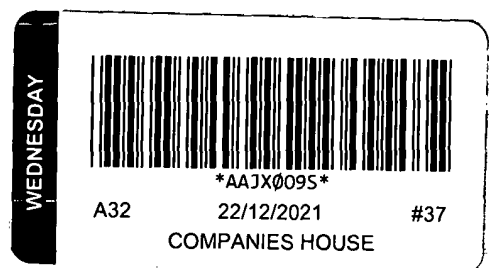


HgCapital LLP

Consolidated financial statements
for the year ended 31 March 2021

Registered number: OC301825



MEMBERS' REPORT

DESIGNATED MEMBERS

S Batchelor
M Brockman
N J Humphries

BOARD

N J Humphries
Matthew Brockman
Justin von Simson
Steven Batchelor
T Attwood (Non-Executive) (resigned 15 July 2020)
A Sukawaty (Non-Executive)
S M Bough (Non-Executive)

AUDITOR

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

REGISTERED OFFICE

2 More London Riverside
London
SE1 2AP

MEMBERS' REPORT

The members present their annual report and audited Group and Partnership financial statements for the year ended 31 March 2021.

These financial statements for HgCapital LLP ("the LLP" or "the Partnership" or "the firm") reflect the results for the year to 31 March 2021. The financial statements consolidate the accounts of the LLP and of all its subsidiary undertakings (together, "the Group"), drawn up to 31 March 2021. The Group has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present a separate statement of comprehensive income for the LLP.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The LLP through its subsidiaries, provides investment management services to investors into the European private equity industry, investing on behalf of collective investment schemes (fund partnerships). Funds under management at the end of the year were £22.5 billion (2020: £14.9 billion).

The Group's profit before taxation has increased from £37,212,000 for the year ended 31 March 2020 to £134,273,000 for the year ended 31 March 2021. This was primarily due to an increase in carried interest income to £96,331,000 (2020: £4,027,000). Management fee income has increased to £145,245,000 (2020: £87,709,000), with fees from Genesis 9, Mercury 3, and Saturn 2 funds.

BUSINESS AND STRATEGY

Hg is a leading global software and services investor. The objective of the Group is to manage fund partnerships which are primarily focused on defensive growth buyouts in software and service businesses operating in specific end-market 'clusters' with enterprise values ('EVs') of \$50 million to over \$12 billion, growing faster than the broader economy. Hg predominantly seeks majority buyout investments across Northern European headquartered businesses, though such companies will often have a global footprint and customer base. The Group's objective is to pursue investment theses supporting long-term growth, leveraging its expertise working in these sectors to implement initiatives designed to maximise organic expansion, as well as through rolling up fragmented sectors, over typical hold periods of approximately five years.

The Group has led over 170 investments in the software and service sector during the last 25 years. This focus means we have developed an institutional expertise and a deep understanding of the sectors and businesses in which we invest. The Group applies a rigorous approach when evaluating all investment opportunities. Our objective is to invest in the most attractive businesses, rather than be constrained by a top-down asset allocation. This flexible approach to investment means that, at any given time, the Hg portfolio is likely to comprise more around 40 software and service businesses with similar characteristics, but of different sizes, end-market focus, and maturity profiles.

No material change will be made to the investment policy without members' approval.

KEY PERFORMANCE INDICATORS

The Group's income represents management fees and carried interest, which the members also consider to be the key performance indicators, alongside funds under management. The level of management fees generated will be determined principally by the level of funds under management and the rate of capital deployment and realisations. The receipt of carried interest proceeds is principally determined by the funds' performance and the timing of realisations.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group is exposed to a variety of financial and operational risks as detailed below:

Liquidity and cash flow risk

The risk that the Group's available cash will not be sufficient to meet its financial obligations is mitigated by management actively reviewing the liquidity position on a regular basis.

MEMBERS' REPORT (CONTINUED)

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Interest rate risk

At the balance sheet date, the Group has a significant proportion of its assets held in interest-bearing bank accounts and deposits at call. As such, the Group's revenues and assets are subject to interest rate risk to the extent that the cash rate falls over any given period. Given that the Group does not have any material interest-bearing liabilities at the balance sheet date, the Board and management do not consider it necessary to hedge the Group's exposure to interest rate risk.

Currency risk

A significant amount of the Group's income is denominated in foreign currencies. This income is naturally hedged due to a relatively similar quantum of expenditure incurred in the corresponding currencies, and as such, no additional measures are considered necessary.

The Group has a relatively small proportion of its assets and liabilities denominated in foreign currencies.

Exchange differences on the translation of all profit and loss and balance sheet items are taken to the statement of comprehensive income.

Credit and counterparty risk

Throughout the year the Group holds a significant portion of its assets in interest-bearing bank accounts and deposits at call with financial institutions, giving rise to a direct exposure should such an institution be unable or unwilling to repay capital and/or interest on funds provided to it. The Group's interest-bearing bank accounts and deposits at call are only held with counterparties which have credit ratings that the Board and management consider to be adequate and the credit quality and financial position of such counterparties are regularly monitored. The credit quality of the above-mentioned financial assets was deemed satisfactory throughout the year and as at the date of this report.

The Group is also exposed to counterparty risk to the extent that the underlying investors in its managed funds are unable or unwilling to meet their contractual obligations. In order to mitigate this risk, the Group carefully considers its clients to ensure they meet a required standard in respect of character and integrity, track record and financial strength. As a result, the Group considers its underlying investor base to have a relatively low settlement risk profile.

Operational risk

The Group has established a control framework so that the risk of financial loss to the Group through operational failure is minimised.

A plan has also been established to minimise and manage possible risks of disruption to the Group's business. This plan has been implemented to manage the Group's strategic and operational business risks during emergencies and is aimed at coordinating various responses such as IT, disaster recovery, contingency plans, off-site storage of records, data back-up and recovery procedures, evacuation procedures and customer / staff communications.

The business is also subject to risks associated with the tax and regulatory regimes within which its business operates. The Board and management engage consultants where necessary to ensure their understanding of current and impending laws and regulations is sufficient.

The Group also reviews and renews its insurance policies on an annual basis.

MEMBERS' REPORT (CONTINUED)

GOING CONCERN

The Group's business activities together with the factors likely to affect its future development and performance are set out above. The Group has considerable financial resources and no external debt on its balance sheet as at the year end. It has long-term contracts with a number of fund partnerships whose underlying investments span different geographic areas and industries. The Group therefore has a high degree of certainty over its future management fee revenue, the majority of which does not depend on the unrealised valuations of the underlying investments. The Group also has a relatively fixed cost base, over 70% of which is people costs, meaning it is able to reliably estimate its future costs.

