ICG

Final Results

For the financial year ended 31 March 2021

Embargoed until 7:00am on 8 June 2021

Results demonstrate strength of the ICG business model and growth potential

Highlights

- Record profits in both Fund Management Company and Investment Company and continuing investment in our platform: Group Profit before Tax of £507.7m and Earnings per Share of 162.3p
- Fundraising particularly strong in an off-cycle year: $10.6bn raised, bringing Third Party AUM to $56.2bn (an increase of 19% compared to FY20). AUM now reported in US dollars to align with client reporting and peers
- Upgrading fundraising guidance: $40bn in aggregate in the four years to the end of FY25 and at least $7bn every year
- Continued growth in Third Party Fee Income: £333.7m during the year, an increase of 20% compared to FY20
- Fund Management Company: Profit before Tax of £202.3m, an increase of 10% compared to FY20
- Investment Company: Profit before Tax of £305.4m driven by exceptionally high Net Investment Returns
- Well capitalised and resilient balance sheet: £846.9m total available liquidity including undrawn £550m ESG-linked RCF; NAV per share increased to 566p; net gearing of 0.63x
- Progressive dividend policy: total dividend up 10% at 56.0p per share, 11th consecutive annual increase

Note: unless stated otherwise the financial results discussed herein are on the basis of Alternative Performance Measures - see page 2

Lord Davies of Abersoch

Chairman

“These results, delivered during a period of unprecedented disruption, demonstrate the strength of the ICG business model. This has enabled the Board to recommend an 11th consecutive increase in the annual dividend.

Our purpose is to provide capital to help companies develop and grow. As society recovers and adjusts following the shocks of the last 18 months, the structural tailwinds of this industry remain in place. Clients are continuing to trust us to invest on their behalf, and companies are benefiting from our capital.

I am confident that ICG has the people and platform to execute on the opportunity ahead, and I am pleased that during the year the business continued to invest in its future growth.

I was delighted to appoint two new Board members this year in Rosemary Leith and Matthew Lester. They bring diverse experiences and will help ensure the continued success of ICG.”

Benoît Durteste

CEO and CIO

“It has been a year of excellent progress for ICG. We have delivered record profits and have continued to invest in our platform.

I am incredibly grateful for the exceptional dedication of our employees and those of our portfolio companies.

Our success this year was further underpinned by long term client relationships, the strength of our brand and platform, and our investment performance. We raised $10.6bn during the year, bringing our Third Party AUM to $56bn. We grew our client footprint and expanded our product offering with new strategies such as Life Sciences.

Our balance sheet confirmed its resilience, and has demonstrated its role as an accelerator of future growth as we continued to seed new strategies.

We have a business model and financial profile that enable us to thrive in dynamic market conditions, and I am confident in our prospects.”

ICG

PERFORMANCE OVERVIEW

The Board and management monitor the financial performance of the Group on the basis of alternative performance measures (APM), which are non-IFRS measures. An explanation of these measures can be found on page 7 and a reconciliation of the APM to the IFRS measures, along with the IFRS financial statements and supporting notes, can be found on pages 31 to 51.

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

Unless stated otherwise the financial results discussed herein are on the basis of APM, which the Board believes assists shareholders in assessing the financial performance of the Group.

	31 March 2021	31 March 2020	Change
Third Party AUM activity[1]			
Third Party AUM	$56,152m	$47,245m	19%
Third Party Fee Earning AUM	$46,729m	$39,566m	18%
Third Party AUM additions during period	$10,624m	$11,253m	(6)%
Third Party AUM realisations during period	$4,593m	$2,032m	126%
Third Party AUM deployed during period from direct investment funds	$7,221m	$6,212m	16%
Financial results			
Third Party Fee Income	£333.7m	£277.8.m	20%
Fund Management Company Profit before Tax	£202.3m	£183.1m	10%
Investment Company Profit before Tax	£305.4m	£(72.3)m	n/m
Group Profit before Tax	£507.7m	£110.8m	n/m
Group Earnings per Share	162.3p	38.3p	n/m
Dividend per share	56.0p	50.8p	10%
Balance sheet investment portfolio[2]	£2,491.7m	£2,196.5m	13%
Net asset value per share	566p	461p	23%
Net gearing	0.63x	0.74x	(0.11)x

[1] Please see page 19 for Third Party AUM activity presented in Euros
[2] Excluding warehoused investments of £64.6m (FY20: £12.8m)

COMPANY PRESENTATION

A presentation for investors and analysts will be held at 09:00 BST today on our website via the Webcast link on Results Centre FY2021 (icgam.com).

A recording of the presentation will be available on demand at Results Centre FY2021 (icgam.com) later in the day.

ENQUIRIES

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This results statement has been prepared solely to provide additional information to shareholders and meets the relevant requirements of the UK Listing Authority's Disclosure and Transparency Rules. The results statement should not be relied on by any other party or for any other purpose.

