

Registration No. 10452886 (England & Wales)

**FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2023**

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## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### COMPANY INFORMATION

<b>Directors</b>	G Fraser D M Hughes
<b>Registered number</b>	10452886
<b>Registered office and business address</b>	C/O Foresight Group LLP The Shard 32 London Bridge Street London SE1 9SG
<b>Auditors</b>	BDO LLP 55 Baker Street London W1U 7EU

# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

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## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and financial statements for the year ended 31 March 2023.

#### The company

Foresight Group Holdings (UK) Limited ("the company"), is a private company limited by shares, registered in England and Wales.

#### Principal activities and subsidiary undertakings

The company is an intermediate parent company and operates via its various subsidiary undertakings ("the group"), which are domiciled in the United Kingdom and Australia. A list can be found in note 10, which notes the domicile of each undertaking at the date of this report.

On 8 September 2022, a newly incorporated subsidiary, Foresight Group Australia BidCo PTY Limited, completed the acquisition of Infrastructure Capital Holdings Pty Limited ("Infrastructure Capital"), see note 22 to the financial statements for more information.

#### Principal activities and review of the business

The group turnover and (loss)/profit for the financial year was £18,256,000 (2022: £8,187,000) and £(7,293,000) (2022: £1,585,000) respectively.

#### Dividends

An interim dividend of £1.39 million was paid on 18 August 2022.

A further interim dividend of £1.3 million was paid on 13 October 2023.

#### Going concern

These financial statements have been prepared on the going concern basis.

The directors of the group have considered the resilience of the group, taking into account its current financial position and the principal and emerging risks facing the business. The Board reviewed the group's cash flow forecasts and trading budgets for a period of 12 months from the date of approval of these accounts as part of its overall review of the group's three year plan, and concluded that, taking into account plausible downside scenarios that could reasonably be anticipated, the group will have sufficient funds to pay its liabilities as they fall due for that period. Taking into consideration the impact of inflation, rising interest rates and the wider economic environment, the forecasts have been stress tested to ensure that a robust assessment of the group's working capital and cash requirements has been performed. The stress test scenarios adopted involved severe but plausible downside scenarios with respect to the group's trading performance. Any mitigating actions available to protect working capital and strengthen the Statement of Financial Position, including deferring non-essential capital expenditure and increased cost control, were also taken into account.

In considering the above, the directors have formed the view that the group will generate sufficient cash to meet its ongoing liabilities as they fall due for at least the next 12 months; accordingly, the going concern basis of preparation has been adopted.

#### Directors

The following directors have held office since 1 April 2022:

G Fraser  
D M Hughes

#### Strategic report

The company has chosen in accordance with Companies Act 2006, s.414B to not prepare a strategic report.

#### Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with UK-adopted International Financial Reporting Standards and applicable law.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

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

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023**

#### **Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

A handwritten signature in black ink, appearing to read 'G Fraser', with a stylized flourish at the end.

G Fraser  
Director

20 December 2023

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2023 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards, and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Foresight Group Holdings (UK) Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 March 2023 which comprise consolidated statement of comprehensive income, consolidated statement of financial position, company statement of financial position, consolidated statement of changes in equity, company statement of changes in equity, consolidated cash flow statement, company cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law UK adopted international accounting standards, and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### 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 or 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 Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. 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.

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.

#### Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- the Directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a Strategic report; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of Directors**

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

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

#### **Auditor's responsibilities for the audit of the financial statements**

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

#### *Extent to which the audit was 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:

#### *Non-compliance with laws and regulations*

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be UK-adopted International Accounting Standards and the Companies Act 2006

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Companies Act 2006 and UK tax legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

#### *Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### INDEPENDENT AUDITOR'S REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

- Considering remuneration incentive schemes and performance targets and the related financial statement areas impacted by these.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition, which involves management judgement and is therefore subject to bias, and management override of controls.

In respect of management override, we have tested a risk-based sample of journals back to supporting documentation and we challenged the appropriateness of estimates and judgements used by management.

Our procedures in respect of revenue recognition included:

- Assessing whether accounting policies were aligned to the requirements of the standard;
- Verifying fee calculations were in line with the supporting agreements;
- Reviewing ISAE 3402 controls report to identify any issues which could affect the determination of the net asset values which drive the majority of the management and secretarial fees;
- Vouching fund net asset values to audited accounts and RNS announcements, where relevant; and
- Assessing significant estimates made by management for bias in relation to valuation of the funds

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

#### Use of our report

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

DocuSigned by:

*Peter Smith*

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Peter Smith (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
20 December 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305



# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME** **FOR THE YEAR ENDED 31 MARCH 2023**

	Note	31 March 2023 £000	31 March 2022 £000
Revenue	2	18,256	8,187
Cost of sales		(51)	—
<b>Gross profit</b>		<b>18,205</b>	<b>8,187</b>
Administrative expenses	3	(23,858)	(5,815)
<b>Operating profit</b>		<b>(5,653)</b>	<b>2,372</b>
Finance income	6	57	—
Finance expenses	6	(149)	(85)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(5,745)</b>	<b>2,287</b>
Tax on (loss)/profit on ordinary activities	7	(1,548)	(702)
<b>(Loss)/profit for the period attributable to Ordinary Shareholders</b>		<b>(7,293)</b>	<b>1,585</b>
<b>Other comprehensive income</b>			
<i>Items that will or may be reclassified to profit or loss:</i>			
Translation differences on foreign subsidiaries		(2,861)	—
<b>Total comprehensive income</b>		<b>(10,154)</b>	<b>1,585</b>

# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

## **CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2023**

	Note	31 March 2023 £000	31 March 2022 £000
<b>Non-current assets</b>			
Property, plant and equipment	8	115	—
Right-of-use assets	14	376	—
Intangible assets	9	41,712	2,645
Deferred tax asset	16	899	—
Trade and other receivables	11	17,664	—
		<b>60,766</b>	<b>2,645</b>
<b>Current assets</b>			
Trade and other receivables	11	20,019	4,948
Cash and cash equivalents		5,242	6,320
		<b>25,261</b>	<b>11,268</b>
<b>Current liabilities</b>			
Trade and other payables	12	(8,289)	(7,752)
Loans and borrowings	13	(2,646)	(660)
Lease liabilities	14	(67)	—
Acquisition-related liabilities	15	(46)	—
		<b>(11,048)</b>	<b>(8,412)</b>
<b>Net current assets</b>		<b>14,213</b>	<b>2,856</b>
<b>Non-current liabilities</b>			
Trade and other payables	12	—	(63)
Loans and borrowings	13	(485)	(3,030)
Lease liabilities	14	(363)	—
Acquisition-related liabilities	15	(2,457)	—
Deferred tax liability	16	(9,155)	(654)
		<b>(12,460)</b>	<b>(3,747)</b>
<b>Net assets</b>		<b>62,519</b>	<b>1,754</b>
<b>Equity</b>			
Share capital	18	—	—
Share premium	18	62,777	—
Share-based payment reserve	18	9,546	14
Foreign exchange reserve		(2,861)	—
Retained earnings		(6,943)	1,740
<b>Total equity</b>		<b>62,519</b>	<b>1,754</b>

The financial statements were approved and authorised for issue by the Board of Directors on 20 December 2023 and were signed on its behalf by:



Gary Fraser  
Director


Company Registration No. 10452886

# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

## **COMPANY STATEMENT OF FINANCIAL POSITION** **AS AT 31 MARCH 2023**

	Note	31 March 2023 £000	31 March 2022 £000
<b>Non-current assets</b>			
Investments	10	62,818	549
<b>Current assets</b>			
Trade and other receivables	11	1,354	—
<b>Current liabilities</b>			
Trade and other payables	12	(1,386)	(549)
<b>Net current assets</b>		<b>(32)</b>	<b>(549)</b>
<b>Net assets</b>		<b>62,786</b>	<b>—</b>
<b>Equity</b>			
Share capital	18	—	—
Share premium	18	62,777	—
Retained earnings		9	—
<b>Total equity</b>		<b>62,786</b>	<b>—</b>

The financial statements were approved and authorised for issue by the Board of Directors on 20 December 2023 and were signed on its behalf by:



Gary Fraser  
**Director**

Company Registration No. 10452886

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital £000	Share premium £000	Share-based payment reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
<b>At 1 April 2022</b>	—	—	14	—	1,740	1,754
(Loss)/profit for the period	—	—	—	—	(7,293)	(7,293)
Other comprehensive income	—	—	—	(2,861)	—	(2,861)
<b>Total comprehensive income</b>	—	—	14	(2,861)	(5,553)	(8,400)
<b>Contributions by and distributions to owners</b>						
Premium on issue of shares	—	62,777	—	—	—	62,777
Dividends	—	—	—	—	(1,390)	(1,390)
Share-based payments	—	—	9,532	—	—	9,532
<b>At 31 March 2023</b>	—	62,777	9,546	(2,861)	(6,943)	62,519

	Share capital £000	Share premium £000	Share-based payment reserve £000	Foreign exchange reserve £000	Retained earnings £000	Total equity £000
<b>At 1 April 2021</b>	—	—	—	—	155	155
(Loss)/profit for the period	—	—	—	—	1,585	1,585
Other comprehensive income	—	—	—	—	—	—
<b>Total comprehensive income</b>	—	—	—	—	1,740	1,740
<b>Contributions by and distributions to owners</b>						
Share-based payments	—	—	14	—	—	14
<b>At 31 March 2022</b>	—	—	14	—	1,740	1,754

# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

## **COMPANY STATEMENT OF CHANGES IN EQUITY** **FOR THE YEAR ENDED 31 MARCH 2023**

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
<b>At 1 April 2022</b>	—	—	—	—
(Loss)/profit for the period	—	—	1,399	1,399
Other comprehensive income	—	—	—	—
<b>Total comprehensive income</b>	—	—	1,399	1,399
<b>Contributions by and distributions to owners</b>				
Premium on issue of shares	—	62,777	—	62,777
Dividends	—	—	(1,390)	(1,390)
<b>At 31 March 2023</b>	—	62,777	9	62,786

	Share capital £000	Share premium £000	Retained earnings £000	Total equity £000
<b>At 1 April 2021</b>	—	—	—	—
(Loss)/profit for the period	—	—	—	—
Other comprehensive income	—	—	—	—
<b>Total comprehensive income</b>	—	—	—	—
<b>At 31 March 2022</b>	—	—	—	—

# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

## **CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

	Note	31 March 2023 £000	31 March 2022 £000
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation		(5,745)	2,286
Adjustments for:			
Finance expenses	6	149	85
Finance income	6	(57)	—
Share-based payment (including share-based staff costs-acquisitions)	5	9,532	14
Staff costs – acquisitions (excluding share-based staff costs – acquisitions)	17	2,503	—
Amortisation in relation to intangible assets (customer contracts)	3	1,113	144
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	3	151	—
Foreign currency losses		(249)	—
Increase in trade and other receivables		(2,350)	(280)
(Decrease)/increase in trade and other payables		(3,776)	1,430
<b>Cash generated from operations</b>		1,271	3,679
Tax paid		(660)	—
<b>Net cash from operating activities</b>		611	3,679
<b>Cash flows from investing activities</b>			
Acquisition of property, plant and equipment	8	(71)	—
Interest received	6	57	—
Acquisition of Infrastructure Capital	22	(31,391)	—
<b>Net cash from investing activities</b>		(31,405)	—
<b>Cash flows from financing activities</b>			
Dividends and distributions to equity members	19	(1,390)	—
Principal paid on lease liabilities	14	(171)	—
Interest paid on lease liabilities	14	(10)	—
Principal paid on loan liabilities	13	(606)	(606)
Interest paid on loan liabilities <sup>1</sup>	13	(92)	(113)
Issue of share capital	18	31,985	—
<b>Net cash from financing activities</b>		29,716	(719)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(1,078)	2,960
Cash and cash equivalents at beginning of period		6,320	3,360
Cash and cash equivalents at end of period		5,242	6,320

<sup>1</sup> The group has classified interest paid on loan liabilities to financing activities in year ended 31 March 2023 as it believes this better reflects the nature of this activity. However, it has not restated its comparatives as it was not material to do so.

# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

## **COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2023**

	Note	31 March 2023 £000	31 March 2022 £000
<b>Cash flows from operating activities</b>			
(Loss)/profit before taxation		1,399	—
Adjustments for:			
Finance income		(1,907)	—
Impairment of investments		508	—
Increase in trade and other receivables		(1,354)	—
Increase in trade and other payables		837	—
<b>Net cash from operating activities</b>		<b>(517)</b>	<b>—</b>
<b>Cash flows from investing activities</b>			
Acquisition of investments	10	(31,985)	—
Dividends received		1,907	—
<b>Net cash from investing activities</b>		<b>(30,078)</b>	<b>—</b>
<b>Cash flows from financing activities</b>			
Dividends and distributions to equity members	19	(1,390)	—
Issue of share capital	18	31,985	—
<b>Net cash from financing activities</b>		<b>30,595</b>	<b>—</b>
<b>Net increase in cash and cash equivalents</b>		<b>—</b>	<b>—</b>
Cash and cash equivalents at beginning of period		—	—
Cash and cash equivalents at end of period		—	—

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 1. Accounting policies

##### 1.1. Statutory information

Foresight Group Holdings (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The company operates via its various subsidiary undertakings, which are domiciled in the United Kingdom and Australia following the acquisition of Infrastructure Capital (see note 22). The consolidated financial statements comprise the financial statements of the company and its subsidiaries.

##### 1.2. Basis of preparation

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("IFRS"). These financial statements are also in compliance with the Companies Act 2006.

The group did not implement the requirements of any other standards or interpretations that were in issue; these were not required to be adopted by the group for the year ended 31 March 2023. No other standards or interpretations have been issued that are expected to have a material impact on the group's financial statements.

The consolidated financial statements have been prepared on a historical cost basis. The financial information is presented in sterling, which is the group's functional currency. All information is given to the nearest thousand (except where specified otherwise).

As permitted by section 408 of the Companies Act 2006, the company has not presented its own Statement of Comprehensive Income. Details of the company's results for the year are set out in the Company Statement of Changes in Equity.

##### 1.3. Basis of consolidation

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2023. Control is achieved when the group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the group controls an investee if, and only if, the group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights results in control. To support this presumption and when the group has less than a majority of the voting or similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- the contractual arrangement(s) with the other vote holders of the investee;
- rights arising from other contractual arrangements;
- the group's voting rights and potential voting rights.

The group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the group gains control until the date the group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent of the group. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity, while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

##### 1.4. Going concern

These financial statements have been prepared on the going concern basis.

The directors of the group have considered the resilience of the group, taking into account its current financial position and the principal and emerging risks facing the business. The Board reviewed the group's cash flow forecasts and trading budgets for a period of 12 months from the date of approval of these accounts as part of its overall review of the group's three year plan, and concluded that, taking into account plausible downside scenarios that could reasonably be anticipated, the group will have sufficient funds to pay its liabilities as they fall due for that period. Taking into consideration the impact of inflation, rising interest rates and the wider economic environment, the forecasts have been stress tested to ensure that a robust assessment of the group's working capital and cash requirements has been performed. The stress test scenarios adopted involved severe but plausible downside scenarios with respect to the group's trading performance. Any mitigating actions available to protect working capital and strengthen the Statement of Financial Position, including deferring non-essential capital expenditure and increased cost control, were also taken into account.

In considering the above, the directors have formed the view that the group will generate sufficient cash to meet its ongoing liabilities as they fall due for at least the next 12 months; accordingly, the going concern basis of preparation has been adopted.



# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 1. Accounting policies (continued)

#### 1.5. Foreign exchange

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the Statement of Financial Position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

The assets and liabilities of group entities that have a functional currency different from the presentational currency are translated at the closing rate at the balance sheet date, with transactions translated at average monthly exchange rates. Resulting exchange differences are recognised as a separate component of other comprehensive income and are also recognised in the Foreign exchange reserve within equity. Any differences are recycled to the income statement on disposal or liquidation of the relevant branch or subsidiary.

#### 1.6. Revenue

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The group's revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue represents the fair value of the consideration receivable in respect of services provided during the period, exclusive of value added taxes.

A contract with a customer is recognised when a contract is legally enforceable by the group; this will be prior to the commencement of work for a customer and therefore before any revenue is recognised by the group. Performance obligations are identified on a contract-by-contract basis; where contracts are entered into at the same time with the same customer at differing rates, these may be considered a single contract for the purposes of revenue recognition.

The group does not provide extended payment terms on its services and therefore no significant financing components are identified by the group. Revenue is only recognised on contingent matters from the point at which it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

The principal components of revenue comprise management fees, secretarial fees, directors' fees and service charge receivable.

Management fees and most secretarial fees are generally based on a percentage of fund Net Asset Value ("NAV") or committed capital as defined in the funds' prospectus and/or offering documents, with some secretarial fees being based on an agreed fixed rate. Directors' fees are based on a specified fixed fee agreed with the customer. Service charge receivables are based on the level of service charge provided to other group undertakings.

Management, secretarial and directors' fees are recognised over time to the extent that it is probable that there will be economic benefit and income can be reliably measured. This revenue is recognised over time on the basis that the customer simultaneously receives and consumes the economic benefits of the provided asset as the group performs its obligations.

Other income is based on the contract agreed before services are provided and is recognised in line with the delivery of the services provided.

#### 1.7. Administrative expenses

The group's administrative expenses are recognised as the services are received by the group. Staff costs are the largest component of the group's operating costs and include salaries and wages, together with the cost of other benefits provided to staff such as pensions and bonuses.

#### 1.8. Share-based payments

Equity-settled share-based payments arise in respect of services receivable from certain employees by granting the right to either shares or options over shares, subject to certain vesting conditions and exercise prices. The fair value of the awards granted in the form of shares or share options is recognised as an expense over the appropriate performance and vesting period with a corresponding credit to equity. Shares and options vest on the occurrence of a specified event under the rules of the relevant plan.

The group engages in equity-settled share-based payment transactions in respect of the Foresight Group Holdings Limited UK Share Incentive Plan ("SIP") and contingent consideration arising from the acquisition of Infrastructure Capital payable for post-combination services. In respect of the SIP the vesting period is three years with the performance condition of continuous service. Further explanation for Infrastructure Capital contingent consideration is contained in note 22.