The directors have considered the financial position of the company against the backdrop of the ongoing economic disruption caused by COVID-19. The directors have reviewed the liquidity available to the Company. Given the current assets, the level of reserves and expenses of the Company, the members believe that the disruption caused by COVID-19 will not impact the Company's ability to continue as a going concern.

Having completed a business planning exercise covering the next five years, the Members have a reasonable expectation that the LLP and the Group have adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the approval of the report. Accordingly, they continue to adopt the going concern basis in preparing the consolidated financial statements.

REGULATION

The LLP is regulated by the Financial Conduct Authority following authorisation on 16 October 2008 with a regulatory capital requirement of £5,000.

ENERGY AND CARBON REPORT

Hg recognises the impact climate change has on the environment and society. We are committed to measure and manage the carbon emissions associated with our business operations and appreciate that although a large part of our impact sits within our portfolio, we need to lead by example and face the challenges climate change presents and do our part.

Since 2019, Hg is working with Natural Capital Partners to calculate our carbon footprint and offset all carbon emissions by supporting externally verified carbon offsetting projects. More information can be found on the Responsibility page of the Hg website (<https://hgcapital.com/responsibility/>).

GHG emissions and energy use data:

	2019/20		2020/21		% change between 2019/20 and 2020/21		
	UK and Offshore	Global (excluding UK and Offshore)	UK and Offshore	Global (excluding UK and Offshore)	UK and Offshore	Global	TOTAL (UK, Offshore and Global)
1. Energy consumption used to calculate emissions (kWhs)	382,875.6	318,485.0	261,660.0	155,327.1	-32%	-51%	-41%
2. Emissions from combustion of gas tCO ₂ e (Scope 1)	35.9	34.2	4.0	13.5	-89%	-60%	-75%

MEMBERS' REPORT (CONTINUED)

3. Emissions from combustion of fuel for transport purposes tCO ₂ e (Scope 1)	0.0	0.0	0.0	0.0	0%	0%	0%
4. Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel tCO ₂ e (Scope 3)	0.0	0.0	0.0	0.0	0%	0%	0%
5. Emissions from purchased electricity tCO ₂ e (Scope 2, location-based)	128.0	24.4	56.0	17.7	-56%	-27%	-52%
6. Total gross CO ₂ e based on above (tCO ₂ e)	163.9	58.6	60.0	31.2	-63%	-47%	-59%
7. Intensity ratio: tCO ₂ e gross figure based on mandatory fields above/£bn funds under management ¹	11.0	3.93	2.7	1.4	-76%	-65%	-73%

Methodology**UK and Offshore:**

GHG emissions calculated through application of DEFRA UK 2020 GHG Conversion Factors for Company Reporting (June 2020) and CIBSE, Guide F – Energy Efficiency in Buildings (2012) using the following reporting standards:

- The Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004)
- The Greenhouse Gas Protocol - Scope 2 guidance, amendment to the GHG Protocol Corporate Standard (WBCSD & WRI, 2015)
- The Greenhouse Gas Protocol - Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD & WRI, 2011)

(1) £14.6bn in 2019/20 and £22.5bn in 2020/21.

MEMBERS' REPORT (CONTINUED)

Global (excluding UK and Offshore):

GHG emissions calculated through application of United States Environmental Protection Agency's (EPA) eGrid database (2020), CIBSE Guide F – Energy Efficiency in Buildings (2012) and A1B 2019 – Association of Issuing Bodies – European Electricity Emissions Factors using the following reporting standards:

- The Greenhouse Gas Protocol - Corporate Accounting and Reporting Standard (WBCSD & WRI, 2004)
- The Greenhouse Gas Protocol - Scope 2 guidance, amendment to the GHG Protocol Corporate Standard (WBCSD & WRI, 2015)
- The Greenhouse Gas Protocol - Corporate Value Chain (Scope 3) Accounting and Reporting Standard (WBCSD & WRI, 2011)

Energy Efficiency Action

In 2020/21 Hg has decreased its total scope 1 and 2 carbon emissions² across all its offices (UK and Globally) by 59%. This is largely driven by the pandemic, as less employees attended the offices. The 'UK and Offshore' intensity ratio has gone from 11tCO₂e/ bn FUM to 2.7tCO₂e / bn FUM. This is reflected by the decrease in the UK carbon footprint (-63%) combined with the increase in Fund Under Management (FUM) (+34%).

In the period covered by this report, the LLP has implemented a number of energy reduction projects across their offices, particularly as a response to the reduced office occupancy rates caused by the pandemic. For example, changes were made to FCUs (fan coil units) and HVAC (heating ventilation and air conditioning) systems to make sure they only ran for the minimum time required (2 hours instead of the normal 10 hours per day). All non-critical equipment, such as fridges, zip taps and desktop power modules were switched off. In the shower areas the boiler run time was reduced and floor heating turned off.

Energy use from lighting in the London office decreased as the lights in the common areas, managed by the landlord, were switched to LED bulbs. Hg has also lobbied the opportunity to purchase renewable energy, something which the landlord is providing as an option from summer 2021.

Finally, the LLP is reviewing agile working policies to support employees working from home, which have the potential to reduce employee commuting and energy consumption in offices in a 'normal' post-pandemic world.

All of the LLP emissions under operational control have been offset through the CarbonNeutral® Company for the 2020-21 SECR reporting period, representing a total offset of 291tCO₂e.

RESULTS AND DISTRIBUTIONS

The results for the year are shown in the Consolidated Statement of Comprehensive Income on page 13. Members' remuneration and profit allocations of £110,870,000 were made during the year (2020: £31,912,000).

MEMBERS

Amanda Good ceased to be a member of LLP as of 2 October 2020. Richard Donner ceased to be a member of LLP as of 31 December 2020. Martin Le Huray ceased to be a member of LLP as of 25 February 2021.

The firm's designated members are detailed on page 1.

(2) From energy consumption, combustion of gas and purchased electricity.

MEMBERS' REPORT (CONTINUED)

BOARD

The Board members are detailed on page 1.

MEMBERS' DRAWINGS, SUBSCRIPTIONS AND REPAYMENT OF CAPITAL

Policies for members' drawings, subscriptions and repayment of members' capital are governed by and set out in the LLP deed. The members participate fully in the firm's profit, share the risks and subscribe to the firm's capital. In respect of any period, subject to the LLP maintaining its regulatory capital requirements, each member is entitled to fixed and contractual profit share distributions as defined in the LLP deed. In addition, where sufficient profits of the partnership are available, each member may be allocated a further discretionary profit share distribution with the approval of the Board. All such payments are made subject to the cash requirements of the business.

PARTNERSHIP FINANCIAL STATEMENTS

Clause 11 of the LLP Deed specifies that the financial statements shall be drawn up to 31 March or such other date as the Board may decide, and proper accounting records shall be kept by the Partnership and that the accounting policies to be adopted shall be as laid down by the Board.