This results statement may contain forward looking statements. These statements have been made by the Directors in good faith based on the information available to them up to the time of their approval of this report and should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying such forward looking information.

ABOUT ICG

ICG provides capital to help companies develop and grow. We are a global alternative asset manager with over 30 years' history, managing $56bn of third party assets and investing across the capital structure.

We develop long-term relationships with our business partners to deliver value for shareholders, clients and employees, and use our position of influence to benefit the environment and society.

We operate across four strategic asset classes: corporate, capital market, real asset and secondary investments. In addition to growing existing strategies, we innovate and pioneer new strategies where the market opportunity exists.

ICG is listed on the London Stock Exchange (ticker symbol: ICP). Further details are available at www.icgam.com. You can follow ICG on LinkedIn.

ICG

CHIEF EXECUTIVE OFFICER'S REVIEW

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

- "Grow AUM": $10.6bn Third Party AUM raised across 16 strategies, bringing total Third Party AUM to $56bn
- "Invest": $7.2bn Third Party AUM deployed from our direct investment funds
- "Manage and realise": very strong portfolio performance and realisations of $5.1bn of Third Party Fee Earning AUM

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

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

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

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

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

Fundraising success drives AUM growth

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

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

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

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

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

Continuing to develop our client franchise

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

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

Managing our portfolios for long-term performance

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

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

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

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

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

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

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

At the Group level we issued an ESG-linked RCF during the year, in which the economic terms are linked to us achieving specific objectives relating to carbon emissions and climate change, including our commitment to reduce our Scope 1 and Scope 2 carbon emissions by 80% by 2030. From a D&I perspective we undertook a group-wide employee survey, continued our program of Board-level engagement with employees, brought together our various employee-led networks under a D&I Hub, and supported several initiatives focussed on enhancing inclusion within our industry including #10000Blackinterns and Level 20, and becoming a core partner of the US charitable organisation Seize Every Opportunity.

Well capitalised and resilient balance sheet bringing strategic benefits

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

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

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

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

Outlook: Capitalising on the substantial long-term growth opportunity

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

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

Our confidence in our ability to execute on the opportunities available to us is underlined by our upgraded fundraising guidance: we now expect to raise $40bn in aggregate in the four years to the end of FY25, with at least $7bn raised in every financial year. Further details on our guidance can be found on page 18.

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

Benoît Durteste
CEO and CIO

FINANCE AND OPERATING REVIEW

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

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

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

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

Detail of these adjustments can be found in note 3 to the IFRS financial statements on pages 42 to 48.

AUM and fund performance

Third Party AUM

To align our shareholder reporting with how we communicate with our clients, we are moving to report our AUM and related activity in US Dollar ($ or USD). A five year historical track record of our AUM progression in USD can be found in the Data pack available on our website at www.icgam.com, and the sensitivity of our Third Party AUM to foreign exchange rates is outlined on page 18.

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

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

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

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

[1] Please see page 18 for an explanation of constant exchange rate calculation methodology

Corporate Investments

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

Capital Market Investments

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

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

Real Asset Investments

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

Secondary Investments

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

Third Party Fee Earning AUM

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

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

[1] Please see page 18 for an explanation of constant exchange rate calculation methodology

Fund investment levels of key ICG funds

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

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

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

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

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

In addition to the funds in the table above, $2.5bn was deployed across a range of strategies including SMAs within Senior Debt Partners ($1.1bn) and Strategic Equity ($452m).

Gross MOIC of key ICG funds

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

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

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

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

Overview: Group financial performance

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

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

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

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

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

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

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

Fund Management Company

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

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

Third Party Fee income

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

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

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

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

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

Corporate Investments

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

Capital Market Investments

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

Real Asset Investments

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

Secondary Investments

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

Other income

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

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

Operating expenses and margin

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

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

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

Investment Company

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

Balance sheet investment portfolio

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

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

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

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

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

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

Net investment Returns

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

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

	As at 31 March 2021 £m	As at 31 March 2020 £m	Change %
Corporate Investments	303.0	104.6	190%
Capital Market Investments	57.9	(87.3)	n/m
Real Asset Investments	20.9	9.3	125%
Secondary Investments	58.3	21.7	169%
Total Net Investment Returns (excluding warehoused investments)	440.1	**48.3**	**n/m**
Warehoused investments	5.0	1.1	*n/m*
Total Net Investment Returns (including warehoused investments)	445.1	49.4	n/m

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

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

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

Investment Company expenses

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

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

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

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

Group

Tax

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

As detailed in note 6, the Group has a structurally lower effective tax rate than the statutory UK rate. This is largely driven by the Investment Company, where certain forms of income benefit from tax exemptions. The effective tax rate will vary depending on the income mix.