#### 1.9. Finance income and expenses

Finance income comprises interest receivable on cash deposits. Finance expenses comprise interest payable on leases, borrowings and direct issue costs and are expensed in the period in which they are incurred.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 1. Accounting policies (continued)

##### 1.10. Taxation

###### Current tax

The tax expense represents the current tax relating to the corporate subsidiaries. The current tax expense is based on taxable profits of these companies for the year. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The current tax liability is calculated using tax rates that have been enacted or substantively enacted by the Statement of Financial Position date. Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the group intends to either settle on a net basis or realise the asset and settle the liability simultaneously.

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

###### Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in the Statement of Other Comprehensive Income or directly in equity.

##### 1.11. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost less estimated residual value of each asset evenly using a straight-line method over its estimated useful life (charged through administrative expenses) as follows:

- Fixtures and fittings:
- Office equipment over ten years
- Computer equipment over five years

The carrying values of items of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Comprehensive Income.

##### 1.12. Intangible assets

Goodwill arises through business combinations and represents the excess of the cost of acquisition over the group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition. Goodwill is recognised as an asset and measured at cost less accumulated impairment losses. It is allocated to groups of cash-generating units, which represent the lowest level at which goodwill is monitored for internal management purposes. Cash-generating units are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, and are no larger than the group's operating segments.

Intangible assets in respect of customer contracts (acquired) reflect the fair value of the investment management contracts obtained, which is equal to the present value of the earnings they are expected to generate. This is on the basis that it is probable that future economic benefits attributable to the investment management contracts will flow to the group and the fair value of the intangible asset can be measured reliably. These intangible assets are subsequently carried at the amount initially recognised less accumulated amortisation, which is calculated using the straight-line method over their estimated useful lives.

Amortisation is provided, where material, at rates calculated to write off the cost, less estimated residual value, of each asset evenly using a straight-line method over its estimated useful life (charged through administrative expenses) as follows:

- Customer contracts over remaining term of investment management contract

The carrying values of customer contracts (acquired) and computer software (internally generated) are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense in the Statement of Comprehensive Income immediately.

Goodwill impairment: Any impairment is recognised immediately in profit or loss and is not subsequently reversed. On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in Statement of Comprehensive Income.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 1. Accounting policies (continued)

##### 1.13. Investments

Investments comprise holdings in subsidiaries. They are held at cost less impairment with any impairment recognised in the Statement of Comprehensive Income.

##### 1.14. Business combinations

The group recognises business combinations (including acquisitions) when it considers that it has obtained control over a business, which could be an entity or separate business within an entity (for example acquiring management contracts and hiring the team to service those contracts). The cost of the acquisition is measured as the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the group in exchange for control of the acquiree. As per IFRS 3.B55(a) where the cost of acquisition contains payments that are automatically forfeited if employment terminates, these are accounted for as remuneration for post-combination services and not cost of the acquisition.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognised at their fair value at the acquisition date.

##### 1.15. Trade and other receivables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. For trade receivables this is because they meet the criteria set out under IFRS 9, being assets held within a business model that give rise to contractual cash flows and are solely payments of principal and interest ("SPPI"). If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

The group applies the IFRS 9 simplified approach to measuring expected credit losses. The expected credit losses are estimated using a provision matrix by reference to past default experience and an analysis of the receivables current financial position, adjusted for factors that are specific to the receivable, general economic conditions of the industry and an assessment of both the current as well as the forecast direction of conditions at the reporting date. This encompasses trade receivables and balances within other receivables such as recharges yet to be invoiced to funds and investee companies.

Additionally, when a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the Statement of Comprehensive Income. In line with the group's historical experience, and after consideration of current credit exposures, the group does not expect to incur any significant credit losses and has not recognised any ECLs in the current year (2022: £nil).

##### Amortised cost

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

##### Derecognition

The group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset. On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the Statement of Comprehensive Income. Any interest in such transferred financial assets that is created or retained by the group is recognised as a separate asset or liability.

Prepayments arise where the group pays cash in advance for services. As the service is provided, the prepayment is reduced and the operating expense is recognised in the Statement of Comprehensive Income.

##### 1.16. Trade and other payables

Trade and other payables are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

##### Amortised cost

The amortised cost of a financial liability is the amount at which the financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount.

##### Derecognition

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 1. Accounting policies (continued)

##### 1.17. Loans and borrowings

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred. Loans and borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Loans and borrowings are derecognised from the Statement of Financial Position when the obligation specified in the contract is discharged, is cancelled or expires.

The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other operating income or finance expenses.

Loans and borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

##### 1.18. Lease liabilities and right-of-use assets

Applying IFRS 16, for all leases, the group:

- Recognises right-of-use assets and lease liabilities in the Statement of Financial Position, initially measured at the present value of the future lease payments
- Recognises depreciation of right-of-use assets and interest on lease liabilities in the Statement of Comprehensive Income
- Separates the total amount of cash paid into a principal portion and interest (presented within financing activities) in the Cash Flow Statement

Right-of-use assets are measured at cost less accumulated depreciation and impairment losses. The carrying value is also adjusted for any remeasurement of the lease liability. The lease liability is measured in subsequent periods using the effective interest rate method and adjusted for lease payments.

Lease incentives (e.g. rent-free periods) are recognised as part of the measurement of the right-of-use assets and lease liabilities. For short-term leases (lease term of 12 months or less) and leases of low-value assets, the group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16.53 I. This expense is presented within administrative expenses in the Statement of Comprehensive Income.

The cost of any contractual requirements to dismantle, remove or restore the leased asset, typically dilapidations, are included in the initial recognition of right-of-use assets.

##### 1.19. Acquisition-related liabilities

Remuneration for post-combination services is the liability that arises from accounting for contingent consideration payments to sellers which are subject to forfeiture if the seller ceases to be employed and are payable in cash; this consideration is accounted as long-term employee benefits under IAS19.

##### 1.20. Employee benefits

###### Defined contribution pension plan

The group operates a defined contribution pension plan. A defined contribution plan is a pension plan under which the group pays fixed contributions to a third party. The group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The group has no further payment obligations once the contributions have been paid. The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

##### 1.21. Share capital and other reserves

Ordinary Shares are classified as equity. Ordinary Shares issued by the group are recognised at the proceeds or fair value received, with the excess of the amount received over nominal value being credited to the share premium account (net of the direct costs of issue).

##### 1.22. Dividends

Final dividends are recorded in the financial statements in the period in which they are approved by the company's shareholders. Interim dividends are recorded in the period in which they are approved and paid.

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 1. Accounting policies (continued)

#### 1.23. Use of judgements and estimates

The preparation of the financial statements requires the Directors to make estimates and assumptions that affect the reported amounts of assets and liabilities at the Statement of Financial Position date, amounts reported for revenues and expenses during the year, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities affected in the future.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing material adjustment to the carrying amount of assets and liabilities are as follows:

##### *Revenue*

The NAVs which are used to calculate management fees are subject to the group's fund Valuations Policy which sets out acceptable methodologies that may be applied in valuing a fund's investments. Each quarter, each Investment Manager values their investments in accordance with the guidelines of this policy, typically the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2022) developed by the British Venture Capital Association and other organisations. Where appropriate, these valuations are also approved by the independent Boards of each fund and in all cases by the group's valuation committee. As a result, there is limited uncertainty or judgement in the amount of revenue to be recognised.

##### *Share-based payments*

As per note 22, contingent consideration to be paid in shares is accounted for at fair value at the date of acquisition (grant date) using estimated outcomes and probability of those outcomes with this fair value reassessed at each reporting period. For the initial share consideration where the shares have already been issued, the fair value was the share price on grant date multiplied by the estimated forfeiture rate which was 0%. There was no change to this estimate at the end of the reporting period. The amount expensed in the year of £8,741,000 is the maximum possible charge; if the forfeiture rate was increased to 100% this would result in a full reversal of this charge.

For the other forms of consideration (earn-out and performance earn-out), the fair value of each consideration on the grant date was the maximum amount for each discounted back to the valuation date multiplied by the probability of achieving the management fee revenue targets and forfeiture rate. As per note 22, on the grant date the earn-out consideration had a management fee revenue target probability of 100% and 0% forfeiture rate and the performance consideration had a management fee revenue target probability of 71% and 0% forfeiture rate. Both were discounted using the weighted average cost of capital used to fair value the intangible assets on acquisition (see below). The forfeiture rate was unchanged at the end of the reporting period, but the management fee revenue target probabilities were reassessed to 95% and 79% respectively. The basis of the probability reassessments was internal forecasts of the appropriate management fee revenue. The maximum award for each at the end of the reporting period would result in an additional charge of £84,000 and the minimum would result in a full reversal of the respective charges of £374,000 and £399,000.

##### *Acquisition of Infrastructure Group*

The valuation of investment management contracts represents an estimation of the present value of the earnings that those contracts were expected to generate at the completion date. The net present value was calculated using a Multi-period Excess Earnings Method ("MEEM") methodology, with reference to the projected profitability of the fund over a useful life of twenty years based on internal forecasts and a weighted average cost of capital ("WACC") of 13% using various inputs to reflect the operations which are based in Australia.