These responsibilities are exercised by the Board.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Throughout the year, the firm has maintained directors' and officers' liability insurance in respect of itself and its members in their capacity as designated members and officers of the LLP, and as directors and officers of its subsidiaries and any portfolio companies associated with the funds managed by the Group.

AUDITOR

Each person who is a member at the date of approval of this report confirms that:

- so far as the member is aware, there is no relevant audit information of which the Group's auditor is unaware; and
- the member has taken all the steps that he / she ought to have taken as a member in order to make himself / herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006 as applied to limited liability partnerships.

Deloitte LLP have expressed their willingness to continue in office as auditor. A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

There are no events subsequent to the balance sheet date to be disclosed.

On behalf of the members:



M Brockman
Designated Member

16 July 2021

STATEMENT OF MEMBERS' RESPONSIBILITIES

The members are responsible for preparing the Members' Report and the consolidated financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts & Audit) (Application of Companies Act 2006) Regulations 2008 require the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland." The financial statements are required by law to give a true and fair view of the state of affairs of the LLP and of the Group and of the profit or loss of the Group for that year.

In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards including FRS 102 have been followed, subject to any material departures and disclosed and explained in the financial statements: and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the firm will continue in business.

The members are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the firm and to enable them to ensure that the financial statements comply with the Companies Act 2006, as applicable to limited liability partnerships. They are also responsible for safeguarding the assets of the firm and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are responsible for the maintenance and integrity of the corporate and financial information included on the firm's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

These responsibilities are exercised by the Board on behalf of the members.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HgCAPITAL LLP

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of HgCapital LLP (the 'parent limited liability partnership') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent limited liability partnership's affairs as at 31 March 2021 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated balance sheet;
- the consolidated statement of cash flow;
- the parent limited liability partnership balance sheet;
- the consolidated statement of changes in members' interests;
- the parent limited liability partnership statement of changes in members' interests; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and of the parent limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HgCAPITAL LLP (CONTINUED)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of members

As explained more fully in the members' responsibilities statement, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the parent limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent limited liability partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Partnership's industry and its control environment, and reviewed the Partnership's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the Partnership operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act 2006 as applied to Limited Liability Partnerships; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the LLP's ability to operate or to avoid a material penalty. These including breaches of the Money Laundering Regulations, and contractual agreements whose effects should be considered when preparing financial statements and the Statement of Recommended Practice Accounting by Limited Liability Partnerships (2018).

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the Partnership for fraud and how and where fraud might occur in the non-statutory financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override, and to the risk of revenue recognition.

In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HgCAPITAL LLP (CONTINUED)

In addressing the risk of fraud through revenue recognition, we performed test of details on the service fee income and carried interest income; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business. Our specific procedures performed to address the risk of fraud in these areas are described below:

- Revenue recognition of service fees involves the appropriate application of the fees, as set out in each agreement. To respond to this, we:
 - challenged the reasonability of the inputs to the calculations and agreed these to supporting documentation; and
 - agreed the total income to supporting documentation
- Revenue recognition of carried interest involved the appropriate distribution of carried interest, dependent on the performance of the underlying funds. To respond to this, we:
 - challenged the accounting treatment of carried interest under FRS 102;
 - challenged the reasonability of the inputs to the calculations and agreed these to supporting documentation; and
 - agreed the total income to supporting documentation

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of the Limited Partnership Agreement described as having a direct effect on the non-statutory financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006, as applied to Limited Liability Partnerships

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the members' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the members' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent limited liability partnership and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the members' report.

Matters on which we are required to report by exception

Under the Companies Act 2006 as applied to limited liability partnerships we are required to report in respect of the following matters if, in our opinion:

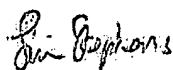
- adequate accounting records have not been kept by the parent limited liability partnership, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent limited liability partnership financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit; or

We have nothing to report in respect of these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HgCAPITAL LLP (CONTINUED)

Use of our report

This report is made solely to the limited liability partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to limited liability partnerships. Our audit work has been undertaken so that we might state to the limited liability partnership's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the limited liability partnership and the limited liability partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.



Simon Stephens (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

16 July 2021

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2021

	Notes	2021 £'000	2020 £'000
Fee income	2a	145,245	87,709
Carried interest income	2b	96,331	4,027
Operating expenses	3	<u>(111,257)</u>	<u>(55,175)</u>
Operating profit	5	130,319	36,561
Interest receivable/(payable)	6	9	(2)
Other income		266	7
Profit on realisation of investments		2,206	214
Unrealised profit on investments	11	1,473	432
Group profit before taxation		<u>134,273</u>	<u>37,212</u>
Group tax charge	7	<u>(577)</u>	<u>(184)</u>
Profit for the year before members' remuneration and profit shares		133,696	37,028
Members' remuneration charged as an expense		<u>(12,034)</u>	<u>(14,230)</u>
Retained profit for the year available for discretionary division among members		<u>121,662</u>	<u>22,798</u>

All amounts are in respect of continuing activities.

The Group has no recognised gains or losses for either period other than those included in the results above, therefore no separate statement of other comprehensive income has been prepared.

The accompanying notes on pages 21 to 37 form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET
at 31 March 2021

	Notes	2021 £'000	2020 £'000
Fixed assets			
Tangible fixed assets	9	2,203	2,852
Intangible assets	10	76	200
Investments	11	5,898	4,318
		<u>8,177</u>	<u>7,370</u>
Current assets			
Debtors	12	18,012	27,144
Cash		<u>58,126</u>	<u>21,720</u>
		76,138	48,864
Creditors: amounts falling due within one year	13	<u>(39,660)</u>	<u>(32,411)</u>
Net current assets		36,478	16,453
Non-current debtors	12	<u>3,947</u>	<u>2,269</u>
Net assets		<u>48,602</u>	<u>26,092</u>
Represented by:			
Members' Capital classified as a liability		1,290	1,290
Other reserves classified as equity		<u>47,312</u>	<u>24,802</u>
		<u>48,602</u>	<u>26,092</u>
Total members' interests represented by:			
Loans and other debts due to members		1,290	1,290
Members' other interests		<u>47,312</u>	<u>24,802</u>
		<u>48,602</u>	<u>26,092</u>

The financial statements of HgCapital LLP (registered number OC301825) were approved by the Board and authorised for issue on 14 July 2021. They were signed for and on behalf of the Members by:



M Brockman
Designated Member
16 July 2021

The accompanying notes on pages 21 to 37 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 31 March 2021