Net debt and liquidity

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

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

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

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

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

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

Shareholder equity increased to £1,619.5m (FY20: £1,306.5m) largely due to the substantial retained profits generated during the year. The movements in the Group's cash position, debt facilities and shareholder funds resulted in a reduction in net gearing compared to FY20, which at 31 March 21 stood at 0.63x (FY20: 0.74x).

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

Net asset value

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

Medium-term guidance

Our medium-term guidance is set out below:

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

Foreign exchange rates and Third Party AUM activity in Euros

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

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

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

Where noted, this review presents changes in AUM on a constant exchange rate basis. For the purposes of these calculations, FY20 AUM numbers have been translated from their underlying fund currencies to USD at the respective

FY21 period end exchange rates. This has then been compared to the FY21 closing AUM to arrive at the change on a constant currency exchange rate basis.

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

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

Company timetable

Ex-dividend date	17 June 2021
Record date	18 June 2021
Last date to elect for dividend reinvestment	15 July 2021
AGM and Trading statement	29 July 2021
Payment of ordinary dividend	5 August 2021
Half year results announcement	16 November 2021

RISK MANAGEMENT

Managing risk

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

Our approach

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

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

Managing risk

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

Lines of defence

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

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

Assessing risk

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

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

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

Key developments in FY21

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

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

Covid-19

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

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

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

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

Principal risks and uncertainties

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

1. Strategic and business risks

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

2. Financial risks

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

3. Operational risks

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

ICG

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

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

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

External environment risk

Risk appetite: Moderate

Executive Director responsible: Benoît Durteste

Risk description

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

Key controls and mitigation

The Group's business model is predominantly based on illiquid funds which are closed-end and long-term in nature. Therefore to a large extent the Group's fee streams are 'locked in'. This provides some mitigation in relation to profitability and cashflows against market downturn. Additionally, given the nature of closed-end funds, they are not subject to redemptions.

A range of complementary approaches are used to inform strategic planning and risk mitigation, including active management of the Group's fund portfolios, profitability and balance sheet scenario planning and stress testing to ensure resilience across a range of outcomes.

The Board, the Risk Committee and the Risk function monitor emerging risks, trends and changes in the likelihood of impact. This assessment informs the universe of principal risks faced by the Group.

Trend and outlook

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

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

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

ICG

Fund performance risk

Risk appetite: Low to moderate

Executive Director responsible: Benoît Durteste

Risk description

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

Key controls and mitigation

A robust and disciplined investment process is in place where investments are selected and regularly monitored by the Investment Committees for fund performance, delivery of investment objectives, and asset performance.

All proposed investments are subject to a thorough due diligence and approval process during which all key aspects of the transaction are discussed and assessed. Regular monitoring of investment and divestment pipelines is undertaken on an ongoing basis.

Monitoring of all portfolio investments is undertaken on a quarterly basis focusing on the operating performance and liquidity of the portfolio.

Trend and outlook

The strength of our resilient and growth-orientated business model has been evident in our performance for the financial year, notwithstanding the extraordinary and challenging environment we are operating within.

Diversification is a core strength of our business model and we have very little exposure to industries which have been most negatively affected by the Covid-19 crisis. Our key funds are in line with or ahead of their required hurdle rates or respective industry benchmarks.

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

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

Financial risk

Risk appetite: Low to moderate

Executive Director responsible: Vijay Bharadia

Risk description

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

Key controls and mitigation

Debt funding for the Group is obtained from diversified sources and the repayment profile is managed to minimise material repayment events. The profile of the debt facilities available to the Group is reviewed frequently by the Treasury Committee.

Hedging of non-sterling income, expenditure, assets and liabilities is undertaken to minimise short-term volatility in the financial results of the Group.

Market and liquidity exposures are reported monthly and reviewed by the Group's Treasury Committee

Long-term forecasts and stress tests are prepared to assess the Group's future liquidity as well as compliance with the regulatory capital requirements.

Investment Company (IC) commitments are reviewed and approved by the CEO and the CFOO on a case-by-case basis assessing the risks and return on capital.

Market risk arising from adverse market fluctuations affecting the IC is monitored by assessing the assumptions used in valuations of underlying investments .

Trend and outlook

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

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

We continue to manage our balance sheet prudently, with a strong focus on liquidity. The Group remains well capitalised, with available cash and unutilised bank lines. In January 2021 we entered into a new £550m ESG-linked Revolving Credit Facility to replace existing facilities, further enhancing our long-standing focus on our broader positive impact on society.

Key personnel risk

Risk appetite: Low to moderate

Executive Director responsible: Antje Hensel-Roth

Risk description

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

Key controls and mitigation

The ability to attract, retain and develop talent is supported by a range of complementary approaches including a well-defined recruitment process, succession planning, a competitive and long-term approach to compensation and incentives, and a focus on development through the appraisal process and mentoring programmes which is supported by a dedicated Learning and Development team. This includes developing opportunities and tools for current and future skills, personal skills and leaders to create an environment for our employees' success.