##### *Remuneration for post-combinations services*

The group has estimated the amounts which will ultimately become payable, i.e. the expected value of the obligation based on the maximum amount for each consideration discounted back to the valuation date multiplied by the probability of achieving the management fee revenue targets and forfeiture rate. The discounting uses high-quality corporate bond rates of 3.3%. As per note 22, on the grant date the earn-out consideration had a management fee revenue target probability of 100% and 0% forfeiture rate, the revenue earn-out a probability of 40% and 0% forfeiture rate and the performance consideration had a probability of 71% and 0% forfeiture rate. The forfeiture rate was unchanged at the end of the reporting period, but the management fee revenue target probabilities were reassessed to 95%, 47.5% and 79% respectively. The basis of the probability reassessments was internal forecasts of the appropriate management fee revenue. The maximum award for each at the end of the reporting period would result in an additional charge of £1,858,000 and the minimum would result in a full reversal of the respective charge of £2,503,000.

The liabilities will be expensed over the deferral period and are included in staff costs – acquisition. The liabilities are included in Acquisition-related liabilities (see note 15).

#### Key judgements

These are as follows:

##### *Deferred tax assets*

Judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

##### *Treatment of consideration transferred*

The purchase price payable in respect of the acquisitions can be split into a number of different components. The payment of certain elements is deferred; and the timing and value of these are contingent on certain employment conditions and operational and financial targets being met. The proportion of the deferred payments that are contingent on the recipients remaining employees of the group for a specific period is accounted for as remuneration for post-combination services.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 2. Revenue

	31 March 2023 £000	31 March 2022 £000
Management fees	17,279	8,024
Secretarial fees	847	80
Directors' fees	37	—
Service charge receivable	80	83
Other income	13	—
	<b>18,256</b>	<b>8,187</b>

The timing of revenue is as follows:

	31 March 2023 £000	31 March 2022 £000
Timing of transfer of goods and services:		
Point in time	13	—
Over time	<b>18,243</b>	<b>8,187</b>
	<b>18,256</b>	<b>8,187</b>

The timing of revenue recognition, billings and cash collections results in either trade receivables, accrued income or deferred income in the Statement of Financial Position. For recurring fees, amounts are billed either in advance or in arrears pursuant to a management or advisory agreement. The contract liabilities above reflect the deferred income in trade and other payables.

#### 3. Administrative expenses

	31 March 2023 £000	31 March 2022 £000
Staff costs	6,550	2,486
Staff costs - acquisitions	12,017	—
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	151	—
Amortisation in relation to intangible assets (customer contracts)	1,113	144
Legal and professional	572	183
Other administration costs	1,242	631
Management fees paid by general partners to Foresight Group LLP	2,213	2,371
	<b>23,858</b>	<b>5,815</b>

Specific administrative expenses are as follows:

	31 March 2023 £000	31 March 2022 £000
Auditor's remuneration	40	37
Net foreign exchange gains	5	(14)

Auditor's remuneration is further disclosed as follows:

	31 March 2023 £000	31 March 2022 £000
<b>Audit services</b>		
For company borne by Foresight Group Holdings Limited	21	19
For Subsidiaries	19	18
<b>Total audit services</b>	<b>40</b>	<b>37</b>

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 4. Staff costs and Directors' remuneration

The average number of employees was:

	31 March 2023 Number	31 March 2022 Number
Operations	28	20
Administration	16	12
	44	32

Their aggregate remuneration comprised:

	31 March 2023 Staff costs - acquisitions			31 March 2022 Staff costs - acquisitions		
	Staff costs £000	£000	Total £000	Staff costs £000	£000	Total £000
Wages and salaries	5,639	—	5,639	2,130	—	2,130
Social security costs	487	—	487	251	—	251
Pension costs	310	—	310	91	—	91
Other staff costs	96	2,503	2,599	—	—	—
	6,532	2,503	9,035	2,472	—	2,472
Share-based payments (see note 5)	18	9,514	9,532	14	—	14
<b>Total staff costs</b>	<b>6,550</b>	<b>12,017</b>	<b>18,567</b>	<b>2,486</b>	<b>—</b>	<b>2,486</b>

The directors are remunerated by other entities in the wider Foresight group.

### 5. Share-based payments

	31 March 2023 £000	31 March 2022 £000
<b>Included in staff costs (note 4)</b>		
UK Share Incentive Plan	18	14
<b>Included in staff costs – acquisitions (note 4)</b>		
Infrastructure Capital – post-combination services (see note 22)	9,514	—
	9,532	14

#### Share Incentive Plan

Under the Foresight Share Incentive Plan ("SIP"), for each one partnership share that an employee buys, Foresight offers two free matching shares. In each tax year, employees can buy up to £1,800 or 10% of salary (whichever is lower) of partnership shares from their pre-tax salary. If an employee leaves the group, any matching shares held for less than three years will be withdrawn, i.e. the vesting period of the matching shares is three years with the performance condition of continuous service. The SIP shares are held in trust by the SIP Trustee. Voting rights are exercised by the SIP Trustee on receipt of participants' instructions.

As the SIP options have a zero strike price and the participant is entitled to dividends (with the dividend cash received into the trust used to purchase additional shares) during the vesting period, the fair value of the award is indistinguishable from the share price. Therefore, the share price on the award date is used when calculating the share-based payment expense.

#### Infrastructure Capital – post-combination services (see note 22)

Payments of consideration arising from the acquisition of Infrastructure Capital require the sellers to remain either employed or contracted to the group or the payments will be forfeited. They are therefore accounted for as remuneration for post-combination services. Where the consideration is paid in shares, these are accounted for as equity-settled share-based payments under IFRS 2. Further explanation of the consideration is contained in note 22.

The expiry dates of shares issued under this arrangement are as follows:

Grant date	Expiry date	Exercise Price <sup>1</sup>	Share options 31 March 2023	Share options 31 March 2022
8 September 2022	30 September 2023	—	2,276,784	—
8 September 2022	30 September 2024	—	2,276,784	—
8 September 2022	30 September 2025	—	2,276,784	—
			6,830,352	—
Weighted average remaining contractual life of options outstanding at end of period			1.5 years	—

<sup>1</sup>Exercise price not applicable as shares have already been issued

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 6. Finance income and expenses

	31 March 2023 £000	31 March 2022 £000
<b>Finance income</b>		
Bank interest receivable	57	—
<b>Total finance income</b>	<b>57</b>	<b>—</b>
<b>Finance expenses</b>		
Loan interest (accrued)	139	85
Interest on lease liabilities	10	—
<b>Total finance expense on financial liabilities measured at amortised cost</b>	<b>149</b>	<b>85</b>
<b>Net finance expense recognised in the Statement of Comprehensive Income</b>	<b>(92)</b>	<b>(85)</b>

### 7. Taxation

	31 March 2023 £000	31 March 2022 £000
<b>Current tax</b>		
UK corporation tax	619	354
Foreign taxation	1,587	—
<b>Total current tax charge</b>	<b>2,206</b>	<b>354</b>
<b>Deferred tax</b>		
Origination and reversal of temporary differences	(658)	348
<b>Total deferred tax</b>	<b>(658)</b>	<b>348</b>
<b>Tax on profit on ordinary activities</b>	<b>1,548</b>	<b>702</b>

The effective tax rate has varied through the historical period, and is explained as:

	31 March 2023 £000	31 March 2022 £000
(Loss)/profit for the year	(7,293)	1,585
Add back total tax	1,548	702
<b>(Loss)/profit before all tax</b>	<b>(5,745)</b>	<b>2,287</b>
(Loss)/profit before tax at 19%	(1,092)	435
Profits not assessable to corporation tax	(46)	(65)
Profit share allocation from partnership funds	130	37
Group relief surrendered	39	136
Differences on overseas tax rate	234	—
Contingent payments to sellers of acquired companies	2,283	—
Remeasurement of deferred tax	—	150
Other	—	9
<b>Total tax charge</b>	<b>1,548</b>	<b>702</b>



# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 8. Property, plant and equipment

	Fixtures, fittings and equipment £000
<b>Cost</b>	
At 1 April 2021 and 2022	—
Additions	71
Business combinations (see note 22)	73
Foreign exchange movement	(15)
<b>At 31 March 2023</b>	<b>129</b>
<b>Depreciation</b>	
At 1 April 2021 and 2022	—
Depreciation charge for the year	20
Foreign exchange movement	(6)
<b>At 31 March 2023</b>	<b>14</b>
<b>Net book value at 31 March 2023</b>	<b>115</b>
<b>Net book value at 31 March 2022</b>	<b>—</b>

### 9. Intangible assets

	Other intangibles £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 April 2022	2,879	—	2,879
Additions	—	—	—
Business combinations	30,551	12,867	43,418
Foreign exchange movement	(2,321)	(978)	(3,299)
Disposals	—	—	—
<b>At 31 March 2023</b>	<b>31,109</b>	<b>11,889</b>	<b>42,998</b>
<b>Amortisation/impairment</b>			
At 1 April 2022	234	—	234
Charge for the year	1,113	—	1,113
Foreign exchange movement	(61)	—	(61)
Disposals	—	—	—
<b>At 31 March 2023</b>	<b>1,286</b>	<b>—</b>	<b>1,286</b>
<b>Net book value at 31 March 2023</b>	<b>29,823</b>	<b>11,889</b>	<b>41,712</b>

	Customer contracts £000	Goodwill £000	Total £000
<b>Cost</b>			
At 1 April 2021	2,879	—	2,879
Additions	—	—	—
Business combinations	—	—	—
Disposals	—	—	—
<b>At 31 March 2022</b>	<b>2,879</b>	<b>—</b>	<b>2,879</b>
<b>Amortisation/impairment</b>			
At 1 April 2021	90	—	90
Charge for the year	144	—	144
Disposals	—	—	—
<b>At 31 March 2022</b>	<b>234</b>	<b>—</b>	<b>234</b>
<b>Net book value at 31 March 2022</b>	<b>2,645</b>	<b>—</b>	<b>2,645</b>

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 9. Intangible assets (continued)

##### Customer contracts

The table below shows the carrying amount assigned to each component of customer contracts and the remaining amortisation period.

