

Registration No. 10452886 (England and Wales)

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2021

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FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

COMPANY INFORMATION

Directors

G Fraser
D M Hughes

Register number

10452886

Registered office and business address

C/O Foresight Group LLP
The Shard
32 London Bridge Street
London
SE1 9SG

Auditors

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 2021

The directors present their report and financial statements for the year ended 31 March 2021.

The Company

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

Subsidiary undertakings

The Company operates via its various subsidiary undertakings, which are domiciled in the United Kingdom. A list can be found in note 8, which notes the domicile of each undertaking at the date of this report.

Principal activities and review of the business

The principal activity of the company in the period under review was that of financial services holding companies. The principal activity of the group providing fund and asset management services in the United Kingdom.

The group turnover and profit for the financial year was £4,469,211 (2020: £2,166,861) and £231,333 (2020: loss of £76,398) respectively.

Dividends

No dividends will be distributed for the year ended 31 March 2021.

Parent company admission to London Stock Exchange and group reorganisation

The ultimate parent entity of the Company is Foresight Group Holdings Limited ("FGHL"), a company registered in Guernsey. On 9 February 2021, FGHL was admitted to the London Stock Exchange. In order to implement a corporate structure that was appropriate upon admission, a corporate reorganisation was undertaken.

On 8 February 2021, the Company purchased certain UK fellow group companies from another group undertaking, Foresight Group LLP at market value.

Going concern

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

The Directors of the Company have considered the resilience of the Company and its subsidiaries, taking into account its current financial position and the principal and emerging risks facing the business, including the impact of COVID 19 on global markets and potential implications for the Group and the Company's financial performance. The board reviewed the Group and the Company's cash flow forecasts and trading budgets for a period of at least 12 months from the date of approval of these accounts, and concluded that, taking into account plausible downsides 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 COVID 19 on 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 and the Company's trading performance. Any mitigating actions available to protect working capital and strengthen the balance sheet, 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

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

Directors

The following directors have held office since 1 April 2020:

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 including FRS 101 Reduced Disclosure Framework 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 Group and the Company and of the profit or loss of the Group and 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 judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 limited liability partnership 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.

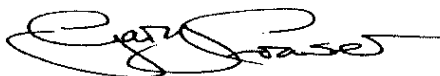
Statement as to disclosure of information to auditors

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.

Independent Auditor

BDO LLP has indicated its willingness to continue in office and a resolution for their re-appointment as auditor of the Group and the Company is to be proposed at the forthcoming Board Meeting.

On behalf of the board:



G Fraser
Director

17 December 2021

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT TO THE DIRECTORS OF FORESIGHT GROUP HOLDINGS (UK) LIMITED

Opinion on the financial statements

In our opinion, the financial statements of Foresight Group Holdings (UK) Limited (the "Group"):

- give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2021 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards ("IFRS"); and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Group and parent company for the year ended 31 March 2021 which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows 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 and UK-adopted International Accounting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

Basis of 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. We are independent of the Group and parent company in accordance with the ethical requirements that are relevant to our audit of 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 and parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report, 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.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE DIRECTORS OF FORESIGHT GROUP HOLDINGS (UK) LIMITED

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

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

- proper accounting records have not been kept by the company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing a Strategic report or providing disclosures required had the Company not qualified as a small company as defined by the Companies Act 2006.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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:

- We obtained an understanding of the legal and regulatory framework applicable to the Group and parent company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (International accounting standards in conformity with the requirements of the Companies Act 2006 as well as those resulting from certain subsidiaries being authorised by the Financial Conduct Authority to undertake regulated activities.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE DIRECTORS OF FORESIGHT GROUP HOLDINGS (UK) LIMITED

- We enquired of management to identify how the Group and parent company is complying with those legal and regulatory frameworks and whether there were any known instances of non-compliance, or any actual, suspected or alleged fraud. We corroborated our enquiries through review of relevant regulatory compliance information and correspondence.
- We assessed the risk of susceptibility of the Group and parent company's financial statements to material misstatement, including how fraud might occur and determined the principal risks related to revenue recognition and management bias in accounting estimates.
- We considered the Group and parent company's control environment that has been established to prevent, detect, and deter fraud in particular in relation to revenue recognition. Furthermore, we performed specific procedures over revenue recognition.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments in the general ledger and evaluated the business rationale of any significant transactions that were unusual or outside the normal course of business.
- We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and discussed and how and where these might occur 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 directors, 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 directors 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 directors as a body, for our audit work, for this report, or for the opinions we have formed.