Continued focus on the Group's culture by developing and delivering initiatives that reinforce the appropriate behaviours which generate the best possible long-term outcomes for our employees, clients and shareholders.

Promotion of a diverse and inclusive workforce with active support across a wide range of health and wellbeing activities.

Regular reviews of resourcing and key person exposures are undertaken as part of business line reviews and the fund and portfolio company review processes.

The Remuneration Committee oversees the Directors' Remuneration Policy and its application to senior employees, and reviews and approves incentive arrangements to ensure they are commensurate with market practice.

Trend and outlook

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

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

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

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

Legal, regulatory and tax risk

Risk appetite: Low

Executive Director responsible: Vijay Bharadia

Risk description

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

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

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

Key controls and mitigation

Compliance and Legal functions dedicated to understanding and fulfilling regulatory and legal expectations on behalf of the Group, including interactions with our regulators and relevant industry bodies. The functions provide guidance to, and oversight of, the business in relation to regulatory and legal obligations.

Compliance undertake routine monitoring and deep-dive activities to assess compliance with regulations and legislation.

The Tax function has close involvement with significant Group transactions, fund structuring and business activities, both to proactively plan the most tax efficient strategy and to manage the impact of business transactions on previously-taken tax positions.

Regulatory, legislative and tax developments are continually monitored to ensure we engage early in any areas of potential change.

Trend and outlook

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

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

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

Operational resilience risk

Risk appetite: Low to moderate

Executive Director responsible: Vijay Bharadia

Risk description

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

Key controls and mitigation

Business Continuity and Disaster Recovery plans are reviewed and approved on at least an annual basis by designated plan owners, and preparedness exercises are complemented by an automated Business Continuity Planning tool.

Providing laptops for all employees globally removes the physical dependency on the office and allows employees to work securely from home.

The Group's technology environment is continually maintained and subject to regular testing, such as penetration testing, vulnerability scans and patch management. Technology processes and controls are also upgraded where appropriate to ensure ongoing technology performance and resilience.

An externally managed security operations centre supplies the Group with skilled security experts and technology to proactively detect and prevent potential threats and to recover from security incidents, including cyberattacks.

Trend and outlook

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

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

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

Third-party provider risk

Risk appetite: Moderate

Executive Director responsible: Vijay Bharadia

Risk description

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

Key controls and mitigation

The TPP oversight framework consists of policies, procedures and tools to govern the oversight of key suppliers, including our approach to selection, contracting and on-boarding, management and monitoring, and termination and exit. In particular, we undertake initial and ongoing due diligence of our TPPs to identify and effectively manage the business risks related to the delegation or outsourcing of our key functions.

Ongoing monitoring of the services delivered by our TPPs is delivered through regular oversight interactions where service levels are compared to the expected standards documented in service agreements and agreed-upon standards.

Trend and outlook

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

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

Business process risk

Risk appetite: Low to moderate

Executive Director responsible: Vijay Bharadia

Risk description

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

Key controls and mitigation

Key business processes are regularly reviewed, and the risks and controls are assessed through the RCSA process.

A 'three lines of defence' model is in place, which ensures clarity over individual and collective responsibility for process risk management and to ensure policies, procedures and activities have been established and are operating as intended.

Ongoing monitoring of underlying causes of operational risk events, to identify enhancements that require action.

A well-established incident management processes for dealing with system outages that impact important business processes.

An annual review of the Group's material controls is undertaken by senior management and Executive Directors.

Trend and outlook

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

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

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

RESPONSIBILITY STATEMENT

The responsibility statement below has been prepared in connection with the Company's full annual report for the year ending 31 March 2021. Certain parts thereof are not included within this announcement.

We confirm to the best of our knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the management report, which is incorporated into the directors' report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

This responsibility statement was approved by the Board of Directors on 8 June 2021 and is signed on its behalf by:

Benoît Durteste
CEO

Vijay Bharadia
CFOO

CONSOLIDATED INCOME STATEMENT

For the year ended 31 March 2021

	Year ended 31 March 2021 £m	Year ended 31 March 2020 £m
Fee and other operating income	331.2	266.1
Finance (loss)/income	(9.4)	30.1
Net gains on investments	507.4	117.4
Total revenue	829.2	413.6
Finance costs	(56.8)	(58.3)
Administrative expenses	(263.1)	(241.4)
Share of results of joint ventures accounted for using equity method	0.2	0.6
Profit before tax	509.5	114.5
Tax credit/(charge)	(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]	160.3p	38.2p
Diluted earnings per share (pence)[1]	157.5p	37.5p

[1] Earnings per share for the financial year ended 31 March 2020 are restated (see note 5).

All activities represent continuing operations.

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2021

	Year ended 31 March 2021 £m	Year ended 31 March 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

[1] Total comprehensive income for the year ended 31 March 2020 has been restated, excluding a tax charge of £0.7m.