	Remaining amortisation period	Carrying value £000
Acquisition of Infrastructure Group (see note 22)	19.4 years	27,322
Acquisition of PiP Manager Limited	17.4 years	2,501
		<b>29,823</b>

##### Goodwill

The table below shows the carrying amount of goodwill.

	Carrying value £000
Acquisition of Infrastructure Group (see note 22)	11,889
	<b>11,889</b>

In accordance with IAS 36, goodwill acquired in a business combination is allocated, at acquisition, to the groups of cash generating units (CGUs) that are expected to benefit from that business combination. However, due to the group having only recently finalised its purchase price allocation for the acquisition in the year, it has not yet concluded on this initial allocation of goodwill to CGUs. This will be completed in FY24 in accordance with IAS 36 para 84. The group does not anticipate any impairment of goodwill as it is already benefiting from the synergies of the acquisition.

#### 10. Investments

##### Company

	Investments in subsidiaries £000
<b>a) Cost</b>	
At 1 April 2021 and 1 April 2022	549
Additions made in cash	31,985
Additions made in shares of Foresight Group Holdings Limited	30,792
Impairment	(508)
<b>At 31 March 2023</b>	<b>62,818</b>

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 10. Investments (continued)

#### b) Subsidiary undertakings

The company holds more than 20% of the share capital, in either 2023 or 2022, of the following undertakings:

	Country of resignation or incorporation	Class	Shares held 2023 %	Shares held 2022 %
<b>Wholly owned by the company</b>				
Foresight Asset Management Limited	England & Wales	Ordinary	100	100
Foresight Infra Holdco Limited	England & Wales	Ordinary	100	100
Pinecroft Corporate Services Limited	England & Wales	Ordinary	100	100
Foresight Fund Managers Limited	England & Wales	Ordinary	100	100
Foresight Group (SK) Limited	England & Wales	Ordinary	100	100
Foresight Environmental GP Co. Limited	Scotland	Ordinary	100	100
Foresight Environmental FP GP Co. Limited	Scotland	Ordinary	100	100
Foresight NF GP Limited	England & Wales	Ordinary	100	100
Foresight NF FP GP Limited	England & Wales	Ordinary	100	100
Foresight Venture Limited	England & Wales	Ordinary	100	n/a
Foresight Venture Capital Limited	England & Wales	Ordinary	100	n/a
Foresight Ventures VCT Limited	England & Wales	Ordinary	100	n/a
Foresight Ventures VCT 2 Limited	England & Wales	Ordinary	100	n/a
Foresight Company 1 Limited	England & Wales	Ordinary	100	100
Foresight Company 2 Limited	England & Wales	Ordinary	100	100
Foresight Group Holdings UK Finco Limited	England & Wales	Ordinary	100	n/a
Foresight Group Australia HoldCo PTY Limited	Australia	Ordinary	100	n/a
<b>Jointly owned by Foresight Company 1 Limited and Foresight Company 2 Limited</b>				
Foresight Regional Investment General Partner LLP	Scotland	Voting	100	100
Foresight Impact Midlands Engine GP LLP	Scotland	Voting	100	100
NI Opportunities GP LLP	Scotland	Voting	100	100
Foresight Group Equity Finance (SGS) GP LLP	Scotland	Voting	100	100
Foresight Regional Investment II General Partner LLP	Scotland	Voting	100	100
Foresight Legolas Founder Partner GP LLP	Scotland	Voting	100	100
Foresight Regional Investment III General Partner LLP	Scotland	Voting	100	100
AIB Foresight SME Impact General Partner LLP	Scotland	Voting	100	100
AIB Foresight SME Impact Fund GP Limited	Ireland	Ordinary	100	100
Foresight West Yorkshire Business Accelerator General Partner LLP	Scotland	Voting	100	100
Foresight Regional Investment IV General Partner LLP	Scotland	Voting	100	n/a
Foresight Regional Investment V General Partner LLP	Scotland	Voting	100	n/a
<b>Wholly owned by Foresight Infra Holdco Limited</b>				
PiP Manager Limited	England & Wales	Ordinary	100	100
PiP Multi-Strategy Infrastructure Limited	England & Wales	Ordinary	100	100
PiP Multi-Strategy Infrastructure (Scotland) Limited	England & Wales	Ordinary	100	100
PiP Multi-Strategy Infrastructure GP LLP	England & Wales	Voting	100	100
<b>Wholly owned by Foresight Group Australia HoldCo PTY Ltd</b>				
Foresight Group Australia BidCo PTY Limited	Australia	Ordinary	100	n/a
Foresight Capital Holdings PTY Limited (renamed from Infrastructure Capital Holdings Pty Limited on 31 October 2022)	Australia	Ordinary	100	n/a
Foresight Australia Funds Management Limited (renamed from Infrastructure Capital Group Limited on 2 November 2022)	Australia	Ordinary	100	n/a
Infrastructure Capital Services PTY Limited	Australia	Ordinary	100	n/a
Infrastructure Specialist Asset Management Limited	Australia	Ordinary	100	n/a
Infra Asset Management PTY Limited	Australia	Ordinary	100	n/a

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 10. Investments (continued)

##### c) Registered office of subsidiaries

The registered office of the subsidiaries is the same as for the company except for the following:

- Subsidiaries with the registered office C/O Foresight Group LLP Clarence House, 133 George Street, Edinburgh, Scotland, Scotland, EH2 4JS are Foresight Environmental GP Co. Limited, Foresight Environmental FP GP Co. Limited, Foresight Regional Investment General Partner LLP, Foresight Impact Midlands Engine GP LLP, NI Opportunities GP LLP, Foresight Group Equity Finance (SGS) GP LLP, Foresight Regional Investment II General Partner LLP, Foresight Legolas Founder Partner GP LLP, Foresight Regional Investment III General Partner LLP, AIB Foresight SME Impact General Partner LLP, Foresight West Yorkshire Business Accelerator General Partner LLP, Foresight Regional Investment IV General Partner LLP, Foresight Regional Investment V General Partner LLP and PiP Multi-Strategy Infrastructure (Scotland) Limited.
- Subsidiary with the registered office 3 Dublin Landings, North Wall Quay, Dublin 1, Dublin, Ireland is AIB Foresight Sme Impact Fund GP Limited
- Subsidiaries with the registered office Suite 5.03, Level 5, 20 Hunter Street, Sydney NSW 2000, Australia are Foresight Group Australia HoldCo PTY Ltd, Foresight Group Australia BidCo PTY Limited, Foresight Capital Holdings PTY Limited, Foresight Australia Funds Management Limited, Infrastructure Capital Services PTY Limited, Infrastructure Specialist Asset Management Limited and Infra Asset Management PTY Limited.

##### d) S479a exemption

The following subsidiary undertakings are exempt from the requirements of the Companies Act relating to the audit of its financial statements by virtue of s479a of the Companies Act 2006:

	Registered Number
Foresight Fund Managers Limited	03135882
Pinecroft Corporate Services Limited	09713669
Foresight Company 1 Limited	09404082
Foresight Company 2 Limited	09404106
<i>Foresight Infra Holdco Limited</i>	12587935
Foresight Asset Management Limited	11851984
Foresight Environmental GP Co. Limited	SC393459
Foresight NF GP Limited	08571108
Foresight Group Holdings UK Finco Limited	14304925
Foresight Regional Investment General Partner LLP	SO305514
Foresight Impact Midlands Engine GP LLP	SO306311
NI Opportunities GP LLP	SO306622
Foresight Group Equity Finance (SGS) GP LLP	SO306594
Foresight Regional Investment II General Partner GP LLP	SO306747
Foresight Regional Investment III General Partner GP LLP	SO307137
Foresight Regional Investment IV General Partner LLP	SO307539
Foresight Regional Investment V General Partner LLP	SO307652
<i>Foresight West Yorkshire Business Accelerator General Partner LLP</i>	SO307523
PiP Multi-Strategy Infrastructure Limited	09423344
PiP Multi-Strategy Infrastructure (Scotland) Limited	SC501212
PiP Multi-Strategy Infrastructure GP LLP	OC399043

# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2023**

### **11. Trade and other receivables**

Group	31 March 2023 £000	31 March 2022 £000
<b>Current and non-current:</b>		
Trade receivables	2,996	1,394
Amounts owed by group undertakings	2,983	1,277
Other receivables	4,561	2,247
Amounts owed by ultimate parent in respect of shares issued	26,496	—
Prepayments	647	30
<b>Less non-current assets:</b>		
Amounts owed by ultimate parent in respect of shares issued	17,664	—
<b>Current assets:</b>		
Trade receivables	2,996	1,394
Amounts owed by group undertakings	2,983	1,277
Other receivables	4,561	2,247
Amounts owed by ultimate parent in respect of shares issued	8,832	—
Prepayments	647	30
	<b>20,019</b>	<b>4,948</b>

The Directors consider that the carrying value of trade receivables and other receivables approximates to their fair value.