Peter Smith (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, UK
17 December 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME **FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £	2020 £
Turnover	2	4,469,211	2,166,861
Cost of sales		-	-
Gross profit		4,469,211	2,166,861
Administrative expenses		(4,237,910)	(2,243,259)
Operating profit/(loss)	3	231,301	(76,398)
Interest payable and similar expenses	5	(82,973)	-
Profit/(loss) before taxation		148,328	(76,398)
Tax on profit	6	83,005	-
Profit/(loss) for the year		231,333	(76,398)
Other comprehensive income		-	-
Total comprehensive income/(loss) for the year		<u>231,333</u>	<u>(76,398)</u>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 £	2020 £	2019 £
Fixed assets				
Intangible assets	7	2,789,444	-	-
Deferred tax assets	13	224,930	-	-
		3,014,374	-	-
Current assets				
Trade and other receivables	9	4,666,887	120,251	1
Cash and cash equivalents		3,359,673	609,333	-
		8,026,560	729,584	1
Current liabilities				
Trade and other payables	10	(5,734,817)	(805,981)	-
Loans and borrowings	11	(688,481)	-	-
		(6,423,298)	(805,981)	-
Net current assets		1,603,262	(76,397)	1
Non-current liabilities				
Loans and borrowings	11	(3,635,628)	-	-
Accruals	12	(297,078)	-	-
Deferred tax liability	13	(529,994)	-	-
Net assets		154,936	(76,397)	1
Equity				
Share capital	14	1	1	1
Retained earnings		154,935	(76,398)	-
Shareholders' funds		154,936	(76,397)	1

The financial statements were approved by the members and authorised for issue on 17 December 2021 and are signed on their behalf by:



G Fraser
Director
Company Registration No. 10452886

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Note	2021 £	2020 £	2019 £
Fixed assets				
Investments	8	548,564	10,000	10,000
Current assets				
Trade and other receivables	9	1	1	1
Cash at bank and in hand		-	-	-
		1	1	1
Current liabilities				
Trade and other payables	10	(548,564)	(10,000)	(10,000)
Net current (liabilities)/assets		(548,563)	(9,999)	(9,999)
Net assets		1	(9,999)	(9,999)
Equity				
Called up share capital	14	1	1	1
Retained earnings		-	-	-
Shareholders' funds		1	1	1

The financial statements were approved by the members and authorised for issue on 17 December 2021 and are signed on their behalf by:



G Fraser
Director
Company Registration No. 10452886

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

	Note	Share capital £	Retained earnings £	Total £
Balance at 31 March 2019		<u>1</u>	<u>-</u>	<u>1</u>
Total comprehensive income for the year		<u>-</u>	<u>(76,398)</u>	<u>(76,398)</u>
Balance at 31 March 2020		<u>1</u>	<u>(76,398)</u>	<u>(76,397)</u>
Total comprehensive income for the year		<u>-</u>	<u>231,333</u>	<u>231,333</u>
Balance at 31 March 2021		<u>1</u>	<u>154,935</u>	<u>154,936</u>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

	Note	Share capital £	Retained earnings £	Total £
Balance at 31 March 2019		<u>1</u>	<u>-</u>	<u>1</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2020		<u>1</u>	<u>-</u>	<u>1</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>-</u>
Balance at 31 March 2021		<u>1</u>	<u>-</u>	<u>1</u>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) before taxation		<u>148,328</u>	<u>(76,398)</u>
<i>Adjustments for:</i>			
Finance cost		82,973	-
Depreciation and amortisation charge		89,982	-
Gain on bargain purchase	15	(174,354)	-
Decrease/(increase) in receivables		(4,169,551)	(120,250)
(Decrease)/increase in payables		<u>4,424,915</u>	<u>805,981</u>
Cash generated from operations		402,293	609,333
Interest paid	5	(431)	-
Tax paid		<u>-</u>	<u>-</u>
Net cash generated from operating activities		401,862	609,333
Cash flows from investing activities			
Cash acquired on acquisition of subsidiary	15	<u>2,348,478</u>	<u>-</u>
Net cash from investing activities		2,348,478	-
Net increase/(decrease) in cash and cash equivalents		<u>2,750,340</u>	<u>609,333</u>
Cash and cash equivalents at 1 April 2020		609,333	-
Cash and cash equivalents at 31 March 2021		<u>3,359,673</u>	<u>609,333</u>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

COMPANY STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
Cash flows from operating activities			
Profit/(loss) before taxation		-	-
		<hr/>	<hr/>
Net increase/(decrease) in cash and cash equivalents		-	-
		<hr/>	<hr/>
Cash and cash equivalents at 1 April 2020		-	-
Cash and cash equivalents at 31 March 2021		-	-
		<hr/>	<hr/>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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 ("the Group"), which are domiciled in the United Kingdom. The consolidated financial statements (the "Group accounts") comprise the financial statements of the Company and its subsidiaries.

