

## Audit Committee report

# Continued progress and maturity as the business grows

“This Committee plays a vital role in ensuring the Group’s reporting is fair, balanced and understandable.”

**Matthew Lester**  
Chair of the Audit Committee



### Dear shareholders

I am pleased to present the Committee’s report for the year ended 31 March 2025. Separate sections on Committee governance, Review of the year, External audit, Internal controls and Internal audit follow.

During the year, the Committee has closely monitored management progress in implementing new systems and processes, reflecting the Group’s complexity and scale. A significant milestone this year was the go-live of the new Enterprise Resource Planning system, a key component of the system of internal controls over financial reporting.

Assets under management (AUM) is a key measure of the Group’s performance, but as a non-financial measure is not subject to external audit. The Committee requested, and received, additional internal assurance over the processes and controls implemented by management over this significant metric.

This Committee is responsible for ensuring the Group has an appropriate and effective system of internal controls over reporting, including financial reporting.

In preparation for the changes to be introduced by the 2024 Corporate Governance Code, the Committee and management have worked closely to define and develop appropriate reporting to support the assessment of the effectiveness of key internal controls over reporting, including financial reporting, and this activity will continue in the coming years.

This year is the fifth audit completed by EY. In accordance with our policy we have not tendered the audit, which will remain with EY. In accordance with the requirement to rotate audit partners we welcome Mike Gaylor as our new EY engagement partner and look forward to working him in the coming years. The Committee would like to thank Ashley Coups, the outgoing partner, for his work and his contribution to the Committee and its members.

This Committee plays a key role in ensuring that the Group’s reporting is fair, balanced and understandable, and complies with the requirements of UK-adopted IAS. We carefully consider the content of the Annual Report and Accounts, and other financial reports, to ensure that we are satisfied that all requirements are met.

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

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

**Matthew Lester**  
Chair of the Audit Committee

20 May 2025

Audit Committee report continued

Committee roles and responsibilities

The Committee members have a wide range of business and financial experience, including accounting and auditing, risk management, asset management and investment, regulation and compliance, M&A, tax and international business practices. These skills ensure the Committee has the relevant sector competence to enable it to fulfil its terms of reference in a robust and independent manner. In particular, Matthew Lester has considerable experience as a CFO, Chair and Audit and Risk Committee Chair. The Board considers that he has recent and relevant financial experience.

Governance

Committee governance
Best practice developments
People and business changes

Financial reporting

Content and integrity of annual and other periodic financial reporting
Application of Alternative Performance Measures and reconciliations to IFRS reported financials
Annual Report presentation: fair, balanced and understandable

Accounting policies

Key accounting judgements and estimates
Going concern and viability

External audit

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

Internal controls and internal audit

Financial operations: leadership, effectiveness
Framework of internal controls over financial reporting
Scope, planning, activities and resources of Internal Audit

Committee members

Sonia Baxendale <sup>1</sup>
Rosemary Leith
Matthew Lester (Chair)
Amy Schioldager <sup>2</sup>
Andrew Sykes

1. Joined the Board on 1 January 2025.
2. Retired from the Board on 16 July 2024.

Committee governance

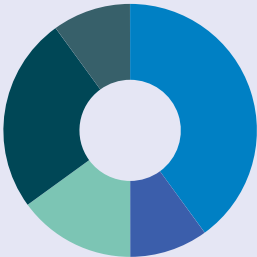
The Committee's terms of reference are approved and reviewed by the Board on a regular basis, most recently in May 2025. The terms of reference are available on the Group's website, [www.icgam.com](http://www.icgam.com), or by contacting the Company Secretary.

The operations of the Committee were reviewed as part of the internal Board evaluation completed in March 2025; the Committee was found to be operating effectively.

The Committee held four meetings during the year. The Committee members attending each of the meetings can be found on page 67.