ICG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 March 2021

	31 March 2021 £m	31 March 2020 *(restated)*[1] £m
Non-current assets		
Intangible assets	21.5	26.7
Property, plant and equipment	67.0	13.4
Investment property	1.8	8.1
Investment in joint venture accounted for under the equity method	2.8	2.5
Trade and other receivables	62.8	24.5
Financial assets at fair value	6,264.5	5,492.6
Derivative financial assets	2.4	12.8
Deferred tax asset	2.9	3.2
	6,425.7	5,583.8
Current assets		
Trade and other receivables	215.2	177.3
Current tax debtor	4.4	22.8
Financial assets at fair value	64.6	12.8
Derivative financial assets	109.5	126.5
Deferred tax asset	5.9	7.9
Cash and cash equivalents	581.2	1,086.9
	980.8	1,434.2
Disposal groups held for sale	57.4	-
Total assets	7,463.9	7,018.0
Equity and reserves		
Called up share capital	77.2	77.2
Share premium account	180.2	179.9
Other reserves	(2.9)	(28.3)
Retained earnings	1,362.7	1,080.4
Equity attributable to owners of the Company	1,617.2	1,309.2
Non controlling interest	5.0	1.5
Total equity	1,622.2	1,310.7
Non-current liabilities		
Provisions	-	0.1
Trade and other payables	41.9	50.0
Financial liabilities at fair value	3,882.9	3,329.3
Financial liabilities at amortised cost	1,208.9	1,664.1
Other financial liabilities	55.0	5.5
Derivative financial liabilities	31.7	41.4
Deferred tax liabilities	0.8	1.9
	5,221.2	5,092.3
Current liabilities		
Provisions	0.6	0.7
Trade and other payables	427.3	286.0
Current tax creditor	3.5	6.6
Financial liabilities at amortised cost	112.5	252.8
Other financial liabilities	3.7	3.2

	31 March 2021 £m	31 March 2020 *(restated)*[1] £m
Derivative financial liabilities	68.2	65.7
	615.8	615.0
Liabilities directly associated with disposal groups held for sale	4.8	-
Total liabilities	5,841.7	5,707.3
Total equity and liabilities	7,463.9	7,018.0

[1] The Statement of Financial Position for the financial year ended 31 March 2020 has been restated.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

	Year ended 31 March 2021 £m	Year ended 31 March 2020 *(restated)*[1] £m
Profit/(Loss) before tax from continuing operations	509.5	114.5
Adjustment for non-cash items:		
Interest and dividend income	-	(0.5)
Fee and other operating income	(331.2)	(266.1)
Net investment returns	(507.4)	(117.4)
Net fair value gains on derivatives	9.4	(29.6)
Interest expense	56.8	58.3
Depreciation, amortisation and impairment of property, equipment and intangible assets	19.2	10.6
Share based payment expense	26.9	25.2
Working capital changes:		
(Increase) / Decrease in trade receivables	(35.4)	31.7
Increase / (Decrease) in trade and other payables	87.2	(8.4)
Cash used in operations	(165.0)	(181.7)
Proceeds from sale of current financial assets and disposal groups	27.1	182.8
Purchase of current financial assets and disposal groups	(79.6)	(102.0)
Purchase of investments	(2,836.1)	(2,675.9)
Proceeds from sales and maturities of investments	2,838.5	2,708.3
Interest and dividend income received	257.1	285.2
Fee and other operating income received	285.1	265.1
Interest paid	(189.8)	(169.7)
Taxes paid	(26.3)	(11.2)
Net cash flows from / (used in) operating activities	**111.0**	**300.9**
Investing activities		
Purchase of intangible assets	(3.9)	(6.1)
Purchase of property, plant and equipment	(6.9)	(4.0)
Net cashflow from derivative financial instruments	40.6	(26.9)
Cashflow as a result of change in control of subsidiary	34.9	(37.0)
Net cash flows from / (used in) investing activities	**64.7**	**(74.0)**
Financing activities		
Purchase of own shares	-	(40.3)
Payment of principal portion of lease liabilities	(6.8)	(3.8)
Proceeds from borrowings	-	800.6
Repayment of long-term borrowings	(495.6)	(142.5)
Dividends paid to equity holders of the parent	(150.9)	(142.8)
Net cash flows (used in) / from financing activities	**(653.3)**	**471.2**
Net (decrease) / increase in cash and cash equivalents	(477.6)	698.1
Effects of exchange rate differences on cash and cash equivalents	(28.1)	34.8
Cash and cash equivalents at 1 April	1,086.9	354.0
Cash and cash equivalents at 31 March	**581.2**	**1,086.9**

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 (page 38) for more details).

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.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2021

	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments reserve £m	Own shares £m	Foreign currency translation reserve £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 [1]	-	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

[1] 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.