1.2 Basis of preparation

The accounts have been prepared for the first time in accordance with UK-adopted International Accounting Standards ("IFRS") in conformity with the requirements of the Companies Act 2006.

The date of transition to UK-adopted IFRS was 1 April 2019. The basis of preparation of the accounts, which are the first consolidated financial statements of the Group, is consistent with the principles of IFRS 1 First-time Adoption of International Financial Reporting Standards.

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 2021. No other standards or interpretations have been issued that are expected to have a material impact on the Group's financial statements.

No reconciliation under IFRS 1.24 has been prepared as no previous consolidated financial statements have been prepared or reported. The comparatives in these financial statements are therefore not audited (IFRS 1.28).

The consolidated financial statements have been prepared on a historical cost basis, except for investments that have been measured at fair value. The financial information is presented in sterling, which is the Group's functional currency. All information is given to the nearest pound (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 New standards, interpretations and amendments adopted from 1 April 2020

New standards impacting the Group that have been adopted in the annual financial statements for the year ended 31 March 2021 are:

- Definition of a Business (Amendments to IFRS 3)
Amendments to IFRS 3 were mandatorily effective for reporting periods beginning on or after 1 January 2020. The Group has applied the revised definition of a business for acquisitions occurring on or after 1 January 2020 in determining whether an acquisition is accounted for in accordance with IFRS 3 Business Combinations. See note 15 for disclosures relating to the Group's business combination occurring during the year ended 31 March 2021.

New standards that have been adopted in the annual financial statements for the year ended 31 March 2021, but have not had a significant effect on the Group:

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Disclosure Initiative – Definition of Material)
- Revisions to the Conceptual Framework for Financial Reporting

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

1.4 New standards, interpretations and amendments not yet effective

None of the new IFRS standards, interpretations and amendments that have been issued but is not yet

1.5 Going concern

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

The Directors of the Company have considered the resilience of the Company and its subsidiaries, taking into account its current financial position and the principal and emerging risks facing the business, including the impact of COVID 19 on global markets and potential implications for the Group and the Company's financial performance. The board reviewed the Group and the Company's cash flow forecasts and trading budgets for a period of at least 12 months from the date of approval of these accounts, and concluded that, taking into account plausible downsides 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 COVID 19 on 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 and the Company's trading performance. Any mitigating actions available to protect working capital and strengthen the balance sheet, 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.

1.6 Turnover

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 (settlement terms are normally 30 days payment or less). 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 and service charge receivable. Management fees are generally based on a percentage of fund Net Asset Value ("NAV") as defined in the funds' prospectus and/or offering documents or 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.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

1.7 Taxation

The tax expense for the period comprises current and deferred tax.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

1.8 Investments

Valuation

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

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. 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, plus any costs directly attributable to the business combination. 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.

1.9 Intangible assets

Intangible assets comprise customer contracts (acquired) which are stated at cost less amortisation and any recognised impairment loss. It arose from the acquisition of PiP Manager Limited and 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.

Amortisation is provided, where material, on the intangible assets at rates calculated to write off the cost or valuation, less estimated residual value, using a straight-line method over its estimated useful life of 20 years.

The carrying value of customer contracts (acquired) is 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.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

1.10 Financial instruments

a) Trade and other debtors/ trade and other creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors 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, less any impairment losses in the case of trade debtors. For trade debtors 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"). Trade debtors are recorded less any impairment losses. 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 debtor's current financial position, adjusted for factors that are specific to the debtor, 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 debtors and balances within other debtors 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 income statement. In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any credit losses and has not recognised any ECLs in the current year (2020: £nil).

b) Cash at bank and in hand

Cash at bank and in hand comprise cash on hand and on-demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and are recorded at amortised cost.

1.11 Employee benefits

Payments to defined contribution retirement schemes are charged as an expense as they fall due.