How the Committee spent its time

Financial and management reporting, including key management judgements	40%
Annual Report, including fair, balanced and understandable assessment	10%
External Audit	15%
Internal Audit	25%
Other	10%



Key Management Judgement: Alternative Performance Measures

Objective and significance

Alternative performance measures can add insight to the UK-adopted IAS reporting and help to give shareholders a fuller understanding of the performance of the business.

Progress

We discussed the use of alternative performance measures with the Executive Directors and reviewed their continued appropriateness and consistency with prior years.

We received additional internal assurance over the processes and controls implemented by management over AUM.

Conclusion

We were satisfied that alternative performance measures, which are widely used in the asset management industry, can provide insight into performance from the perspective of our shareholders and other stakeholders.

A review of the alternative performance measures was undertaken and we were satisfied that they did not detract from UK-adopted IAS measures and were: sufficiently defined; consistently applied; and, where relevant, reconciled to UK-adopted IAS measures.

See KPIs on page 15 and the Finance review on page 17

## Audit Committee report continued

## Key Accounting Judgements and Estimates: Consolidation of investment structures

### Objective and significance

The Group holds investments in a number of structured entities which it manages. Judgement is required in assessing whether these entities, and their investments, are controlled by the Group and therefore need to be consolidated into the Group's financial statements.

### Progress

We challenged the information analysed by management to assess which funds, carried interest partnerships, and portfolio companies are controlled by the Group or over which the Group exercises significant influence.

### Conclusion

We concluded that the Group controlled 25 seed investment-related entities, 21 funds and two carried interest partnerships. The Group exercised significant influence over 15 other entities during the financial year. Accordingly, the controlled entities have been consolidated into the Group's financial statements.

Based on our inquiries of the Executive Directors and external auditors, we concluded our policies are being properly applied in areas such as assessing control and significant influence.

We concluded that the areas of judgement (see page 127) are properly explained.

 See note 27 to the financial statements

## Key Accounting Judgements and Estimates: Investment valuation

### Objective and significance

Investments are mainly unquoted and illiquid, therefore considerable professional judgement is required in determining their valuation.

### Progress

The Committee reviewed the conclusions of the Group Valuation Committee, carefully considering the impact of the current economic environment on the judgement required.

The Committee inquired into the progress of ongoing asset realisations after the year end as an indicator of the reliability of the valuation process.

### Conclusion

In our review of the financial statements we were satisfied that sufficient disclosures had been provided on the estimates and judgements made in determining the value of the portfolio.

 See notes 5 and 9 to the financial statements and the Auditor's Report on page 111

## Key Accounting Judgements and Estimates: Revenue recognition

### Objective and significance


Revenue recognition involves certain estimates and judgements, particularly in respect of the timing of recognising performance fees, which are subject to performance conditions.

### Progress

We reviewed the revenue recognition of performance fees and investment income to confirm that the treatments were consistent with the Group's accounting policies.

### Conclusion

The Committee concluded that revenue has been properly recognised in the financial statements.

 See note 3 to the financial statements and the Auditor's Report on page 111

In addition to the significant matters detailed on pages 80 and 81 the Committee maintained a rolling agenda of items for its review including auditor independence and external audit effectiveness, internal audit, capital strategy, risk and treasury management capabilities, financial and management reporting (including any changes to the Group's accounting policies), accounting developments, relevant people changes, the going concern concept of accounting (see pages 74 and 127, the viability statement (see page 29), the Auditor's Report (see page 111), the Auditor's management letter and the fair, balanced and understandable assessment of the Annual Report. No issues of significance arose.

## Audit Committee report continued

### External audit

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

### Appointment and rotation

The Group's policy is to submit the external audit to tender every 10 years, as a fair balance between the costs and disruption of a tender and the benefits of a potential fresh pair of eyes and challenge, and for the external audit firm to be rotated at least every 20 years. EY were first appointed pursuant to a tender process for the financial year ended 31 March 2021. The next tender must be completed for the financial year ended 31 March 2031.

