contractual financial or other support to the unconsolidated structured entities during the year. It is not the current intention to provide such support, including the intention to assist the structured entity in obtaining financial support.

During the year ended 31 March 2020 a structured entity was deconsolidated. £37m of restricted cash relating to this entity is included within the prior year consolidated cash flow statement. There has been no deconsolidation of a Group entity during the current year.

32. Contingent liabilities

The Parent Company and its subsidiaries may be party to legal claims arising in the course of business. The Directors do not anticipate that the outcome of any such potential proceedings and claims will have a material adverse effect on the Group's financial position and at present there are no such claims where their financial impact can be reasonably estimated. The Parent Company and its subsidiaries may be able to recover any monies paid out in settlement of claims from third parties.

There are no other material contingent liabilities.

33. Post balance sheet events

There have been no material events since the balance sheet date.

Glossary

Non-IFRS alternative performance measures (APM) are defined below:

Term	Short Form	Definition
– APM earnings per share	EPS	APM profit after tax (annualised when reporting a six-month period's results) divided by the weighted average number of ordinary shares as detailed in note 16.
– APM Group profit before tax		Group profit before tax adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:

	2021	2020
Profit before tax	**£509.5m**	£114.5m
Less consolidated structured entities	**(£1.8m)**	(£3.7m)
APM Group profit/(loss) before tax	**£507.7m**	**£110.8m**

Term	Short Form	Definition
– APM Investment Company profit before tax		Investment Company profit adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:

	2021	2020
Investment Company profit before tax	**£307.2m**	(£68.6m)
Less consolidated structured entities	**(£1.8m)**	(£3.7m)
APM Investment Company profit/(loss) before tax	**£305.4m**	**(£72.3m)**

Term	Short Form	Definition
– APM return on equity	ROE	APM profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period. As at 31 March, this is calculated as follows:

	2021	2020
APM profit after tax	**£462.7m**	£109.2m
Average shareholders' funds	**£1,406.5m**	£1,387.7m
APM return on equity	**32.9%**	**7.9%**

Term	Short Form	Definition
– Assets under management	AUM	Value of all funds and assets managed by the FMC. During the investment period third-party AUM is measured on the basis of committed capital. Once outside the investment period third-party AUM is measured on the basis of invested cost. AUM is presented in US dollars, with non-US dollar denominated at the period end closing rate.
– Balance sheet investment portfolio		The balance sheet investment portfolio represents financial assets from the statement of financial position, adjusted for the impact of the consolidated structured entities and excluding derivatives and other financial assets. See note 4 for a full reconciliation.
– Cash profit	PICP	Cash profit is defined as internally reported profit before tax and incentive schemes, adjusted for non-cash items

	2021	2020
APM profit before tax	**£507.7m**	£110.8m
Add back incentive schemes	**£103.5m**	£104.3m
Other adjustments	**(£366.4m)**	£150.5m
Cash profit	**£244.8m**	**£365.6m**

Term	Short Form	Definition
– Dividend income		Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities. See note 4 for a full reconciliation.
– Earnings per share	EPS	Profit after tax (annualised when reporting a six-month period's results) divided by the weighted average number of ordinary shares as detailed in note 16.
– EBITDA		Earnings before interest, tax, depreciation and amortisation.

Term	Short Form	Definition
– Interest expense		Interest expense excludes the cost of financing associated with the consolidated structured entities. See note 11 for a full reconciliation.
– APM net asset value per share		Total equity from the statement of financial position adjusted for the impact of the consolidated structured entities divided by the closing number of ordinary shares. As at 31 March, this is calculated as follows:

	2021	2020
Total equity	**£1,619.5m**	£1,306.5m
Closing number of ordinary shares	**285,887,286**	283,279,690
Net asset value per share	**566p**	**461p**

Term	Short Form	Definition
– Net current assets		The total of cash, plus current financial assets, plus other current assets, less current liabilities as internally reported. This excludes the consolidated structured entities. As at 31 March, this is calculated as follows:

	2021	2020
Cash	**£296.9**	£947.9m
Current financial assets	**£108.9m**	£12.8m
Other current assets	**£139.3m**	£240.0m
Current financial liabilities	**(£8.8m)**	(£256.0m)
Other current liabilities	**(£107.4m)**	(£182.4m)
Net current assets	**£428.9m**	**£752.3m**

On an IFRS basis net current assets are as follows:

	2021	2020
Cash	**£581.2m**	£1,086.9m
Current financial assets	**£64.6m**	£12.8m
Other current assets	**£335.0m**	£334.5m
Disposal groups held for sale	**£57.4m**	–
Current financial liabilities	**(£116.2m)**	(£256.0m)
Other current liabilities	**(£499.6m)**	(£359.0m)
Liabilities directly associated with disposal groups held for sale	**(£4.8m)**	–
Net current assets	**£417.6m**	**£819.2m**

<table>
<tr><th>Term</th><th>Short Form</th><th>Definition</th></tr>
<tr><td>– Net debt</td><td></td><td>Net debt, along with gearing, is used by management as a measure of balance sheet efficiency.
Net debt includes unencumbered cash whereas gearing uses gross borrowings and is therefore not impacted by movements in cash balances.
Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities. As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>APM gross drawn debt (see page 47)</td><td>£1,324.1m</td><td>£1,915.1m</td></tr>
<tr><td>Less unencumbered cash</td><td>(£296.9m)</td><td>(£947.9m)</td></tr>
<tr><td>Net debt</td><td>£1,027.2m</td><td>£967.2m</td></tr>
</table></td></tr>
<tr><td>– Net gearing</td><td></td><td>Net gearing is used by management as a measure of balance sheet efficiency. Net debt, excluding the consolidated structured entities, divided by total equity from the statement of financial position adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Net debt</td><td>£1,027.2m</td><td>£967.2m</td></tr>
<tr><td>Shareholders’ equity</td><td>£,1,619.5m</td><td>£1,306.5m</td></tr>
<tr><td>Net gearing</td><td>0.63x</td><td>0.74x</td></tr>
</table></td></tr>
<tr><td>– Net Investment Returns</td><td></td><td>Net Investment Returns is the total of interest income, capital gains, dividend and other income less asset impairments.</td></tr>
<tr><td>– Operating cashflow</td><td></td><td>Operating cashflow represents the cash generated from operating activities from the statement of cashflows, adjusted for the impact of the consolidated structured entities. See note 4 for a full reconciliation.</td></tr>
<tr><td>– Operating expenses of the Investment Company</td><td></td><td>Investment Company operating expenses are adjusted for the impact of the consolidated structured entities. See note 4 for a full reconciliation.</td></tr>
<tr><td>– Operating profit margin</td><td></td><td>Fund Management Company profit before tax divided by Fund Management Company total revenue. As at 31 March this is calculated as follows:
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Fund Management Company profit before tax</td><td>£202.3m</td><td>£183.1m</td></tr>
<tr><td>Fund Management Company total revenue</td><td>£388.5m</td><td>£341.4m</td></tr>
<tr><td>Operating profit margin</td><td>52.1%</td><td>53.6%</td></tr>
</table></td></tr>
<tr><td>– Third Party Fee Earning AUM</td><td></td><td>AUM for which the Group is paid a management fee or performance fee. Fee-earning AUM is determined by the fee basis on which the fund earns fees, either commitments or investments.</td></tr>
<tr><td>– Third Party Fee Income</td><td></td><td>Fees generated on fund management activities as reported in the Fund Management Company including fees generated by consolidated structured entities which are excluded from the IFRS consolidation position. See note 4 for a full reconciliation.</td></tr>
<tr><td>– Total AUM</td><td></td><td>Total AUM is calculated by adding Third Party AUM and the value of the Balance Sheet Investment Portfolio, excluding warehoused investments:
<table>
<tr><th></th><th>2021</th><th>2020</th></tr>
<tr><td>Third Party AUM</td><td>$56.2bn</td><td>$47.2bn</td></tr>
<tr><td>Balance Sheet Investment Portfolio (excluding warehoused investments)</td><td>$3.4bn</td><td>$2.8bn</td></tr>
<tr><td>Total AUM</td><td>$59.6bn</td><td>$50.0bn</td></tr>
</table></td></tr>
<tr><td>– Total available liquidity</td><td></td><td>Total available liquidity comprises cash and available undrawn debt facilities.</td></tr>
<tr><td>– Weighted-average fee rate</td><td></td><td>An average fee rate across all strategies based on fee earning AUM in which the fees earned are weighted based on the relative AUM.</td></tr>
</table>