	Share capital £m	Share premium £m	Capital redemption reserve £m	Share based payments reserve £m	Own shares *(restated)*[1] £m	Foreign currency translation reserve £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 [2]	–	–	–	–	–	-	(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 exercised5	–	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

[1] The Group Own Shares reserve for the financial year ended 31 March 2020 was restated.

[2] 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.

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.

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. 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.

ICG

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.

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.

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.

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.

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.

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
- 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
- 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
- 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.

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.

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 and the Group Own Shares reserve have been restated.

3. 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.

The amounts reported for management purposes in the tables below are reconciled to the IFRS reported amounts on the following pages.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

Analysis of income and profit before tax by operating segment

	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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

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

ICG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

Consolidated Income Statement

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

Consolidated Statement of Financial Position

31 March 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

31 March 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)

For the year ended 31 March 2021

Consolidated Statement of Cash Flows

31 March 2021	Reportable segments £m	Consolidated entities £m	Financial statements £m
Profit/(Loss) before tax from continuing operations	507.7	1.8	509.5
Adjustments for non-cash items			
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, plant and equipment	19.2	-	19.2
Shared-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			
Payment of principal portion of lease liabilities	(6.8)	-	(6.8)
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

ICG

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

31 March 2020	Reportable segments £m	Consolidated 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 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/(used in) financing activities	471.2	-	471.2
Net increase/(decrease) in cash and cash equivalents	743.9	(45.8)	698.1
Effect of foreign exchange rate changes	40.8	(6.0)	34.8
Cash and cash equivalents at 1 April	163.2	190.8	354.0
Cash and cash equivalents at 31 March	947.9	139.0	1,086.9

4. Dividends

The proposed final ordinary dividend for the year ended 31 March 2021 is 39.0 pence per share (2020: 35.8 pence per share), which will amount to £111.5m (2020: £101.6m). The total dividend in respect of the year ended 31 March 2021 was 56.0 pence per share (2020: 50.8 pence per share)

Of the £150.9m (2020: £142.8m) of ordinary dividends paid during the year, £2.9m were reinvested under the dividend reinvestment plan that was offered to shareholders (2020: £0.7m).

5. Earnings per share

	Year ended 31 March 2021 £m	Year ended 31 March 2020 *(restated)*[1] £m
Earnings for the purposes of basic and diluted earnings per share being net profit attributable to equity holders of the Parent	457.1	108.9
Number of shares		
Weighted average number of ordinary shares for the purposes of basic earnings per share	285,154,566	284,813,542
Effect of dilutive potential ordinary shares share options	5,043,079	5,823,415
Weighted average number of ordinary shares for the purposes of diluted earnings per share	290,197,645	290,636,957
Earnings per share (pence)	160.3p	38.2p
Diluted earnings per share (pence)	157.5p	37.5p

[1] The 2020 Weighted average number of ordinary shares for the purposes of diluted earnings per share has been re-presented to include the dilutive impact of deferred share awards. The Diluted earnings per share has been restated.

6. Tax expense

Analysis of tax on ordinary activities

	Year ended 31 March 2021 £m	Year ended 31 March 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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 March 2021

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 current year tax charge is lower than the standard rate of corporation tax 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.

A reconciliation between the statutory tax rate applied to the Group's profit before tax and the reported effective tax rate is provided below.

	Year ended 31 March 2021 £m	Year ended 31 March 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

7. Post balance sheet events

There have been no material events since the balance sheet date.

GLOSSARY

Non-IFRS alternative performance measures are defined below:

Term	Short form	Definition
APM earnings per share	EPS	APM profit after tax (annualised when reporting a six-month period's results) divided by the weighted average number of ordinary shares as detailed in note 5.
APM Group profit before tax		Group profit before tax adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:

	2021	2020
Profit before tax	£509.5m	£114.5m
Less consolidated structured entities	(£1.8m)	(£3.7m)
APM Group profit before tax	£507.7m	£110.8m

Term	Short form	Definition
APM Investment Company profit before tax		Investment Company profit adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:

	2021	2020
Investment Company profit before tax	£307.2m	(£68.6m)
Less consolidated structured entities	(£1.8m)	(£3.7m)
APM Investment Company profit/(loss) before tax	£305.4m	(£72.3m)

Term	Short form	Definition
APM return on equity	ROE	APM profit after tax (annualised when reporting a six month period's results) divided by average shareholders' funds for the period. As at 31 March, this is calculated as follows:

	2021	2020
APM profit after tax	£462.7m	£109.2m
Average shareholders' funds	£1,406.5m	£1,387.7m
APM return on equity	32.9%	7.9%