1.12 Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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:

Recognition and measurement of intangible assets

In determining the fair value of the assets and liabilities acquired on acquisitions, the directors have to make key judgements as to the appropriate discount rate to apply to discounted cash flows in determining the carrying value of relevant intangible assets.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies (continued)

Key judgements

Impairment of intangible assets

In determining whether there are indicators of impairment of the Group's intangible assets, the directors take into consideration various factors including the economic viability and expected future financial performance of the asset and, when it relates to the intangible assets arising on a business combination, the expected future performance of the business acquired. Impairments made, and the basis of those judgements, are discussed in note 7.

2 Turnover

Group	2021 £	2020 £
Management fees	4,450,470	2,166,861
Service charge receivable	15,765	-
Recurring fees	4,466,235	2,166,861
Other income	2,976	-
	4,469,211	2,166,861
 Group	 2021 £	 2020 £
Timing of transfer of goods and services:		
Point in time	4,466,235	2,166,861
Over time	2,976	-
	4,469,211	2,166,861

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 an management or advisory agreement for management fees and service fee agreements for service charges.

3 Operating profit

Group	2021 £	2020 £
Operating profit is stated after charging:		
(Gain)/loss on foreign exchange transactions	(6,380)	(432)
Amortisation of intangible assets	89,982	125,293
Profit on acquisition of PiP Manager Limited and subsidiaries	178,751	-
Profit on acquisition of Foresight subsidiaries	23,152	-
Auditor's remuneration – audit services for company borne by Foresight Group Holdings Limited	15,000	-
Auditor's remuneration – audit services for subsidiaries	-	12,000

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

4 Employees

Group	2021 Number	2020 Number
The average number of employees (excluding directors)	37	29
Their aggregate remuneration comprised:		
	2021 £	2020 £
Wages and salaries	2,603,269	1,532,735
Social security costs	251,856	174,440
Pension costs	84,426	43,320
	2,939,551	1,750,495

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

5 Interest receivable and similar income

Group	2021 £	2020 £
Loan interest (see note 11)	82,542	-
Other Interest	441	-
	82,983	-

6 Taxation

Group	2021 £	2020 £
Current tax	-	-
Deferred tax (income)	(83,005)	-
Total tax income in statement of comprehensive income	(83,005)	-

Factors affecting the tax expenses

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The difference is explained below:

Profit/(loss) before taxation	148,328	(76,398)
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	28,181	(14,516)
Effects of:		
Expenses not deductible for tax purposes	35,299	-
Income not taxable for tax purposes	(38,743)	-
Profit share allocation from partnership funds	(90,061)	-
Group relief surrendered	(661)	14,516
Unrecognised deferred tax	(17,020)	-
Total tax (credit)/charge	(83,005)	-

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

7 Intangible assets

Group	Customer Contracts
	£
Cost	
At 1 April 2020	-
Business combinations	<u>2,879,426</u>
At 31 March 2021	<u>2,879,426</u>
Amortisation and impairment	
At 1 April 2020	-
Charge for the year	<u>89,982</u>
At 31 March 2021	<u>89,982</u>
Balance	
At 31 March 2021	<u><u>2,789,444</u></u>
At 31 March 2020	<u><u>-</u></u>

The intangible assets relates to investment management contracts acquired as part of the PiP transaction discussed further below in note 15. 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 discounted profitability model, with reference to the projected profitability of the fund over 20 years based on internal forecasts and a weighted average cost of capital (WACC) of 13.75% using various inputs to reflect the operations which are principally based in the UK. A 1% increase in the WACC would result in a decrease in the intangible asset recognised by £123,382; likewise a 1% decrease would result in an increase of £133,439. The PiP intangible asset is amortised over 20 years. An impairment review was undertaken by reference to the AUM of the funds to which the investment management contracts relate. There were no indicators of impairment of the asset at the reporting date.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Investments

Company	Investments in subsidiaries £
a) Cost or valuation	
At 1 April 2019 and 2020	10,000
Additions	538,564
At 31 March 2021	548,564

b) Subsidiary undertakings

The Company holds more than 20% of the share capital, in either 2021 or 2020, of the following undertakings:

	Country of registration or incorporation	Class	Shares held	
			2021 %	2020 %
Wholly owned by the Company				
Foresight Asset Management Limited	England & Wales	Ordinary	100	100
Foresight Infra Holdco Limited	England & Wales	Ordinary	100	0
*Pinecroft Corporate Services Limited	England & Wales	Ordinary	100	0
*Foresight Fund Managers Limited	England & Wales	Ordinary	100	0
*Foresight Group (SK) Limited	England & Wales	Ordinary	100	0
*Foresight Environmental GP Co. Limited	Scotland	Ordinary	100	0
*Foresight Environmental FP GP Co. Limited	Scotland	Ordinary	100	0
*Foresight NF GP Limited	England & Wales	Ordinary	100	0
*Foresight NF FP GP Limited	England & Wales	Ordinary	100	0
*Foresight Company 1 Limited	England & Wales	Ordinary	100	0
*Foresight Company 2 Limited	England & Wales	Ordinary	100	0

On 6 May 2020, the Company incorporated a new subsidiary undertaking, Foresight Infra Holdco Limited. On incorporation, the Company held 1 £1 ordinary share in Foresight Infra Holdco Limited.

Jointly owned by Foresight Company 1 Limited and Foresight Company 2 Limited

* Foresight Regional Investment General Partner LLP	Scotland	Voting	100	0
* Foresight Impact Midlands Engine GP LLP	Scotland	Voting	100	0
* NI Opportunities GP LLP	Scotland	Voting	100	0
* Foresight Group Equity Finance (SGS) GP LLP	Scotland	Voting	100	0
* Foresight Regional Investment II General Partner LLP	Scotland	Voting	100	0
* Foresight Legolas Founder Partner GP LLP	Scotland	Voting	100	0
Foresight Regional Investment III General Partner LLP	Scotland	Voting	100	0

* On 8 February 2021, the Company acquired 100% interest in these entities from a group undertaking Foresight Group LLP with the valuation of £538,563 (see note 15b).

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

8 Investments (continued)

b) Subsidiary undertakings (continued)

Wholly owned by Foresight Infra Holdco Limited

PIP Manager Limited	England & Wales	Ordinary	100	0
PIP Multi-Strategy Infrastructure Limited	England & Wales	Ordinary	100	0
PIP Multi-Strategy Infrastructure (Scotland) Limited	Scotland	Ordinary	100	0
PIP RP-MA GP LLP	England & Wales	Voting	100	0
PIP Multi-Strategy Infrastructure GP LLP	England & Wales	Voting	100	0
PIP WM-MA GP LLP	England & Wales	Voting	100	0

On 18 August 2020, Foresight Infra Holdco Limited acquired 100% interest in these entities (see note 15a)

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, NI Opportunities GP LLP, Foresight Group Equity Finance (SGS) GP LLP, Foresight Regional Investment II General Partner LLP, Foresight Legolas Founder Partner GP LLP and Foresight Regional Investment III General Partner LLP.

- Subsidiaries with the registered office 50 Lothian Road, Festival Square, Edinburgh, EH3 9WJ are PIP Multi-Strategy Infrastructure (Scotland) Limited and Foresight Impact Midlands Engine GP LLP.

- Subsidiary with the registered office Windsor House, Bayshill Road, Cheltenham, United Kingdom, GL50 3AT is PIP Multi-Strategy Infrastructure GP LLP.

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 Group (SK) Limited	11245917
Foresight Company 1 Limited	09404082
Foresight Company 2 Limited	09404106
Foresight Infra Holdco Limited	12587935
Foresight Asset Management Limited	11851984
Foresight Environmental GP Co. Limited	SC393459
Foresight NF GP Limited	08571108
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 GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2021**

8 Investments (continued)

d) S479a exemption (continued)

	Registered Number
Foresight Regional Investment II General Partner LLP	SO306747
PiP Multi-Strategy Infrastructure Limited	09423344
PiP Multi-Strategy Infrastructure (Scotland) Limited	SC501212
PiP RP-MA GP LLP	OC414444
PiP Multi-Strategy Infrastructure GP LLP	OC399043
PiP WM-MA GP LLP	OC417611

9 Trade and other receivables

	2021 £	2020 £	2019 £
Group			
Trade debtors	606,462	3,250	-
Amounts owed by group undertakings	1,409,472	40,001	1
Other debtors	2,623,677	77,000	-
Prepayments	27,276	-	-
	<u>4,666,887</u>	<u>120,251</u>	<u>1</u>
Company			
Other debtors	<u>1</u>	<u>1</u>	<u>1</u>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2021**