Other definitions which have not been identified as non-IFRS GAAP alternative performance measures are as follows:

Term	Short Form	Definition
– AIFMD		The EU Alternative Investment Fund Managers Directive.
– Alternative performance measure	APM	These are non-IFRS financial measures.
– Catch-up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
– Closed-end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
– Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
– Collateralised Loan Obligation	CLO	CLO is a type of investment grade security backed by a pool of loans .
– Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
– Default		An 'event of default' is defined as: – A company fails to make timely payment of principal and/or interest under the contractual terms of any financial obligation by the required payment date – A restructuring of the company's obligations as a result of distressed circumstances – A company enters into bankruptcy or receivership
– Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, illiquid secondary market.
– Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group's employee share schemes.
– Environmental, Social and Governance criteria	ESG	Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.
– Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service companies in provision of services to consumers.
– Financial Reporting Council	FRC	The UK's independent regulator responsible for promoting high quality corporate governance and reporting.
– Fund Management Company	FMC	The Group's fund management business, which sources and manages investments on behalf of the IC and third-party funds.
– HMRC		HM Revenue & Customs, the UK tax authority.
– IAS		International Accounting Standards.
– IFRS		International Financial Reporting Standards as adopted by the European Union.
– Illiquid assets		Asset classes which are not actively traded.
– Internal Capital Adequacy Assessment Process	ICAAP	The ICAAP allows companies to assess the level of capital that adequately supports all relevant current and future risks in their business.
– Investment Company	IC	The Investment Company invests the Group's capital in support of third-party fundraising and funds the development of new strategies.
– Internal Rate of Return	IRR	The annualised return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the asset.

Glossary continued

Term	Short Form	Definition
– Key Person		Certain funds have a designated Key Person. The departure of a Key Person without adequate replacement triggers a contractual right for investors to cancel their commitments or kick-out of the Group as fund manager.
– Key performance indicator	KPI	A business metric used to evaluate factors that are crucial to the success of an organisation.
– Key risk indicator	KRI	A measure used to indicate how risky an activity is. It is an indicator of the possibility of future adverse impact.
– Liquid assets		Asset classes with an active, established market in which assets may be readily bought and sold.
– Money multiple	MOIC or MM	Cumulative returns divided by original capital invested.
– Open-ended fund		A fund which remains open to new commitments and where an investor's commitment may be redeemed with appropriate notice.
– Payment in kind	PIK	Also known as rolled-up interest. PIK is the interest accruing on a loan until maturity or refinancing, without any cashflows until that time.
– Performance fees	Carried interest or Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
– Realisation		The return of invested capital in the form of principal, rolled-up interest and/or capital gain.
– Sustainable Accounting Standards Board	SASB	The Sustainability Accounting Standards Board is an independent non-profit organisation that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.
– Securitisation		A form of financial structuring whereby a pool of assets is used as security (collateral) for the issue of new financial instruments.
– SFDR		Sustainable Finance Disclosure Regulation
– Structured entities		Entities which are classified as investment funds, credit funds or CLOs and are deemed to be controlled by the Group, through its interests in either an investment, loan, fee receivable, guarantee or commitment. These entities can also be interchangeably referred to as credit funds.
– TCFD		Task Force on Climate-related Financial Disclosures
– Total AUM		The aggregate of the Third Party AUM and the Balance Sheet investment portfolio.
– UK Corporate Governance Code	The Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.
– UNPRI		UN Principles for Responsible Investing.
– Weighted average		An average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.