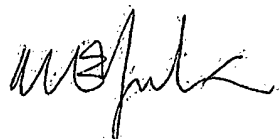
	<i>Notes</i>	<i>2021</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
Net cash generated from operating activities	<i>14a</i>	145,629	20,630
Cash flows from investing activities			
Purchase of tangible fixed assets		(486)	(523)
Disposal of intangible assets		-	-
Purchase of intangible assets		-	(89)
Foreign currency adjustments		44	63
Interest received/(paid)		9	(2)
Other income received		266	7
Net (purchases)/rebates of investments		(813)	(175)
Disposals of investments		2,943	389
Net cash inflows/(outflows) from investing activities		<u>1,963</u>	<u>(330)</u>
Cash flows from financing activities			
Payments to members		(110,870)	(31,912)
Net cash out flows from financing activities		<u>(110,870)</u>	<u>(31,912)</u>
Net increase/(decrease) in cash and cash equivalents		<u>36,722</u>	<u>(11,612)</u>
Cash equivalents at beginning of year		21,720	33,170
Effect of foreign exchange rate changes		(316)	162
Cash and cash equivalents at end of year		<u>58,126</u>	<u>21,720</u>
Reconciliation to cash at bank and in hand:			
Cash at bank and in hand		58,126	21,720
Cash and cash equivalents		<u>58,126</u>	<u>21,720</u>

The accompanying notes on pages 21 to 37 form an integral part of these financial statements.

PARTNERSHIP BALANCE SHEET
as at 31 March 2021

	<i>Notes</i>	<i>2021</i> <i>£'000</i>	<i>2020</i> <i>£'000</i>
Fixed assets			
Tangible fixed assets	9	1,750	2,234
Intangible assets	10	76	200
Investments in subsidiaries	11	4,692	372
Other investments	11	5,898	4,045
		<u>12,416</u>	<u>6,851</u>
Current assets			
Debtors	12	18,181	20,618
Cash		38,360	9,349
		<u>56,541</u>	<u>29,967</u>
Creditors: amounts falling due within one year	13	<u>(27,295)</u>	<u>(17,128)</u>
Net current assets		29,246	12,839
Non-current debtors	12	<u>425</u>	<u>425</u>
Net assets		<u>42,087</u>	<u>20,115</u>
Represented by:			
Members' Capital classified as a liability		1,290	1,290
Other reserves classified as equity		40,797	18,825
		<u>42,087</u>	<u>20,115</u>
Total members' interests represented by:			
Loans and other debts due to members		1,290	1,290
Members' other interests		40,797	18,825
		<u>42,087</u>	<u>20,115</u>

The Group has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present a statement of comprehensive income for HgCapital LLP as a stand-alone entity. The profit of the LLP as a stand-alone entity was £120.0 million (2020: £21.2 million). The financial statements of HgCapital LLP (registered number OC301825) were approved by the Board and authorised for issue on 14 July 2021. They were signed for and on behalf of the Members by:



M Brockman
Designated Member
16 July 2021

The accompanying notes on pages 21 to 37 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS
at 31 March 2021

<i>Group</i>	<i>2021</i>	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>Members'</i>	<i>Members'</i>	<i>Members'</i>	<i>Total</i>
	<i>Other</i>	<i>capital</i>	<i>Other</i>	<i>Members'</i>
	<i>Interests</i>	<i>classified</i>	<i>amounts</i>	<i>Interests</i>
	<i>£'000</i>	<i>as a</i>	<i>£'000</i>	<i>£'000</i>
		<i>liability</i>		
		<i>£'000</i>		
Members' interests:				
At 1 April 2020	24,802	1,290	-	26,092
Members' remuneration charged as an expense	-	-	12,034	12,034
Profit for the year available for discretionary division among members	121,662	-	-	121,662
Members' interests after profit for the year	146,464	1,290	12,034	159,788
Profit allocations made during the year	(98,836)	-	98,836	-
Drawings	-	-	(110,870)	(110,870)
Exchange differences on consolidation	(316)	-	-	(316)
At 31 March 2021	47,312	1,290	-	48,602

The accompanying notes on pages 21 to 37 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN MEMBERS' INTERESTS
at 31 March 2020

<i>Group</i>	<i>2020</i>	<i>2020</i>	<i>2020</i>	<i>2020</i>
	<i>Members'</i>	<i>Members'</i>	<i>Members'</i>	<i>Total</i>
	<i>Other</i>	<i>classified</i>	<i>Other</i>	<i>Members'</i>
	<i>Interests</i>	<i>as a</i>	<i>amounts</i>	<i>Interests</i>
	<i>£'000</i>	<i>liability</i>	<i>£'000</i>	<i>£'000</i>
Members' interests:				
At 1 April 2019	19,524	1,290	-	20,814
Members' remuneration charged as an expense	-	-	14,230	14,230
Profit for the year available for discretionary division among members	22,798	-	-	22,798
Members' interests after profit for the year	42,322	1,290	14,230	57,842
Profit allocations made during the year	(17,682)	-	17,682	-
Drawings	-	-	(31,912)	(31,912)
Exchange differences on consolidation	162	-	-	162
At 31 March 2020	24,802	1,290	-	26,092

The accompanying notes on pages 21 to 37 form an integral part of these financial statements.

PARTNERSHIP STATEMENT OF CHANGES IN MEMBERS' INTERESTS
at 31 March 2021

<i>LLP</i>	<i>2021</i>	<i>2021</i>	<i>2021</i>	<i>2021</i>
	<i>Members'</i>	<i>Members'</i>	<i>Members'</i>	<i>Total</i>
	<i>Other</i>	<i>capital</i>	<i>Other</i>	<i>Members'</i>
	<i>Interests</i>	<i>classified</i>	<i>amounts</i>	<i>Interests</i>
	<i>£'000</i>	<i>as a</i>	<i>£'000</i>	<i>£'000</i>
		<i>liability</i>		
		<i>£'000</i>		
Members' interests:				
At 1 April 2020	18,825	1,290	-	20,115
Members' remuneration charged as an expense	-	-	12,034	12,034
Profit for the year available for discretionary division among members	120,023	-	-	120,023
Members' interests after profit for the year	138,848	1,290	12,034	152,172
Profit allocations made during the year	(98,051)	-	98,051	-
Drawings	-	-	(110,085)	(110,085)
At 31 March 2021	40,797	1,290	-	42,087

The accompanying notes on pages 21 to 37 form an integral part of these financial statements.