10 Trade and other payables

	2021	2020	2019
Group	£	£	£
Trade creditors	23,322	202	-
Amounts owed to group undertakings	2,660,754	484,848	-
VAT and PAYE	24,473	35,044	-
LTIP accruals (see note 12)	136,500	-	-
Other creditors	2,311,921	-	-
Accruals	577,847	285,887	-
	<u>5,734,817</u>	<u>805,981</u>	<u>-</u>
	2021	2020	2019
Company	£	£	£
Amounts owed to group undertakings	548,564	10,000	-
	<u>548,564</u>	<u>10,000</u>	<u>-</u>

11 Other interest-bearing loans and borrowings

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	2021	2020	2019
	£	£	£
Current liabilities			
Loans	688,481	-	-
Non-current liabilities			
Loans	3,635,628	-	-
	<u>4,324,109</u>	<u>-</u>	<u>-</u>

Terms and debt repayment schedule

				31 March 2021
	Currency	Nominal interest	Year of maturity	Carrying amount £
Unsecured loan	GBP	2%	2027	4,324,109

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

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

	£
At 1 April 2020	-
At acquisition	4,241,566
Interest	82,542
At 31 March 2021	<u>4,324,108</u>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

12 Creditors due after more than one year

	2021 £	2020 £	2019 £
LTIP accrual	<u>(297,078)</u>	<u>-</u>	<u>-</u>

The LTIP accrual was acquired as part of the PiP acquisition (see note 15).

PiP operates a cash LTIP scheme that is subject to specific performance criteria that are assessed over a two-year period and a subsequent vesting period of three years before the cash is paid out in stages. The award made in 2017 is now fully vested and accruals for the amounts due within the year of £136,500 and amounts due after one year of £297,078 have been recognised. The Group agreed to take on this liability as part of the acquisition agreement and considers its fair value is materially in line with book value.

13 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 19%.

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

	2021 £	2020 £	2019 £
At 1 April	-	-	-
Recognised in profit and loss			
Tax income	<u>83,005</u>	<u>-</u>	<u>-</u>
Arising on business combination			
Intangible asset	(547,091)	-	-
Other temporary and deductible differences	<u>159,022</u>	<u>-</u>	<u>-</u>
At 31 March	<u>(305,064)</u>	<u>-</u>	<u>-</u>

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where the Directors believe it is probable that these assets will be recovered.

A provision has been made for the deferred tax liability associated with the recognition of an intangible asset as part of the acquisition of PiP Manager Limited at 19% of its fair value. Subsequent movement in line with amortisation of the intangible asset has been recognised in the income statement and at 31 March 2021 the deferred tax liability was £547,091. The fair value of the deferred tax asset recognised for tax losses was determined to be £159,022 on acquisition, an increase of £109,127 compared to its carrying value.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) **FOR THE YEAR ENDED 31 MARCH 2021**

13 Deferred tax (continued)

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

	Asset	Liability	Net	(Charged)/ credited to profit or loss 2021	(Charged)/ credited to equity 2021
	2021 £	2021 £	2021 £	2021 £	2021 £
Other temporary and deductible differences	105,834	-	105,834	105,834	-
Business combination - intangible asset	-	(529,994)	(529,994)	17,097	-
Business combination - other temporary and deductible differences	119,096	-	119,096	(39,926)	-
	<u>224,930</u>	<u>(529,994)</u>	<u>(305,064)</u>	<u>83,005</u>	<u>-</u>

14 Share capital

Group and Company

Allotted, issued and fully paid:

Number	Class	Nominal value	2021 £	2020 £	2019 £
1	Ordinary	£1	<u>1</u>	<u>1</u>	<u>1</u>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Business combinations

a) Acquisition of PiP Manager Limited and subsidiaries

The acquisition in the year ended 31 March 2021 was carried out by Foresight Infra Holdco Limited. Details of the acquisition are as follows:

Business	Country of incorporation	Nature of activity	Date of acquisition	Consideration £	Percentage ownership
PiP Manager Limited	UK	Asset management services to pension funds	18-Aug-20	5,339,481	100%

The entity was acquired via direct investment in the share capital of the target. The following subsidiaries of PiP Manager Ltd were also acquired:

- PiP Multi-Strategy Infrastructure Limited
- PiP Multi-Strategy Infrastructure (Scotland) Limited
- PiP RP-MA GP LLP
- PiP Multi-Strategy Infrastructure GP LLP
- PiP WM-MA GP LLP