Term	Short form	Definition
Assets under management	AUM	Value of all funds and assets managed by the FMC. During the investment period third-party AUM is measured on the basis of committed capital. Once outside the investment period third-party AUM is measured on the basis of invested cost. AUM is presented in US dollars, with non-US dollar denominated at the period end closing rate.
Balance sheet investment portfolio		The balance sheet investment portfolio represents financial assets from the statement of financial position, adjusted for the impact of the consolidated structured entities and excluding derivatives and other financial assets. See note 3 for a full reconciliation.
Cash profit	PICP	Cash profit is defined as internally reported profit before tax and incentive schemes, adjusted for non-cash items

	2021	2020
APM profit before tax	£507.7m	£110.8m
Add back incentive schemes	£103.5m	£104.3m
Other adjustments	(£366.4m)	£150.5m
Cash profit	£244.8m	£365.6m

Term	Short form	Definition
Dividend income		Dividend income represents distributions received from equity investments. Dividend income reported on an internal basis excludes the impact of the consolidated structured entities. See note 3 for a full reconciliation.
Earnings per share	EPS	Profit after tax (annualised when reporting a six-month period's results) divided by the weighted average number of ordinary shares as detailed in note 5.

Term	Short form	Definition
EBITDA	EBITDA	Earnings before interest, tax, depreciation and amortisation.
Interest expense		Interest expense excludes the cost of financing associated with the consolidated structured entities. See note 3 for a full reconciliation.
APM net asset value per share		Total equity from the statement of financial position adjusted for the impact of the consolidated structured entities divided by the closing number of ordinary shares. As at 31 March, this is calculated as follows:

	2021	2020
Total equity	£1,619.5m	£1,306.5m
Closing number of ordinary shares	285,887,286	283,279,690
Net asset value per share	566p	461p

Term	Short form	Definition
Net current assets		The total of cash, plus current financial assets, plus other current assets, less current liabilities as internally reported. This excludes the consolidated structured entities. As at 31 March, this is calculated as follows:

	2021	2020
Cash	£296.9	£947.9m
Current financial assets	£108.9m	£12.8m
Other current assets	£139.3m	£240.0m
Current financial liabilities	(£8.8m)	(£256.0m)
Other current liabilities	(£107.4m)	(£182.4m)
Net current assets	£428.9m	£752.3m

On an IFRS basis net current assets are as follows:

	2021	2020
Cash	£581.2m	£1,086.9m
Current financial assets	£64.6m	£12.8m
Other current assets	£335.0m	£334.5m
Disposal groups held for sale	£57.4m	–
Current financial liabilities	(£116.2m)	(£256.0m)
Other current liabilities	(£499.6m)	(£359.0m)
Liabilities directly associated with disposal groups held for sale	(£4.8m)	–
Net current assets	£417.6m	£819.2m

Term	Short form	Definition
Net debt		Net debt, along with gearing, is used by management as a measure of balance sheet efficiency. Net debt includes unencumbered cash whereas gearing uses gross drawn debt and is therefore not impacted by movements in cash balances. Total drawn debt less unencumbered cash of the Group, excluding the consolidated structured entities. As at 31 March, this is calculated as follows:

	2021	2020
APM gross drawn debt	£1,324.1m	£1,915.1m
Less unencumbered cash	(£296.9m)	(£947.9m)
Net debt	£1,027.2m	£967.2m

Term	Short form	Definition
Net gearing		Net gearing is used by management as a measure of balance sheet efficiency. Net debt, excluding the consolidated structured entities, divided by total equity from the statement of financial position adjusted for the impact of the consolidated structured entities. As at 31 March, this is calculated as follows:

	2021	2020
Net debt	£1,027.2m	£967.2m
Shareholders' equity	£1,619.5m	£1,306.5m
Net gearing	0.63x	0.74x

Term	Short form	Definition
Net Investment Returns		Net Investment Returns is the total of interest income, capital gains, dividend and other income less asset impairments.
Operating cashflow		Operating cashflow represents the cash generated from operating activities from the statement of cashflows, adjusted for the impact of the consolidated structured entities. See note 3 for a full reconciliation.
Operating expenses of the Investment Company		Investment Company operating expenses are adjusted for the impact of the consolidated structured entities. See note 3 for a full reconciliation.
Operating profit margin		Fund Management Company profit before tax divided by Fund Management Company total revenue. As at 31 March this is calculated as follows:

	2021	2020
Fund Management Company profit before tax	£202.3m	£183.1m
Fund Management Company total revenue	£388.5m	£341.4m
Operating profit margin	52.1%	53.6%

Term	Short form	Definition
Third Party Fee Earning AUM		AUM for which the Group is paid a management fee or performance fee. Fee-earning AUM is determined by the fee basis on which the fund earns fees, either commitments or investments.
Third Party Fee Income		Fees generated on fund management activities as reported in the Fund Management Company including fees generated by consolidated structured entities which are excluded from the IFRS consolidation position. See note 3 for a full reconciliation.
Total AUM		Total AUM is calculated by adding Third Party AUM and the value of the Balance Sheet Investment Portfolio, excluding warehoused investments:

	2021	2020
Third Party AUM	\$56.2bn	\$47.2bn
Balance Sheet Investment Portfolio (excluding warehoused investments)	\$3.4bn	\$2.8bn
Total AUM	\$59.6bn	\$50.0bn

Term	Short form	Definition
Total available liquidity		Total available liquidity comprises cash and available undrawn debt facilities.
Weighted-average fee rate		An average fee rate across all strategies based on fee earning AUM in which the fees earned are weighted based on the relative AUM.