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Carried interest earning funds (unaudited)

Fund	Third-party capital	Target money multiple	% Carried interest[1]
Intermediate Capital Asia Pacific 2005	$300m	N/A	25% of 20 over 8
Intermediate Capital Asia Pacific 2008	$600m	1.35x	20% of 20 over 8
Intermediate Capital Asia Pacific Fund III	$491m	1.8x	20% of 20 over 7
Intermediate Capital Asia Pacific Fund IV	$525m	N/A	20% of 20 over 7
Nomura ICG Fund A	¥26,501m	1.3x	10% of 20 over 4
ICG Europe Fund IV 2006B	€974m	1.8x	20% of 5 over 8
ICG Europe Fund V	€2,000m	1.6x	20% of 20 over 8
ICG Europe Fund VI	€2,500m	1.6x	20% of 20 over 8
ICG Europe Fund VII	€4,000m	1.8x	20% of 20 over 8
ICG Recovery Fund 2008B	€638m	2.0x	20% of 12.5 over 8 up to 20% of 15 over 20
ICG Europe Mid-Market Fund	€893m	1.8x	20% of 20 over 8
ICG Europe co-investment funds	€218m	1.8x	20% of 10 over 8
ICG-Longbow Fund III	£605m	N/A	20% of 20 over 9
ICG-Longbow Fund IV	£945m	N/A	10% of 20 over 8
ICG-Longbow Fund V	£901m	N/A	20% of 20 over 6
ICG-Longbow Development funds	£300m	N/A	20% of 20 over 9
ICG Sale and Leaseback Fund I	€787m	N/A	20% of 20 over 8
ICG Infrastructure Equity Fund I	€667m	N/A	20% of 15 over 7
North American Private Debt Fund	$590	N/A	20% of 20 over 8
North American Private Debt Fund II	$1,200m	N/A	20% of 20 over 8
ICG Private Markets Pooling – Sale & Leaseback	€392m	N/A	20% of 20 over 8
ICG Senior Debt Partners Fund I	€700m	1.2x	20% of 14 over 6
ICG Senior Debt Partners Fund II	€1,492m	1.2x	20% of 15 over 4 up to 20% of 20 over 7
Senior Debt Partners co-investment fund	€286m	1.2x	20% of 15 over 6
Senior Debt Partners co-investment fund	€600m	1.2x	20% of 13 over 7
Senior Debt Partners co-investment funds	€3,679m	1.2x	20% of 15 over 4 up to 20% of 20 over 7
Senior Debt Partners co-investment fund	€54m	1.2x	20% of 20 over 4
Senior Debt Partners co-investment funds	€290m	1.2x	20% of 20 over 7
Senior Debt Partners co-investment fund	€350m	1.2x	20% of 5.0625% over 7 rising to 20% of 13.5 over 7
Senior Debt Partners III	€2,480m	1.2x	20% of 15 over 4 up to 20% of 20 over 7
ICG Senior Debt Partners IV	€3,130m	1.2x	20% of 15 over 4 up to 20% of 20 over 7
ICG Strategic Secondaries Fund II	$866m	1.75x	20% of 12.5 over 8
ICG Strategic Equity Fund III	$1,650m	N/A	20% of 15 over 8 up to 20% of 20 over 20 and 1.5x money multiple
ICG Strategic Equity co-investment fund	$85m	N/A	20% of 15 over 10 up to 20% of 20 over 20 and 1.5x money multiple
ICG Strategic Equity co-investment fund	$46m	N/A	20% of 12.5 over 8
ICG Strategic Equity co-investment fund	$260m	N/A	20% of 15 over 8 up to 20% of 20 over 20 and 1.5x money multiple
ICG Strategic Equity co-investment fund	$300m	N/A	20% of 20 over 8
ICG Enterprise Trust	£826m	N/A	50% or 100% of 10% subject to an 8% compound return on an investment by investment basis
ICG Alternative Credit Fund	€627m	N/A	50% of performance fee

1. Total carried interest is a fixed percentage of the fund gains. For example, in Intermediate Capital Asia Pacific 2005 the carry is 20% of gains and the Group is entitled to 25% of this. Carried interest is triggered when fund returns exceed a hurdle; for Intermediate Capital Asia Pacific 2005 this is 8%.