PARTNERSHIP STATEMENT OF CHANGES IN MEMBERS' INTERESTS
at 31 March 2020

<i>LLP</i>	<i>2020</i>	<i>2020</i>	<i>2020</i>	<i>2020</i>
	<i>Members'</i>	<i>Members'</i>	<i>Members'</i>	<i>Total</i>
	<i>Other</i>	<i>classified</i>	<i>Other</i>	<i>Members'</i>
	<i>Interests</i>	<i>as a</i>	<i>amounts</i>	<i>Interests</i>
	<i>£'000</i>	<i>liability</i>	<i>£'000</i>	<i>£'000</i>
Members' interests:				
At 1 April 2019	14,885	1,290	-	16,175
Members' remuneration charged as an expense	-	-	12,978	12,978
Profit for the year available for discretionary division among members	21,155	-	-	21,155
Members' interests after profit for the year	36,040	1,290	12,978	50,308
Profit allocations made during the year	(17,215)	-	17,215	-
Drawings	-	-	(30,193)	(30,193)
At 31 March 2020	18,825	1,290	-	20,115

The accompanying notes on pages 21 to 37 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2021

1. STATEMENT OF ACCOUNTING POLICIES

Hg Capital LLP was formed on 26 March 2002, from 16 October 2008 has been authorised and regulated by the Financial Conduct Authority and is incorporated in the United Kingdom and registered in England and Wales under the Limited Liability Partnership Act 2000. The address of the registered office is given on page 1. The nature of the LLP's operations and its principal activities are set out in the Members' Report on page 2.

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and the preceding year.

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention modified for financial instruments recognised at fair value. They have been prepared in line with applicable United Kingdom law and accounting standards in accordance with the Statement of Recommended Practice 'Accounting by Limited Liability Partnerships' (SORP) issued in 2018 and in accordance with Financial Reporting Standard 102 (FRS 102 issued by the Financial Reporting Council). The Group has taken advantage of the exemption under section 408 of the Companies Act 2006 not to present a statement of comprehensive income for HgCapital LLP as a stand-alone entity. The functional currency of the LLP is considered to be pounds sterling because that is the currency of the primary economic environment in which the LLP operates. The consolidated financial statements are also presented in pounds sterling.

HgCapital LLP meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to presentation of a statement of comprehensive income and cash flow statement. The Group has taken advantage of the exemption in FRS 102 Section 33 Related Party Disclosure relating to transactions between wholly-owned subsidiaries.

Basis of consolidation

The Group financial statements consolidate the financial statements of HgCapital LLP and its subsidiary undertakings drawn up to 31 March each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method. Consolidated management accounts are prepared and presented to the Board for their review on a monthly basis. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Members' Report. The Group has considerable financial resources and no external debt on its balance sheet as at the year end. It has long-term contracts with a number of fund partnerships and therefore has a high degree of certainty over its future management fee revenue, the majority of which does not depend on the unrealised valuations of the underlying investments. The Group also has a relatively fixed cost base meaning it is able to reliably estimate its future costs. As a consequence, the members believe that the Group is well placed to manage its business risks and therefore have continued to adopt the going concern basis of accounting in preparing the consolidated financial statements. This assessment has been made considering the foreseeable future, being at least 12 months from the date of approval of the financial statements. Remaining undrawn commitments of the Group is detailed in note 16.

The directors have considered the financial position of the company against the backdrop of the ongoing economic disruption caused by COVID-19. The directors have reviewed the liquidity available to the Company. Given the current assets, the level of reserves and expenses of the Company, the members believe that the disruption caused by COVID-19 will not impact the Company's ability to continue as a going concern.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Revenue recognition

Revenue represents the management fee earned from clients during the year from continuing activities in the UK and carried interest income earned from the management of funds.

Management fees are recognised once realised or realisable and are measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Carried interest income is recognised on receipt.

Tangible fixed assets and intangible assets

All tangible fixed assets and intangible assets are recorded at cost less depreciation and any impairment.

Depreciation and amortisation

Depreciation is provided on all tangible fixed assets and amortisation for intangible assets at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life, being as follows:

Leasehold improvements	-	5 years
Fixtures and fittings	-	5 years
Computer equipment	-	2 years
Intangible assets	-	5 years

Investments in subsidiaries

The LLP holds its investments in subsidiaries at cost less impairment.

Other investments

Investments in private equity partnerships are measured at fair value through profit or loss ('FVTPL') (see note 11 for further details).

Deferred income

Management fees received in advance are included in deferred income and released to the profit and loss account in equal monthly amounts over the period to which they relate.

Deferred expenditure

Deferred expenditure relating to placement fees paid with the establishment of fund partnerships is initially stated at cost and charged to the fee income account over the economic life of four years.

Foreign currencies

Group

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All such differences are taken to the profit and loss account.

The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The profit and loss accounts of overseas subsidiary undertakings are translated at the average exchange rate during the year. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

The Partnership

Transactions in foreign currencies are recorded at the rate ruling on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the lease term.

Financial instruments

The group has chosen to adopt Sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade debtors, amounts due from group and affiliated undertakings, other receivables and cash at bank and in hand, are initially recognised at transaction price, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction, where the transactions is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (c) despite having retained some significant risks and rewards of ownership, control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade creditors, amounts due to group and affiliated undertakings and other payables, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers and are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Pensions

HgCapital LLP operates a pension scheme for staff and members, the HgCapital LLP Stakeholders' Scheme. The plan is a defined contribution plan and contributions on behalf of staff are charged to the profit and loss account when they become payable. Contributions on behalf of Members are included within Members' remuneration charged as an expense.

Taxation

The LLP itself does not pay tax on profits earned, rather the liability to any tax on profits earned in the partnerships with the members. The tax included in the consolidated accounts is therefore only tax incurred by the group corporate subsidiaries. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Deferred taxation

Provision in the subsidiary companies is made for corporation tax at the current rates on the excess of taxable income over allowable expenses. Provision is made for deferred tax on all material timing differences arising from the different treatment of items for accounting and tax purposes. A deferred tax asset is recognised only to the extent that it is more likely than not that there will be taxable profits in the future against which the asset can be offset. Deferred tax is measured on a non-discounted basis.

Members' remuneration

In respect of any period, subject to the LLP maintaining its regulatory capital requirements, each member is entitled to fixed and contractual profit share distributions as defined in the Limited Partnership Agreement. These amounts are charged as an expense in the profit and loss account. In addition, where sufficient profits of the partnership are available, each member may be allocated a further discretionary profit share distribution with the approval of the Board. Such discretionary profit distributions are shown as part of the consolidated statement of changes in members' interests.

Loans and other debts due to members

In the event of a winding up, and in accordance with the Limited Liability Partnership Deed, Loans and other debts due to members rank behind the rights of unsecured third-party creditors. The LLP has to discharge all of its liabilities first before amounts are distributed to members.

Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described in note 1 above, the Members 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

The 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.

(i) Critical judgements in applying the LLP's accounting policies

The assessment of whether to fair value carried interest.

