

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.

Independent Auditor's report to the members of Intermediate Capital Group plc continued

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

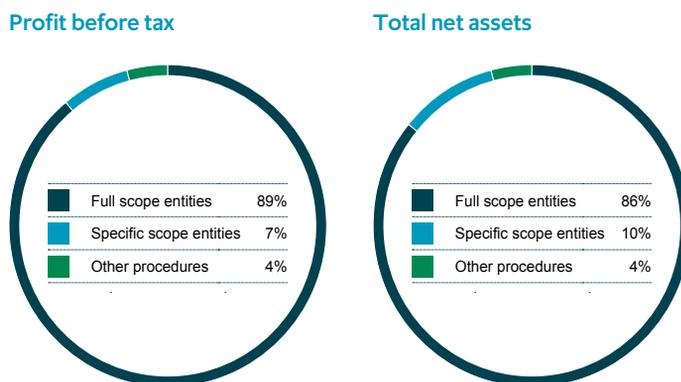
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each entity within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. We take into account size, risk profile, the 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.



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.

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.

Independent Auditor's report to the members of Intermediate Capital Group plc continued

Risk	Our response to the risk
<p>Valuation of investments in Collateralised Loan Obligations ('CLOs'), including debt (senior) and equity (subordinated) tranches and the assets and liabilities held by consolidated CLOs</p> <p><i>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)</i></p> <p>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').</p> <p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>For the positions where observable market data was available, we obtained this market data and compared to management's fair valuations.</p> <p>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:</p> <ul style="list-style-type: none"> – 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. <p>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.</p> <p>For a sample of the assets and liabilities held by consolidated CLOs, we have performed independent pricing to observable market data.</p> <p>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.</p> <p>We performed full and specific scope audit procedures over this risk area, which covered 96% of debt and equity tranches.</p>
<p>Key observations communicated to the Audit Committee</p>	<p>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.</p> <p>Based on our procedures performed we had no material matters to report to the Audit Committee.</p>

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.

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.

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.

Independent Auditor's report to the members of Intermediate Capital Group plc continued

Risk	Our response to the risk
<p>First year audit transition</p> <p><i>Refer to the Audit Committee Report (page 70); and Accounting policies (page 133)</i></p> <p>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.</p> <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> - 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. <p>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.</p> <p>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.</p>	<p>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.</p> <p>In order to assess whether opening balances were appropriately stated, we:</p> <ul style="list-style-type: none"> - 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 brought 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. <p>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.</p> <p>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.</p> <p>We have obtained and reviewed management's accounting papers relating to the application of IFRS 10. For a sample of entities we have:</p> <ul style="list-style-type: none"> - 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..

Independent Auditor's report to the members of Intermediate Capital Group plc continued

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

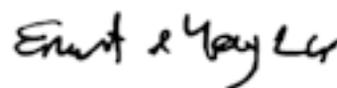
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other 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

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
<hr/>			
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

- 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.
- Other comprehensive (expense)/income reported in the foreign currency translation reserve represents foreign exchange gains and losses on the translation of foreign operations.
- The Group Own Shares reserve for the financial year ended 31 March 2020 was restated (see note 24).
- 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 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 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.

Notes to the financial statements continued

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.

Notes to the financial statements continued

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

Notes to the financial statements continued

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

Notes to the financial statements continued

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)

Notes to the financial statements continued

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 assets¹

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	–

Notes to the financial statements continued

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 ² 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 LTV-based impairment model	N/A	N/A	N/A	+10% Valuation	35.8
							-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)	–						

- 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.
- In respect of investments valued using the DCF approach, the earnings multiple is used for this sensitivity analysis. This includes investments in infrastructure.
- 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.
- 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 on 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.
- 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		Contract or underlying principal amount	Fair values	
		Asset £m	Liability £m		Asset £m	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		Contract or underlying principal amount	Fair values	
		Asset £m	Liability £m		Asset £m	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.

Notes to the financial statements continued

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				2020	
	Interest rate %	Maturity	Current £m	Non-current £m	Current £m	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		2020	
	Current £m	Non-current £m	Current £m	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.

Notes to the financial statements continued

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.

Notes to the financial statements continued

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.

Notes to the financial statements continued

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

	2021 £m	2020 ¹ £m
Earnings		
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

	2021	2020 (restated) ¹
Number of shares		
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

- 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.

Notes to the financial statements continued

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		Goodwill ¹		Investment management contract		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	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		Investment management contract		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	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.

Notes to the financial statements continued

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.

Group	Furniture and equipment ¹		ROU asset		Leasehold improvements		Total	
	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		ROU asset		Leasehold improvements ¹		Total	
	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	2020 £m	2021 £m	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

Notes to the financial statements continued

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.

Notes to the financial statements continued

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

Group	2021			2020		
	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

As at 31 March 2021	Contractual maturity analysis				Total £m
	Less than one year £m	One to two years £m	Two to five years £m	More than five years £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.

Notes to the financial statements continued

22. Financial risk management continued

As at 31 March 2020	Contractual maturity analysis				Total £m
	Less than one year £m	One to two years £m	Two to five years £m	More than five years £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.

Notes to the financial statements continued

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 (£)	
	2021	2020	2021	2020
Deferred Share Awards				
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
PLC Equity Awards				
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.

Notes to the financial statements continued

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		Weighted average fair value (£)	
	2021	2020	2021	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		Weighted average fair value (£)	
	2021	2020	2021	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

Notes to the financial statements continued

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)
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
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:

	2021 £000	2020 £000
Non Executive Directors		
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.

Notes to the financial statements continued

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	–

Notes to the financial statements continued

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.

Notes to the financial statements continued

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 Helier, 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.

Notes to the financial statements continued

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.

- The registered address for this entity is IFC 1 – The Esplanade, St Helier, Jersey JE1 4BP.
- The registered address for this entity is IFC 1 – The Esplanade, St Helier, Jersey JE1 4BP.
- The registered address for this entity is 600, Lexington Avenue, 24th Floor, New York, NY 10022, United States of America.
- The registered address for this entity is 1 Raffles Place, #13-01 One Raffles Place, Singapore, 048616.
- 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 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).

Notes to the financial statements continued

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:

Funds	2021					
	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

Funds	2020					
	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.