Company	31 March 2023 £000	31 March 2022 £000
Amounts owed by group undertakings	1,354	—

### **12. Trade and other payables**

Group	31 March 2023 £000	31 March 2022 £000
<b>Current and non-current:</b>		
Trade payables	107	9
Amounts owed to group undertakings	1,223	4,667
Accruals	2,791	424
Other payables	1,593	2,339
VAT and PAYE	374	22
Corporation tax	2,201	354
<b>Less non-current liabilities:</b>		
Accruals	—	63
<b>Current liabilities:</b>		
Trade payables	107	9
Amounts owed to group undertakings	1,223	4,667
Accruals	2,791	361
Other payables	1,593	2,339
VAT and PAYE	374	22
Corporation tax	2,201	354
	<b>8,289</b>	<b>7,752</b>

Trade and other payables comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider the carrying amount of trade payables, other payables and accruals approximates to their fair value when measured by discounting cash flows at market rates of interest as at the Statement of Financial Position date. The main component of accruals are bonuses relating to the financial period but substantially settled in July in the following financial year.

Company	31 March 2023 £000	31 March 2022 £000
Amounts owed by group undertakings	1,386	549

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 13. Loans and borrowings

Loans and borrowings arose from the acquisition of PiP Manager Limited in the year ended 31 March 2021.

	31 March 2023 £000	31 March 2022 £000
<b>Current liabilities</b>		
Loans and borrowings	2,646	660
<b>Non-current liabilities</b>		
Loans and borrowings	485	3,030
	<b>3,131</b>	<b>3,690</b>

#### Terms and debt repayment schedule

			31 March 2023 Carrying amount <sup>1</sup> £000
	Currency	Nominal interest rate	Year of Maturity <sup>2</sup>
Unsecured loan		GBP Base rate + 2%	2027
			<b>3,131</b>

1. The carrying amount of these loans and borrowings equates to the fair value.

2. The loans were provided by five lenders equally. The group agreed with four lenders for early repayment with repayment made in May 2023. These repayments have been disclosed within current liabilities (see note 25)

The movement on the above loans may be summarised as follows:

	31 March 2023 £000	31 March 2022 £000
At beginning of period	3,690	4,324
Interest	139	85
Repayment – principal	(606)	(606)
Repayment – interest	(92)	(113)
<b>At end of period</b>	<b>3,131</b>	<b>3,690</b>

For more information about the group's exposure to interest rate and foreign currency risk, see note 21.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 14. Lease liabilities and right-of-use assets

Set out below are the carrying amounts of the right-of-use assets recognised and associated lease liabilities (included under current and non-current liabilities) together with their movements over the period. The leases all relate to the offices of the group as follows:

**Foresight Australia Funds Management Limited (renamed from Infrastructure Capital Group Limited on 2 November 2022)**

- Hunter Street, Sydney
- Collins Street, Melbourne VIC 3000

	31 March 2023 £000	31 March 2022 £000
<b>Right-of-use asset</b>		
At beginning of period	—	—
Additions	(16)	—
Business combination (see note 22)	560	—
Depreciation	(131)	—
Foreign exchange	(37)	—
<b>At end of period</b>	<b>376</b>	<b>—</b>
<b>Lease liability</b>		
At beginning of period	—	—
Additions	(16)	—
Business combination (see note 22)	619	—
Lease payment	(181)	—
Interest	10	—
Foreign exchange	(2)	—
<b>At end of period</b>	<b>430</b>	<b>—</b>
Current	67	—
Non-current	363	—
	<b>430</b>	<b>—</b>

The lease payment in the year has been split £171,000 (2022: nil) of principal and £10,000 (2022: nil) of interest.

The table below summarises the maturity profile of the group's lease liabilities based on contractual undiscounted payments at 31 March 2023.

	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
<b>Total</b>				
<b>£000</b>				
<b>471</b>	<b>139</b>	<b>139</b>	<b>193</b>	<b>—</b>

The following are the amounts recognised in the Statement of Comprehensive Income:

	31 March 2023 £000	31 March 2022 £000
Depreciation expense on right-of-use assets	131	—
Interest expense on lease liabilities	10	—
	<b>141</b>	<b>—</b>

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Statement of Financial Position at the date of initial application was 5% (2022: £nil).

# **FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2023**

### **15. Acquisition-related liabilities**

Acquisition-related liabilities arise from the acquisitions made by the group during the period (see note 22).

	Remuneration for post- combination services £000
At 1 April 2022	—
Business combinations	—
Arising in the period <sup>1</sup>	2,503
Fair value movements	—
<b>At 31 March 2023</b>	<b>2,503</b>
Current liabilities	46
Non-current liabilities	2,457

<sup>1</sup>The remuneration for post-combination services is made up of £2,485,000 of expense at the grant date fair value, £20,000 of unwinding the discount and a further (£2,000) arising from the assessment carried out to best estimate the amounts the group expects to pay.

### **16. Deferred tax assets and liabilities**

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax legislation) that have been enacted or substantively enacted at the Statement of Financial Position date.

The movement on the deferred tax account is as shown below:

	31 March 2023 £000	31 March 2022 £000
At beginning of period	(654)	(306)
<b>Recognised in Statement of Comprehensive Income</b>		
Tax expense	658	(348)
Foreign exchange	669	—
	1,327	(348)
<b>Arising on business combination</b>		
Intangible asset (see note 22)	(9,165)	—
Other temporary and deductible differences	236	—
	(8,929)	—
<b>At end of period</b>	<b>(8,256)</b>	<b>(654)</b>

The movements in deferred tax assets and liabilities during the period are shown below:

	Asset 2023 £000	Liability 2023 £000	Net 2023 £000	Credited to profit or loss 2023 £000	Credited to equity 2023 £000
Other temporary and deductible differences	899	(354)	545	339	—
Business combinations – intangible asset	—	(8,801)	(8,801)	319	—
Business combinations – other temporary and deductible differences	—	—	—	—	—
	899	(9,155)	(8,256)	658	—
	Asset 2022 £000	Liability 2022 £000	Net 2022 £000	(Charged) to profit or loss 2022 £000	(Charged) credited to equity 2022 £000
Other temporary and deductible differences	—	(1)	(1)	(106)	—
Business combinations – intangible asset	—	(653)	(653)	(123)	—
Business combinations – other temporary and deductible differences	—	—	—	(119)	—
	—	(654)	(654)	(348)	—



# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 17. Employee benefits

#### Defined contribution pension plan

The amounts charged to the Statement of Comprehensive Income in respect of these schemes represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution schemes for the year ended 31 March 2023 was £310,000 (2022: £91,000).

#### Remuneration for post-combinations services

The cost recognised in the Statement of Comprehensive Income for the deferred payments is £2,503,000 (2022: £nil)

### 18. Share capital and other reserves

Group and company	31 March 2023 Number	31 March 2023 £	31 March 2022 Number	31 March 2022 £
<b>Ordinary Shares of no-par value allotted</b>				
At beginning of period	1	1	1	1
Shares issued on acquisition of Infrastructure Capital	3	3	—	—
<b>At end of period</b>	<b>4</b>	<b>4</b>	<b>1</b>	<b>1</b>

#### Share premium

Group and company	31 March 2023 £000	31 March 2022 £000
At beginning of period	—	—
Shares issued on acquisition of Infrastructure Capital	62,777	—
<b>At end of period</b>	<b>62,777</b>	<b>—</b>

On 8 September 2022, the company issued and allotted one ordinary share in the share capital of the company to Foresight Group Holdings Ltd in exchange for a contribution of £30,791,789. This was settled by cash.

On 8 September 2022, the company issued and allotted a further one ordinary share in the share capital of the company to Foresight Group Holdings Limited in exchange for a contribution of £30,791,789. This was settled by shares in Foresight Group Holdings Ltd.

On 12 December 2022, the company issued and allotted a further one ordinary share in the share capital of the company to Foresight Group Holdings Ltd in exchange for a contribution of £1,193,347. This was settled by cash.

The total cash paid for shares issued on acquisition of Infrastructure Capital was £31,985,136.

#### Share-based payment reserve

The share-based payment reserve represents the cumulative cost of the group's share-based remuneration schemes and the cumulative cost of the remuneration for post-combination services arising from acquisitions; (see note 5 for share-based payments note 22 for acquisitions). The cumulative cost is analysed below.

	Share Incentive plan £000	Remuneration for post- combination services £000	Total £000
<b>Cost</b>			
At 1 April 2022	14	—	14
Additions (see note 5)	18	9,514	9,532
<b>At 31 March 2023</b>	<b>32</b>	<b>9,514</b>	<b>9,546</b>

	Share Incentive plan £000	Remuneration for post- combination services £000	Total £000
<b>Cost</b>			
At 1 April 2021	—	—	—
Additions (see note 5)	14	—	14
<b>At 31 March 2022</b>	<b>14</b>	<b>—</b>	<b>14</b>

#### Foreign exchange reserve

The Foreign exchange reserve includes all exchange differences from translating group entities that have a functional currency different from the presentational currency of the group.