### Execution, quality and effectiveness

The Committee discusses and agrees the scope of the audit prior to its commencement.

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

The Committee Chair meets the lead audit partner to review Group developments and audit progress. The Committee also discusses with EY, prior to recommendation of the financial statements to the Board, the audit findings, including audit differences, and observations on internal controls, operations and resources. This includes discussions in private sessions without the Executive Directors present.

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

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

The overall assessment of audit quality includes an annual evaluation of the independence and objectivity of the external auditor and the effectiveness of the audit process, taking into consideration relevant professional and regulatory requirements. This assessment is based in part on results of observation, inquiry and challenge, throughout the year, as well as periodic reflection and input collected separately from Committee members, Executive Directors and other relevant senior management. The annual evaluation of EY was undertaken by the Committee in September 2024.

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

- The content of EY's annual Transparency Report which sets out their commitment to audit quality and governance
- Insights arising from the Audit Quality Review team (AQRT) of the Financial Reporting Council's annual audit of a sample of EY's audits. Following discussion with EY, insofar as any issues might be applicable, the Committee determines that EY has proper and adequate procedures in place for the audit
- The formal terms of engagement with the auditor, and the audit fee. The Committee determined that the Group audit fee of £2.3m (2024: £2.1m) appropriately reflected the scope and complexity of the work undertaken by EY

On the basis of this review and our ongoing interactions and observations, the Committee remains confident in EY's work and the Committee are satisfied that the audit is probing, challenging and effective and that the approach provides a reliable audit opinion with a reasonable expectation of detecting material errors, irregularities and fraud.

### Non-audit services

The Board has an established policy setting out what non-audit services can be purchased from the firm appointed as external auditors. A copy of the policy can be found on the Group's website, [www.icgam.com](http://www.icgam.com). The Committee monitors non-audit services provided to the Group by EY to ensure there is no impairment to their independence or objectivity.

During the year, the Group paid £0.4m (2024: £0.3m) to EY for the provision of corporate non-audit services. Of these fees, £0.2m (2024: £0.2m) is in respect of services in their capacity as auditor. The ratio of non-audit services to 70% of audit fees on a three-year rolling basis was 0.15:1 (2024: 0.16:1). A detailed analysis of fees paid by the Group to EY is shown in note 11 on page 147.

The Committee is satisfied that the services provided do not impair the independence of the external auditors.

### Internal controls

Risk management and internal control matters are the responsibility of the Group's Risk Committee. Its report is set out on page 84.

The Group has an established control framework, designed to manage but not eliminate risks and provide reasonable but not absolute assurance against material losses or misstatements. Further detail is provided in the Risk Committee report on page 84.

### Effectiveness of controls

The Committee reviews the effectiveness of the financial control environment, including controls over our financial reporting and the preparation of financial information included in the Annual Report, taking into consideration the reports from internal audit, any areas where there has been a reported breach of an internal control and input from external sources, in particular the auditors.

The Committee works closely with the Risk Committee to review the system of internal controls through its review of the system of internal controls over financial reporting (see page 84).

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

## Audit Committee report continued

### Internal audit

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

### Approach

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

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

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

### Execution

The Committee considered and approved the updated internal audit strategy and plan for financial years 2025 and 2026. Updates on delivery of this plan, together with related status of remedial actions, are reported at each meeting of the Committee.

During the year, in accordance with the plan, 23 risk-based reviews were completed, responded to by management and reviewed by the Committee. We pay particular attention to identified themes across the business, relative importance and relationship of findings, recommended and agreed remedial actions, and compliance with timescales for resolution and follow-up.

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

### Effectiveness and independence

The Committee monitors the effectiveness of Internal Audit within the context of the function's charter and stakeholder expectations. The Committee will periodically request an independent party to perform an external quality assessment of Internal Audit.

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

The Committee also reviewed the independence of the Internal Audit function and concluded that it remained so.