The LLP has an economic interest in a number of carried interest vehicles, where subject to certain conditions being met, it would receive an allocation of both capital and income profits from that Fund Partnership as investments are realised. In assessing whether the interest in the carried interest vehicles should be fair valued the Members have considered whether the LLP, as a body corporate, is entitled to receipt and retention of the carried interest or if the carried interest flows through the LLP to the underlying Members.

Following the above assessment, the Members have concluded that the LLP itself does not retain any carried interest and as such should not attribute any such fair value to its economic interest within the financial statements.

(ii) Key sources of estimation uncertainty

The key assumptions concerning the future, or other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

The following accounting estimates are considered important to the portrayal of the financial results and financial condition because (i) they are highly susceptible to change from period to period as assumptions are made to calculate the estimates, and (ii) any significant differences between the estimated amounts and the actual amounts could have a material impact on the future financial results and financial condition:

The assessment of possible impairment losses on certain assets (note 11).

Determining whether the LLP's investments in subsidiaries have been impaired requires consideration of whether any indicators of impairment exists. In making this assessment the Members have considered:

- The dividends received in relation to the total comprehensive income of the subsidiary company;
- The performance of the subsidiary company against budget;
- Any external economic changes including interest and market rates; and
- The impacts of Covid-19.

Following these considerations there were deemed to be no indicators of impairment, therefore a full impairment review was not required or carried out. The carrying amount of investments in subsidiaries at the balance sheet date was £4,692,000 (2020: £372,000) with no impairment loss recognised in the year.

Fair value of investments

A key accounting judgement where there is estimation uncertainty is in respect of the determination of the fair value of financial assets held at FVTPL. The LLP uses the Fund's valuation of the portfolio which is based upon the International Private Equity and Venture Capital Valuation Guidelines, December 2018 Edition, as well as the Special Guidance issued in March 2020, and is explained in note 11.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

2. REVENUE

a) Fee income

Fee income of £145,245,000 (2020: £87,709,000) represents the management fee earned from clients during the year from continuing activities in the UK, which is stated net of value added tax. Management fees are recognised once realisable.

b) Carried interest

Carried interest income of £96,331,000 (2020: £4,027,000) is earned from the management of Funds and is recognised on receipt as this is the amount that can be reliably measured.

3. ANALYSIS OF OPERATING EXPENSES

	2021 £'000	2020 £'000
Staff costs (note 4)	97,160	42,640
Legal and professional fees	3,587	2,200
Depreciation of fixed assets	1,185	1,193
Other operating expenses	9,325	9,142
	<u>111,257</u>	<u>55,175</u>

4. STAFF COSTS

The aggregate employment costs of staff (excluding members) were:

	2021 £'000	2020 £'000
Salaries including bonus	88,851	37,288
Social security costs	6,608	4,226
Pension costs	1,701	1,126
	<u>97,160</u>	<u>42,640</u>

The average number of staff (excluding members) during the year was:

	2021 Number	2020 Number
Revenue staff	103	93
Support staff	80	73
	<u>183</u>	<u>166</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

5. PROFIT BEFORE TAXATION AND MEMBERS' REMUNERATION AND PROFIT SHARES

Operating profit is stated after charging:

	2021 £'000	2020 £'000
Depreciation of fixed assets	1,078	1,193
Operating lease payments	2,132	2,171
Foreign exchange gain/(loss)	14	25

Analysis of the auditor's remuneration is as follows:

	2021 £'000	2020 £'000
Fees payable to group's auditor and its associates for the audit of the Limited Liability Partnership's annual accounts	51	40
Audit of the Limited Liability Partnership's subsidiaries	38	35
Total audit fees	89	75

	2021 £'000	2020 £'000
Taxation compliance services	188	147
Other non-audit services	90	42
Services pursuant to legislation	15	12
Total non-audit fees	293	201

The auditor provides non-audit services to the funds and portfolio companies that are not borne by the Group, these are not included in the above.

6. INTEREST RECEIVABLE/PAYABLE

Interest receivable of £9,000 (2020: £2,000 payable) is interest paid/earned on cash balances and deposits held at banks.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

7. **GROUP TAX CHARGE**

The Group tax charge represents the tax receivable generated in the underlying subsidiaries held by the Limited Liability Partnership.

The Group tax charge is made up as follows:

	2021 £'000	2020 £'000
<i>Current tax</i>		
UK Corporation tax	19	19
Overseas tax	558	165
Total current tax	577	184
Deferred tax	-	-
Total tax charge	577	184

Factors affecting tax charge for the year:

The standard rate of tax applied to reported profit is 19% (2020: 19%). The applicable tax rate has changed following the substantive enactment of the Finance Act 2016. The tax assessed for the year is lower (2020: lower) than the standard rate of corporation tax in the UK for a large company. The differences are explained below:

	2021 £'000	2020 £'000
Group Profit before taxation	134,273	36,943
Corporation tax at 19% (2020: 19%)	25,512	7,019
Effects of:		
Income attributable to HgCapital LLP and taxable on members directly	(25,249)	(6,659)
Overseas tax items and rate differences	(244)	(213)
Adjustments in respect of previous periods	-	-
Expenditure not deductible for corporation tax purposes	558	37
	(24,935)	(6,835)
Corporation tax payable for the year	577	184

Tax on the LLP's profits is assessed on the Member rather than the LLP and accordingly, no tax is included in these accounts in respect of that part of the profit attributed to the members of the partnership.

There is no material unprovided deferred tax.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

8. MEMBERS' REMUNERATION AND DIVISION OF PROFIT

Profits are shared among the members after the end of the year in accordance with agreed profit sharing arrangements and include interest on members' funds. Members are required to make their own pension provision for pensions from their profit shares.

	<i>2021</i>	<i>2020</i>
	<i>Number</i>	<i>Number</i>
Average number of members	<u>20</u>	<u>21</u>

The average profit per member is calculated by dividing the profit for the year before members' remuneration and profit shares by the average number of members.

Members' remuneration and profit allocations of £110,870,000⁽¹⁾ (2020: £31,192,000) were made during the year.

9. TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Fixtures & fittings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Computer equipment £'000</i>	<i>Total £'000</i>
Cost:				
At 1 April 2020	2,310	3,534	1,948	7,792
Additions	126	73	287	486
Disposals	-	-	-	-
Foreign exchange adjustment	(45)	(4)	(3)	(52)
At 31 March 2021	<u>2,391</u>	<u>3,603</u>	<u>2,232</u>	<u>8,226</u>
Depreciation:				
At 1 April 2020	1,444	2,056	1,440	4,940
Provided during the year	225	517	336	1,078
Disposals	-	-	-	-
Foreign exchange adjustment	2	-	3	5
At 31 March 2021	<u>1,671</u>	<u>2,573</u>	<u>1,779</u>	<u>6,023</u>
Net book value:				
At 31 March 2021	<u>720</u>	<u>1,030</u>	<u>453</u>	<u>2,203</u>
At 31 March 2020	<u>866</u>	<u>1,478</u>	<u>508</u>	<u>2,852</u>

(1) The highest paid member received £13,556,426 (2020: £4,156,554)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

9. TANGIBLE FIXED ASSETS (CONTINUED)

<i>Limited liability partnership</i>	<i>Fixtures & fittings £'000</i>	<i>Leasehold improvements £'000</i>	<i>Computer equipment £'000</i>	<i>Total £'000</i>
Cost:				
At 1 April 2020	1,721	3,398	1,713	6,832
Additions	115	73	281	469
Disposals	-	-	-	-
At 31 March 2021	<u>1,836</u>	<u>3,471</u>	<u>1,994</u>	<u>7,301</u>
Depreciation:				
At 1 April 2020	1,269	2,008	1,321	4,598
Providing during the year	156	517	280	953
Disposals	-	-	-	-
At 31 March 2021	<u>1,425</u>	<u>2,525</u>	<u>1,601</u>	<u>5,551</u>
Net book value:				
At 31 March 2021	<u>411</u>	<u>946</u>	<u>393</u>	<u>1,750</u>
At 31 March 2020	<u>452</u>	<u>1,390</u>	<u>392</u>	<u>2,234</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

10. INTANGIBLE ASSETS

<i>Group and Limited liability partnership</i>	<i>Computer Software Total £'000</i>
Cost:	
At 1 April 2020	728
Additions	-
Disposals	(17)
At 31 March 2021	<u>711</u>
Depreciation:	
At 1 April 2020	528
Providing during the year	107
Disposals	-
At 31 March 2021	<u>635</u>
Net book value:	
At 31 March 2021	<u>76</u>
At 31 March 2020	<u>200</u>

11. INVESTMENTS

	<i>2021 £'000</i>	<i>2020 £'000</i>
<i>Group</i>		
Fair value:		
At 1 April	4,318	4,100
Investments/(rebate) during the year ⁽¹⁾	813	175
Disposals during the year ⁽²⁾	(737)	(389)
Unrealised movement in financial assets at fair value through profit and loss ("FVTPL")	1,504	432
Fair value at 31 March	<u>5,898</u>	<u>4,318</u>

(1) Representing additional investments in fund co-investment partnerships during the year

(2) Representing cost of disposal of investments in fund co-investment partnerships during the year. The total value of disposed co-investments was £2,943,000 (2020: £545,000).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2021

11. INVESTMENTS (CONTINUED)

The Group has a commitment of £15,714 (2020: £15,714) to HgCapital 5 Executive Co-Invest LP, £3,289,615 (2020: £3,289,615) to HgCapital 6 Executive Co-Invest LP, €3,454,565 (2020: €3,454,565) to HgCapital RPP2 Executive Co-Invest LP, £1,647,962 (2020: £1,647,962) to HgCapital Mercury Executive Co-Invest LP, £219,683 (2020: £nil) to HgCapital 7 Executive Co-Invest LP, £101,500 (2020: £101,500) to HgCapital 8 P&E Co-Invest LP, £19,300 (2020: £19,300) to Mercury 2 P&E Co-Invest LP, £552,400 (2020: £552,400) to Hg Saturn P&E Co-Invest LP, €2,516,000 (2020: €nil) to Hg Genesis 9 P&E Co-Invest LP, €1,230,000 (2020: €nil) to HgCapital Mercury 3 P&E Co-Invest LP, and \$2,571,000 (2020: \$nil) to Hg Saturn 2 P&E Co-Invest LP. Remaining undrawn commitments of the Group is detailed in note 16.

These investments are measured at fair value through profit or loss in the balance sheet, with the movement in fair value recognised in the Statement of Comprehensive Income.

Investments measured and reported at fair value are classified and disclosed utilising inputs from one or more of the following categories:

- Level 1 - quoted (bid) price for an identical asset in an active market;
- Level 2 - price of a recent transaction for an identical asset. If necessary, the price is adjusted to reflect updated economic conditions or if evidence suggests that a recent transaction was not at fair value;
- Level 3 - if there is no active market and no suitable recent transactions then a valuation technique is used to determine the arm's length price for the asset. If a reliable, commonly used valuation method exists in that market, then that technique is used.

The investments in private equity partnerships reported here are considered to be Level 3 as no active market exists for them; there has been no transfers between levels during the year. The fair value equates to the value attributable to the LLP based on the Funds' net assets at the year end as the underlying entities assets are ultimately held at fair value. On 27 August 2020, 4,600,000 ordinary shares were allotted following the capitalisation of a £4,600,000 loan to Hg Pooled Management Limited.

<i>LLP</i>	<i>Investments in Subsidiaries £'000</i>	<i>Other Investments £'000</i>	<i>Total £'000</i>
Cost / fair value:			
At 1 April 2020	372	4,045	4,417
Investments during the year ⁽¹⁾	4,320	818	5,138
Disposals during the year ⁽²⁾	-	(654)	(654)
Unrealised movement in financial assets at FVTPL	-	1,689	1,689
Carrying value at 31 March 2021	4,692	5,898	10,590
<i>LLP</i>	<i>Investments in Subsidiaries £'000</i>	<i>Other Investments £'000</i>	<i>Total £'000</i>
Cost / fair value:			
At 1 April 2019	372	3,848	4,220
Investments during the year ⁽¹⁾	-	175	175
Disposals during the year ⁽²⁾	-	(360)	(360)
Unrealised movement in financial assets at FVTPL	-	382	382
Carrying value at 31 March 2020	372	4,045	4,417
⁽¹⁾ Representing additional investments in fund co-investment partnerships during the year			
⁽²⁾ Representing cost of disposal of investments in fund co-investment partnerships during the year			

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

11. INVESTMENTS (CONTINUED)

As at 31 March 2021, the LLP holds an interest in the share capital of the following subsidiary undertakings:

	<i>Nature of business</i>	<i>Ordinary shares</i>	
		<i>2021</i>	<i>2020</i>
Incorporate & Registered in England			
Hg Pooled Management Limited	Investment Management	100%	100%
Ptarmigan CMD LLP	Investment Advisor	-	100%
Hg Incorporations Limited	Non-trading	100%	100%
HgCapital Initial GP Limited	Non-trading	100%	100%
HgCapital Quicksilver Limited	Non-trading	100%	100%
HgCapital Trustee Company Limited	Non-trading	100%	100%
Address for the above subsidiaries is 2 More London Riverside, London, SE1 2AP			
Incorporate & Registered in Germany			
Hg Advisory GmbH & Co. KG	Investment Advisor	100%	100%
HgCapital Verwaltungs GmbH	Investment Advisor	100%	100%
MUST 4 Management GmbH	Investment Management	100%	100%
Address for the above subsidiaries is Salvatorstrasse 3, 80333 Munich, Germany			
Incorporate & Registered in Luxembourg			
HgCapital (Luxembourg) S.ar.l.	Investment Advisor	100%	100%
Hg Genesis 9 (Lux) General Partner S.ar.l.	Investment Advisor	100%	100%
Hg Saturn 2 (Lux) General Partner S.ar.l.	Investment Advisor	100%	100%
Hg Mercury 3 (Lux) General Partner S.ar.l.	Investment Advisor	100%	100%
Address for the above subsidiary is 1, Rue Hildegard von Bingen, L-1282 Luxembourg			
Incorporate & Registered in United States of America			
Hg (US) Inc.	Investment Advisor	100%	100%
Address for the above subsidiary is 601 Lexington Ave, 59 th Floor, New York, NY 10022 United States			
Incorporate & Registered in Guernsey			
HgCapital 5 General Partner (Guernsey) Limited	Investment Management	100%	100%
HgCapital 6 General Partner (Guernsey) Limited	Investment Management	100%	100%
HgCapital Mercury General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Saturn General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Transition Capital General Partner (Guernsey) Limited	Investment Management	100%	100%

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

11. INVESTMENTS (CONTINUED)

	<i>Nature of business</i>	<i>Ordinary shares</i>	
		<i>2021</i>	<i>2020</i>
Incorporate & Registered in Guernsey			
Hg Saturn 2 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Genesis 9 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Mercury 3 General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Genesis FAF General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Saturn FAF General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Mercury FAF General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Genesis P&E General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Saturn P&E General Partner (Guernsey) Limited	Investment Management	100%	100%
Hg Mercury P&E General Partner (Guernsey) Limited	Investment Management	100%	100%
HgCapital Second GP(1) Limited	Investment Management	100%	-
HgCapital Second GP(2) Limited	Investment Management	100%	-
HgCapital Second GP(1) Limited	Investment Management	100%	
HgCapital Second GP(2) Limited	Investment Management	100%	
Address for the above subsidiaries is 1 Royal Plaza, Royal Avenue, St Peter Port, Guernsey, GY1 2HL			
Incorporate & Registered in Scotland			
HgCapital General Partner (Scotland) Limited	Investment Management	100%	100%
Hg Renewable Power GP (Scotland) Limited	Investment Management	100%	100%
Address for the above subsidiaries is 50 Lothian Road, Edinburgh, Midlothian, EH3 9WJ			

The members are of the opinion that the value of investments in subsidiaries is not less than the amount at which they are stated in the accounts. All subsidiaries are consolidated in the financial statements. The Members assess the value of investments semi-annually and do not believe there have been any indicators of impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

12. DEBTORS

Amounts due within one year:

	2021 Group £'000	2020 Group £'000	2021 LLP £'000	2020 LLP £'000
Amounts owed by related parties (note 15)	-	-	5,769	10,511
Trade debtors	4,261	12,340	240	2,760
Deferred expenditure	1,222	891	-	-
Prepayments and accrued income	8,972	2,914	8,600	2,583
VAT recoverable	1,364	588	683	673
Executive recoverable	395	225	395	225
Other debtors	1,798	10,186	2,494	3,866
	<u>18,012</u>	<u>27,144</u>	<u>18,181</u>	<u>20,618</u>

The amounts owed by related parties are repayable on demand and are not interest bearing. None of the amounts are secured.

The following amounts are due, or will be amortised, after more than one year. The deferred expenditure relates to placement fees recognised over the investment period of the fund to which they relate.

	2021 Group £'000	2020 Group £'000	2021 LLP £'000	2020 LLP £'000
Other debtors	425	425	425	425
Deferred expenditure	3,522	1,844	-	-
	<u>3,947</u>	<u>2,269</u>	<u>425</u>	<u>425</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

13. CREDITORS: amounts falling due within one year

	2021 Group £'000	2020 Group £'000	2021 LLP £'000	2020 LLP £'000
Amounts due to related parties (note 15)	-	1,188	-	1,084
Trade creditors	2,936	4,445	1,279	1,627
Other creditors	19,931	11,161	15,640	8,517
Payroll and social security	4,011	2,171	3,803	2,055
Taxation	71	52	-	-
Accruals	12,711	13,394	6,573	3,845
	<u>39,660</u>	<u>32,411</u>	<u>27,295</u>	<u>17,128</u>

The amounts owed by related parties are repayable on demand and are not interest bearing. None of the amounts are secured.

14. NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

a) Reconciliation of operating profit to cashflow generated by operations:

	2021 £'000	2020 £'000
Operating profit	130,319	36,561
Depreciation	1,185	1,319
Operating cash flow before movement in working capital	<u>131,504</u>	<u>37,880</u>
Decrease/(increase) in debtors	7,454	(18,090)
Increase in creditors	<u>7,229</u>	<u>1,000</u>
Cash generated by operations	146,187	20,790
Income taxes paid	<u>(558)</u>	<u>(160)</u>
Net cash inflow from operating activities	<u>145,629</u>	<u>20,630</u>

15. RELATED PARTY DISCLOSURES

For the purposes of FRS 102 Section 33, related parties include the Group's subsidiary undertakings. The Group has taken advantage of the exemption in FRS 102 Section 33 Related Party Disclosure relating to transactions between wholly-owned subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
for the year ended 31 March 2021

16. OTHER FINANCIAL COMMITMENTS AND CONTINGENCIES

Group and Limited Liability Partnership

At 31 March 2021, the Group and the LLP had investment purchases of £7,600,000 (2020: £1,144,000) that had been authorised and contractually committed but not yet drawn.

Furthermore, at 31 March 2021 the Group had total future minimum lease payments under non-cancellable operating leases relating to land and buildings of £2,064,216 (2020: £2,132,055) in less than one year, £5,200,382 (2020: £6,827,833) between two and five years and £nil (2020: £932,818) after five years.

At 31 March 2021 the LLP had total future minimum lease payments under non-cancellable operating leases relating to land and buildings of £1,349,780 (2020: £1,349,780) in less than one year, £3,296,847 (2020: £4,232,187) between two and five years and £nil (2020: £414,440) after five years.

17. ULTIMATE CONTROLLING PARTY

The Members are the ultimate controlling party. No single Member held a controlling interest in the LLP at the date of this report or at any stage during the financial year ended 31 March 2021.

18. SUBSEQUENT EVENTS

The Members did not identify any significant events that occurred subsequent to the year-end that would require disclosure or adjustment to the accounts.