#### Retained earnings

Includes all current and prior period retained profits and losses.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 19. Dividends

Dividends on ordinary shares declared and paid during the year:

	31 March 2023 £000	31 March 2022 £000
Final dividend	—	—
Interim dividend	1,390	—
	<b>1,390</b>	

#### Year ended 31 March 2023

- An interim dividend of £1.39 million was paid on 18 August 2022.

#### 20. Commitments and contingencies

There were no capital commitments or contingencies at 31 March 2023 or 31 March 2022 except as disclosed in note 15.

#### 21. Financial instruments – classification and measurement

##### Financial assets

Financial assets comprise cash and cash equivalents and trade receivables and other receivables (at amortised cost), as follows:

	31 March 2023 £000	31 March 2022 £000
Trade and other receivables	10,540	4,918
Cash and cash equivalents	5,242	6,320
	<b>15,782</b>	<b>11,238</b>

##### Financial liabilities

Financial liabilities comprise trade payables, other payables, accruals, loans and borrowings and lease liabilities (at amortised cost) and acquisition-related liabilities as follows:

	31 March 2023 £000	31 March 2022 £000
Trade payables	107	9
Amounts owed to group undertakings	1,223	4,667
Other payables	1,593	2,339
Accruals	2,791	141
Loans and borrowings	3,131	3,690
Lease liabilities	430	—
Acquisition-related liabilities	2,503	—
	<b>11,778</b>	<b>10,846</b>

##### Financial risk management

The group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), liquidity risk and credit risk. Risk management is carried out by the Board of Directors. The group uses financial instruments to provide flexibility regarding its working capital requirements and to enable it to manage specific financial risks to which it is exposed.

##### (a) Market risk

###### (i) Market price risk

Market price risk arises from uncertainty about the future prices of financial instruments held in accordance with the group's investment objectives. It represents the potential loss that the group might suffer through holding market positions in the face of market movements.

As the group does not hold any investments, it does not have any market price risk.

###### (ii) Interest rate risk

Interest rate risk is the risk that the fair value or cash flows related to financial instruments will fluctuate because of changes to market interest rates.

The group had only £3.1 million of external debt, related to the PiP acquisition during the year ended 31 March 2021 (see note 13) with a fixed interest rate. As per note 25, £2.5 million of this debt was repaid post year-end.

###### (iii) Foreign exchange risk

Foreign currency risk is the risk that changes in foreign exchange rates will cause the group to suffer losses. Before the Infrastructure Capital acquisition (see note 22), the group was not exposed to significant foreign exchange transaction risk as the group's activities were primarily within the UK.

In order to mitigate the risk associated with the increase in group cash flows arising in a foreign currency following the acquisition, the ultimate parent company entered into a number of forward foreign currency contracts in September 2022.

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

### 21. Financial instruments – classification and measurement (continued)

#### (b) Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group maintains significant liquid resources in the form of cash or cash deposits in order to meet working capital and regulatory needs. Foresight is predominantly financed through a combination of share capital, undistributed profits and cash.

The contractual maturities (representing undiscounted contractual cash flows) of financial liabilities are contained in the respective note for each category of liability as follows:

*Trade and other payables – see note 12*

*Loans and borrowings – see note 13*

*Lease liabilities – see note 14*

#### (c) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. In order to minimise the risk, the group endeavours only to deal with companies which are demonstrably creditworthy and this, together with the aggregate financial exposure, is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount.

The group does not consider that there is any concentration of risk within either trade or other receivables.

Credit risk on cash and cash equivalents is considered to be very low as the counterparties are all substantial banks with high credit ratings.

#### Capital risk management

The group is predominantly equity funded and this makes up the capital structure of the business. Equity comprises share capital, share premium and retained profits and is equal to the amount shown as “Equity” in the Statement of Financial Position.

The group’s current objectives when maintaining capital are to:

- Safeguard the group’s ability as a going concern so that it can continue to pursue its growth plans
- Maintain adequate financial flexibility to preserve its ability to meet financial obligations, both current and long term
- Maintain regulatory capital
- Provide a reasonable expectation of future returns to Shareholders

The group sets the amount of capital it requires in proportion to risk. The group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the group may issue new shares or sell assets to reduce debt.

PIP Manager Limited is regulated by the FCA and its regulatory capital requirements were all complied with.

#### Fair value hierarchy

The group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
<b>At 31 March 2023</b>				
<b>Financial liabilities</b>				
Acquisition-related liabilities: Remuneration for post-combination services	—	—	2,503	2,503
	—	—	2,503	2,503
<b>At 31 March 2022</b>				
<b>Financial liabilities</b>				
Acquisition-related liabilities: Remuneration for post-combination services	—	—	—	—

#### Transfers

During the period there were no transfers between Levels 1, 2 or 3.

The unobservable inputs may be summarised as follows:

Asset class and valuation	31 March 2023 fair value £000	Significant unobservable inputs	Range estimates	Sensitivity factor	Change in fair value £000
Acquisition-related liabilities: Remuneration for post-combination services	2,503	Forecast (see note 1.23)	1x	See note 1.23	See note 1.23

As required by IFRS 13 para 93 (e), a reconciliation of opening to closing balances for Acquisition-related liabilities: Remuneration for post-combination services is disclosed in note 15.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 22. Business combinations

##### Acquisitions in the year ended 31 March 2023

##### Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital")

On 8 September 2022, the group completed the acquisition of 100% of the issued share capital of Infrastructure Capital. Infrastructure Capital consists of the following companies:

- Infrastructure Capital Holdings Pty Limited (renamed Foresight Capital Holdings Pty Limited on 31 October 2022)
- Infrastructure Capital Group Limited (renamed Foresight Australia Funds Management Limited on 2 November 2022)
- Infrastructure Capital Services Pty Ltd
- Infrastructure Specialist Asset Management Limited
- Infra Asset Management Pty Limited

Infrastructure Capital is expected to deliver a meaningful contribution to the wider Foresight group's growth, increasing AUM by £3 billion. It enables the group to strengthen its presence in the attractive Australian infrastructure and renewables market and to diversify its revenue profile, increasingly positioning the group internationally. Additional value is expected to be unlocked through synergies over time.

Combining Infrastructure Capital's strong market position in Australia with the group's strengths as an international sustainability-led alternative asset manager provides significant growth potential for both organisations. The combined group will be one of the largest renewable generation and infrastructure investors in Australia and will benefit from a stronger business profile and broader investor reach. The acquisition will also enhance Infrastructure Capital's and the group's investment, product development and institutional distribution capabilities and facilitate the introduction of new products in both new sectors and new geographies, providing clients access to a wider suite of products and services.

The acquisition also creates a pathway for the group to address Asian markets which represent a compelling opportunity for real asset investors, especially in the energy infrastructure sector where the combined group is better positioned to successfully raise and deploy capital over time.

##### Consideration transferred

The following table summarises the acquisition date fair value of each class of consideration transferred:

	£000
Initial cash consideration	32,626
Initial share consideration	4,296
<b>Total carrying value</b>	<b>36,922</b>

Initial cash consideration comprises an initial cash payment of £30,792,000 (A\$52,500,000) paid on 8 September 2022 and a further payment of £1,834,000 (A\$3,125,000) paid in December 2022 for working capital.

Initial share consideration comprises 7,937,879 shares in the ultimate parent company issued on 8 September 2022 to service A\$52,500,000 of amounts due to sellers. These shares will be subject to forfeiture if a seller ceases to be employed or contracted by Infrastructure Capital during the next three years, with 100% of a seller's shares being forfeited if this occurs prior to 30 September 2023, 66.66% from 30 September 2023 to 29 September 2024 and 33.33% from 30 September 2024 to 29 September 2025. Forfeiture does not apply to good leavers, of which there were three on completion. Initial share consideration for these good leavers is included in consideration valued at £4,296,000 (1,107,527 shares) with remaining consideration of £26,496,000 (6,830,352 shares (see note 5)) accounted for as amounts owed from the ultimate parent in respect of shares (see note 11). This is because the initial share consideration payable to non-good leavers is treated as remuneration for post-combination services. This remuneration expense is charged to the Statement of Comprehensive Income over the vesting period accounted for as equity-settled share-based payments under IFRS 2. Under IFRS 2, the expense is measured at the fair value of the shares on grant date which was the share price of £4.08 per share converted to AUD at the prevailing exchange rate with a 0% forfeiture rate.