Third Party AUM by fund	Status	FY21 AUM ($m)	FY20 AUM ($m)
Corporate investments funds			
Mezzanine Fund 2003	Fully invested	**–**	12.2
ICG Europe Fund V	Fully invested	**541.6**	533.8
ICG Recovery Fund 2008B	Fully invested	**307.9**	394.5
ICG EF 2006B	Fully invested	**8.5**	128.8
ICG Europe Fund VI	Fully invested	**1,739.6**	1,839.8
ICG Europe Fund VII	Investing	**4,692.4**	4,412.4
ICG Europe Mid-Market	Investing	**1,046.1**	983.6
Europe Co-investment	Fully invested	**222.4**	211.9
Intermediate Capital Asia Pacific Mezzanine Fund I 2005	Fully invested	**7.9**	7.9
Intermediate Capital Asia Pacific Fund 2008	Fully invested	**72.2**	95.9
Intermediate Capital Asia Pacific Fund III	Fully invested	**295.8**	327.5
Intermediate Capital Asia Pacific Fund IV	Investing	**425.0**	145.0
Nomura ICG Fund	Investing	**41.7**	109.4
North American Private Debt Fund	Fully invested	**277.1**	311.9
North American Private Debt Fund II	Investing	**1,200.1**	1,200.0
North American Private Debt co-invest	Investing	**75.0**	75.0
ICG Senior Debt Partners I	Fully invested	**–**	59.4
ICG Senior Debt Partners II	Fully invested	**920.5**	907.2
ICG Senior Debt Partners III	Fully invested	**2,356.9**	2,783.5
ICG Senior Debt Partners IV	Investing	**5,166.6**	2,055.4
Senior Debt Partners Co-investment	Investing	**6,241.3**	5,456.6
ICG Australia Senior Loan Fund	Open ended	**1,052.1**	769.1
ICG Recovery Fund II	Fundraising	**516.0**	–
Corporate investment funds total		**27,206.7**	22,821.0
Capital market investments funds			
Alternative Credit strategies	Fundraising	**1,373.2**	1,134.5
European credit strategies	Open ended	**5,236.7**	4,630.5
Global credit strategies	Open ended	**928.4**	501.7
Eurocredit CLOs	Fully invested	**17.4**	26.1
European CLOs	Investing	**5,050.8**	4,364.8
US CLOs	Investing	**5,391.6**	4,599.4
Capital market investments funds total		**17,998.1**	15,256.9
Real asset investments funds			
ICG-Longbow UK Real Estate Debt Investments III	Fully invested	**193.4**	308.7
ICG-Longbow UK Real Estate Debt Investments IV	Fully invested	**577.2**	680.2
ICG-Longbow UK Real Estate Debt Investments V	Fully invested	**1,244.4**	1,120.2
ICG Real Estate Debt Investments VI	Fundraising	**286.7**	–
ICG-Longbow Senior Debt – listed fund	Investing	**152.8**	137.6
ICG-Longbow Senior Debt programme	Investing	**1,677.4**	1,676.9
ICG-Longbow Development Fund	Investing	**849.2**	764.5
ICG Private Markets Pooling – Sale & Leaseback	Fundraising	**787.3**	532.2
Infrastructure Equity	Fundraising	**548.2**	233.3
Real assets funds total		**6,316.6**	5,453.6
Secondary investments funds			
ICG Strategic Secondaries Fund II	Fully invested	**298.5**	523.7
ICG Strategic Equity Fund III	Fully invested	**1,112.4**	1,649.6
ICG Strategic Equity Fund IV	Fundraising	**1,258.6**	–
Strategic Equity Co-investment	Fully invested	**822.5**	620.0
ICG Enterprise Trust – listed fund	Investing	**1,138.5**	919.1
Secondary investments funds total		**4,630.5**	3,712.4
Total third-party assets under management		**56,152.0**	47,243.9

Shareholder and Company information

Timetable

Event	Date
– Ex-dividend date	– 17 June 2021
– Record date	– 18 June 2021
– Last date for dividend reinvestment election	– 15 July 2021
– Last date and time for submitting Forms of Proxy	– 9.00am, 27 July 2021
– AGM and Trading statement	– 29 July 2021
– Payment of ordinary dividend	– 5 August 2021
– Half year results announcement	– 16 November 2021

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