Other definitions which have not been identified as non-IFRS GAAP alternative performance measures are as follows:

Term	Short form	Definition
AIFMD		The EU Alternative Investment Fund Managers Directive.
Alternative performance measure	APM	These are non-IFRS financial measures.
Catch-up fees		Fees charged to investors who commit to a fund after its first close. This has the impact of backdating their commitment thereby aligning all investors in the fund.
Closed-end fund		A fund where investor's commitments are fixed for the duration of the fund and the fund has a defined investment period.
Co-investment	Co-invest	A direct investment made alongside or in a fund taking a pro-rata share of all instruments.
Collateralised Loan Obligation	CLO	CLO is a type of investment grade security backed by a pool of loans.
Close		A stage in fundraising whereby a fund is able to release or draw down the capital contractually committed at that date.
Direct investment funds		Funds which invest in self-originated transactions for which there is a low volume, illiquid secondary market.
Employee Benefit Trust	EBT	Special purpose vehicle used to purchase ICG plc shares which are used to satisfy share options and awards granted under the Group's employee share schemes.
Environmental, Social and Governance criteria	ESG	Environmental, social and governance (ESG) criteria are a set of standards for a company's operations that socially conscious investors use to screen potential investments.
Financial Conduct Authority	FCA	Regulates conduct by both retail and wholesale financial service companies in provision of services to consumers.
Financial Reporting Council	FRC	The UK's independent regulator responsible for promoting high quality corporate governance and reporting.
Fund Management Company	FMC	The Group's fund management business, which sources and manages investments on behalf of the IC and third-party funds.
HMRC		HM Revenue & Customs, the UK tax authority.
IAS		International Accounting Standards.
IFRS		International Financial Reporting Standards as adopted by the European Union.
Illiquid assets		Asset classes which are not actively traded.
Internal Capital Adequacy Assessment Process	ICAAP	The ICAAP allows companies to assess the level of capital that adequately supports all relevant current and future risks in their business.
Investment Company	IC	The Investment Company invests the Group's capital in support of third-party fundraising and funds the development of new strategies.
Internal Rate of Return	IRR	The annualised return received by an investor in a fund. It is calculated from cash drawn from and returned to the investor together with the residual value of the asset.
Key Person		Certain funds have a designated Key Person. The departure of a Key Person without adequate replacement triggers a contractual right for investors to cancel their commitments or kick out of the Group as fund manager.
Key performance indicator	KPI	A business metric used to evaluate factors that are crucial to the success of an organisation.
Key risk indicator	KRI	A measure used to indicate how risky an activity is. It is an indicator of the possibility of future adverse impact.

Term	Short form	Definition
Liquid assets		Asset classes with an active, established market in which assets may be readily bought and sold.
Money multiple	MOIC or MM	Cumulative returns divided by original capital invested.
Open-ended fund		A fund which remains open to new commitments and where an investor's commitment may be redeemed with appropriate notice.
Payment in kind	PIK	Also known as rolled-up interest. PIK is the interest accruing on a loan until maturity or refinancing, without any cashflows until that time.
Performance fees	Carried interest or Carry	Share of profits that the fund manager is due once it has returned the cost of investment and agreed preferred return to investors.
Realisation		The return of invested capital in the form of principal, rolled up interest and/or capital gain.
Sustainable Accounting Standards Board	SASB	The Sustainability Accounting Standards Board is an independent non-profit organisation that sets standards to guide the disclosure of financially material sustainability information by companies to their investors.
Securitisation		A form of financial structuring whereby a pool of assets is used as security (collateral) for the issue of new financial instruments.
SFDR		Sustainable Finance Disclosure Regulation
Structured entities		Entities which are classified as investment funds, credit funds or CLOs and are deemed to be controlled by the Group, through its interests in either an investment, loan, fee receivable, guarantee or commitment. These entities can also be interchangeably referred to as credit funds.
TCFD		Task Force on Climate-related Financial Disclosures
Total AUM		The aggregate of the Third Party AUM and the Balance Sheet investment portfolio.
UK Corporate Governance Code	The Code	Sets out standards of good practice in relation to board leadership and effectiveness, remuneration, accountability and relations with shareholders.
UNPRI		UN Principles for Responsible Investing.
Weighted average		An average in which each quantity to be averaged is assigned a weight. These weightings determine the relative importance of each quantity on the average.