##### Other deferred payments

The sale and purchase agreement and supplementary management incentive deed details other deferred and contingent payments to be made to sellers for the sale of the shares of Infrastructure Capital. However, these payments require the sellers to remain in employment with or contracted to the group for the duration of the respective deferral periods. Hence, they are also being accounted for as remuneration for post-combination services and the expense charged to the Statement of Comprehensive Income over the respective vesting periods. Details of each of these elements are as follows:

	Gross amount			Grant date fair value		Expected
	£000	A\$000	Grant date	£000	A\$000	vesting date
Earn-out consideration	17,595	30,000	8 September 2022	17,595	30,000	30 June 2028
Revenue earn-out consideration	2,933	5,000	8 September 2022	1,181	2,013	30 June 2023-2026
Performance consideration	14,633	25,000	8 September 2022	10,391	17,716	30 June 2027

The consideration above will be paid in either cash and/or shares as explained below. Where consideration is paid in shares, these will be accounted for as equity-settled share-based payments under IFRS 2. Where consideration is paid in cash, these will be accounted for as long-term employee benefits under IAS 19.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 22. Business combinations (continued)

- Earn-out consideration of up to A\$30,000,000 was granted on the date of acquisition and is payable A\$15,000,000 in cash and A\$15,000,000 in shares in the ultimate parent company dependent on the achievement of management fee revenue targets for the 12-month period ending 30 June 2025 and the sellers being employed or contracted by Infrastructure Capital on 30 June 2025. These shares will be subject to forfeiture if a seller ceases to be employed or contracted by Infrastructure Capital during the two years that follow, with 100% of a seller's shares being forfeited if this occurs prior to 30 June 2026 and 50.00% from 30 June 2026 to 30 June 2027. There is a further clawback up to 30 June 2028 if there is a reversal in management fee revenue so that the total vesting period is to this date.
- Revenue earn-out consideration of up to A\$5,000,000 was granted on the date of acquisition and is payable A\$5,000,000 in cash and is based on a revenue share mechanism for incremental asset management revenues over the period from acquisition to 30 June 2026 and the sellers being employed or contracted by Infrastructure Capital during this period.
- Performance consideration of up to A\$25,000,000 was granted on the date of acquisition and is payable A\$12,500,000 in cash and A\$12,500,000 in shares in the ultimate parent company dependent on the achievement of management fee revenue targets for the 12-month period ending 30 June 2026 and the sellers being employed or contracted by Infrastructure Capital on 30 June 2026. These shares will be subject to forfeiture if a seller ceases to be employed or contracted by Infrastructure Capital during the year that follows, with 100% of a seller's shares being forfeited if this occurs prior to 31 December 2026 and 50.00% from 31 December 2026 to 30 June 2027.

The fair value of this consideration has been estimated at the date of acquisition (grant date) using estimated outcomes and the probability of those outcomes. The fair value will be assessed at each reporting period. For further explanation of how fair value is calculated, see note 1.23.

The cost recognised in the Statement of Comprehensive Income for the year ended 31 March 2023 for the above consideration and the initial share consideration is as follows:

	Cash £000	Shares £000	Total £000
Initial share consideration	—	8,741	8,741
Earn-out consideration	1,480	374	1,854
Revenue earn-out consideration	288	—	288
Performance consideration	735	399	1,134
	<b>2,503</b>	<b>9,514</b>	<b>12,017</b>

Consideration payable in shares has been credited to the share-based payment reserve (see note 18) and the consideration payable in cash has been included in acquisition-related liabilities (see note 15).

#### Identifiable assets acquired and liabilities assumed

The fair value of the identifiable net assets acquired at the acquisition date were as follows.

	Carrying amounts £000	Fair value £000	Recognised amounts £000
Property, plant and equipment	73	—	73
Right-of-use assets	560	—	560
Intangible assets – customer contracts	—	30,551	30,551
Deferred tax assets	239	—	239
Trade and other receivables	3,890	—	3,890
Cash and cash equivalents	1,235	—	1,235
Trade and other payables	(2,706)	—	(2,706)
Lease liabilities	(619)	—	(619)
Deferred tax liability	(3)	(9,165)	(9,168)
<b>Total net assets acquired</b>	<b>2,669</b>	<b>21,386</b>	<b>24,055</b>

The fair value of the intangible asset above was derived from cash flow forecasts of the Infrastructure Capital business, being the fees arising from the various management contracts assumed using a 14.8% discount rate based on the weighted average cost of capital ("WACC") derived from a capital asset pricing model ("CAPM"). The intangible asset is being amortised over 20 years.

The fair value of all other net assets acquired were equal to their carrying value.

The acquisition is reflected in the Cash Flow Statement as follows at 31 March 2023:

	£000
Cash paid	(32,626)
Cash acquired on acquisition of subsidiary	1,235
<b>Total per Cash Flow Statement</b>	<b>(31,391)</b>

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 22. Business combinations (continued)

##### Goodwill

The goodwill arising from the acquisition has been recognised as follows:

	£000
Total consideration (see above)	36,922
Fair value of identifiable net assets acquired (see above)	(24,055)
	12,867

Goodwill of £12,867,000 arises as a result of the acquired workforce, expected future growth, as well as operational and revenue synergies arising post-integration. Goodwill arising from the Infrastructure Capital acquisition is not deductible for tax purposes.

##### Revenue and profits of Infrastructure Capital

Amounts that the acquisition contributed to both group revenue and underlying profit in the post-acquisition period are as follows:

	£000
Revenue contribution	10,085
Underlying profit on ordinary activities before taxation	4,808

Had the acquisition occurred at the start of the period, the acquisition would have made the following contributions to both group revenue and underlying profit:

	£000
Revenue contribution	18,441
Underlying profit on ordinary activities before taxation	7,933

#### 23. Related party transactions

The group had related party transactions with Foresight Group Holdings Limited and other entities controlled by Foresight Group Holdings Limited, the ultimate parent company:

##### a) Foresight Group LLP

	31 March 2023 £000	31 March 2022 £000
<i>Statement of comprehensive income</i>		
Service charge receivable to Foresight Fund Managers Limited	5	5
Service charge receivable to Pinecroft Corporate Services Limited	65	68
Service charge receivable to Foresight Company 1 Limited	5	5
Service charge receivable to Foresight Company 2 Limited	5	5
Service charge payable by Foresight Asset Management Limited	100	100
Service charge payable by PiP Manager Limited	336	120
Management fee payable by Foresight NF GP Limited	238	327
Management fee payable by Foresight Regional Investment General Partner LLP	563	616
Management fee payable by Foresight Impact Midlands Engine GP LLP	621	653
Management fee payable by Foresight Group Equity Finance (SGS) GP LLP	750	743
<i>Statement of financial position</i>		
Amounts owed to Foresight Fund Managers Limited	5	516
Amounts owed to Pinecroft Corporate Services Limited	16	14
Amounts owed to Foresight Company 1 Limited	16	11
Amounts owed to Foresight Company 2 Limited	16	11
Amounts owed to Foresight Group (SK) Limited	7	7
Amounts owed to Foresight Infra Holdco Limited	—	718
Amounts owed to Foresight Asset Management Limited	1,565	—
Amounts owed to Foresight Regional Investment II General Partner LLP	4	—
Amounts owed by Foresight Asset Management Limited	—	1,115
Amounts owed by Foresight Group Holdings (UK) Limited	21	538
Amounts owed by PiP Manager Limited	941	1,884

##### b) VCF II LLP

	31 March 2023 £000	31 March 2022 £000
<i>Statement of comprehensive income</i>		
Service charge payable by Foresight Asset Management Limited	350	350
<i>Statement of financial position</i>		
Amounts owed by Foresight Asset Management Limited	261	1,100

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2023

#### 23. Related party transactions (continued)

##### c) Foresight Group Holdings Limited

	31 March 2023 £000	31 March 2022 £000
<i>Statement of financial position</i>		
Amounts owed to Foresight Group Holdings (UK) Limited	1,354	—
Amounts owed by PiP Manager Limited	—	30

##### d) Transactions with key management personnel

The key management personnel are remunerated by other entities in the wider Foresight group.

#### 24. Control

The results of the company and its subsidiaries are also consolidated in the group headed by Foresight Group Holdings Limited. The group financial statements of Foresight Group Holdings Limited are available at C/O Foresight Group LLP, The Shard, 32 London Bridge Street, London, SE1 9SG.

The group's immediate and ultimate parent entity is Foresight Group Holdings Limited, a company registered in Guernsey and listed on the Main Market of The London Stock Exchange.

#### 25. Subsequent events

##### Business combinations

On 20 June 2023, the company acquired Wellspring Finance Company Limited and its subsidiary Wellspring Management Services Limited for £4.8 million funded from existing financial resources. Wellspring Management Services Limited holds the asset management contracts for seven operational PFI projects.

Due to the timing of completion, at the date these consolidated financial statements were authorised for issue, it was impracticable to disclose all the information required by IFRS 3 Business Combinations as the group has not completed its initial accounting of the business combination including the purchase price allocation. More specifically, the valuation of asset management contracts acquired has not yet been finalised.

The acquisition is expected to contribute £0.9 million and £0.7 million to group revenue and profit respectively in the post-acquisition period to 31 March 2024. Annualised contribution to group revenue and profit is expected to be £1.2 million and £0.9 million, respectively.

##### Repayment of loans

As per note 13, in respect of the loans that arose from the acquisition of PiP Manager Limited, the group agreed early repayment of the loans with four out of five lenders. Repayment of £2,520,000 was made in May 2023.

##### Interim dividend

On 13 October, Foresight Asset Management Limited paid an interim dividend of £1.3 million to the company and company consequently paid an interim dividend of £1.3 million to its parent company, Foresight Group Holdings Limited.