The carrying amount of assets and liabilities in the books of the acquiree at the date of acquisition was as follows:

	£
Trade and other receivables	377,085
Cash and cash equivalents	3,446,393
Trade and other payables	(362,000)
Non-current payables	(439,000)
Deferred taxation asset	49,895
Total carrying value	<u>3,072,373</u>

Purchase consideration was £1,097,915 of cash and £4,241,566 of loans due to the vendors taken on by the Group at acquisition (further details of these loans are included in note 11 above). Transaction costs of £184,267 (which have been expensed) comprise adviser fees, including financial, tax and legal due diligence costs. Consideration is broken down as follows:

	£
Cash paid	1,097,915
Founder loans taken on	<u>4,241,566</u>
Total consideration	<u>5,339,481</u>

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Business combinations (continued)

The fair values of the assets and liabilities arising from the acquisition are as follows:

Intangible asset	2,879,426
Trade and other receivables	377,085
Cash and cash equivalents	3,446,393
Trade and other payables	(362,000)
Non-current payables	(439,000)
Deferred taxation asset	159,022
Deferred taxation liability – intangible asset	<u>(547,091)</u>
Net assets acquired	5,513,835
Consideration	<u>5,339,481</u>
Gain on bargain purchase	(174,354)
Transaction costs	184,267

The fair value of the intangible asset above was derived from cash flow forecasts for the PiP standalone business, over a 20-year period using a 13.75% discount rate based on the weighted average cost of capital ("WACC") derived from a capital asset pricing model ("CAPM"). The intangible is being amortised over a useful life of 20 years.

The acquisition of PiP resulted in a gain on bargain purchase as a result of the assessment of fair value of assets acquired and liabilities assumed marginally exceeding the total of the fair value of the purchase consideration. The Group has credited the gain on bargain purchase to the Consolidated Statement of Comprehensive Income during the year ended 31 March 2021, within administrative expenses.

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

	£
Revenue contribution	1,431,692
Profit before tax contribution	212,403

The subsidiaries of PiP Manager Limited give rise to a further £4,397 gain on bargain purchase.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Business combinations (continued)

b) Acquisition of UK subsidiaries from Foresight Group LLP

On 8 February 2021, the company acquired the following subsidiaries from Foresight Group LLP as part of a corporate reorganisation that was undertaken upon the admission of Foresight Group Holdings Limited to the London Stock Exchange. All subsidiaries are incorporated in the UK.

Business	Nature of activity	Consideration £	Percentage ownership
Foresight Fund Managers Limited	Nominee services	532,076	100%
Pinecroft Corporate Services Limited	Corporate director	1	100%
Foresight Group (SK) Limited	Korean Liaison	1	100%
Foresight Company 1 Limited	Corporate partner	3,226	100%
Foresight Company 2 Limited	Corporate partner	3,226	100%
Foresight Environmental GP Co. Limited	General partner	1	100%
Foresight Environmental FP GP Co. Limited	General partner	11	100%
Foresight NF GP Limited	General partner	10	100%
Foresight NF FP GP Limited	General partner	11	100%

The carrying and fair value of assets and liabilities in the accounts of the acquired subsidiaries at the date of acquisition was as follows:

	£
Foresight Fund Managers Limited	
Trade and other receivables	510,739
Cash and cash equivalents	24,154
Trade and other payables	(1,151)
Net assets acquired	533,742
Consideration	532,076
Gain on bargain purchase	(1,666)
	£
Pinecroft Corporate Services Limited	
Trade and other receivables	9,165
Net assets acquired	9,165
Consideration	1
Gain on bargain purchase	(9,164)

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Business combinations (continued)

	£
Foresight Group (SK) Limited	
Trade and other receivables	8,753
Cash and cash equivalents	<u>236</u>
Net assets acquired	<u>8,989</u>
Consideration	1
Gain on bargain purchase	(8,988)
	£
Foresight Company 1 Limited	
Trade and other receivables	5,487
Trade and other payables	<u>(594)</u>
Net assets acquired	<u>4,893</u>
Consideration	<u>3,226</u>
Gain on bargain purchase	(1,667)
	£
Foresight Company 2 Limited	
Trade and other receivables	4,899
Trade and other payables	<u>(6)</u>
Net assets acquired	<u>4,893</u>
Consideration	3,226
Gain on bargain purchase	(1,667)
	£
Foresight Environmental GP Co. Limited	
Trade and other receivables	<u>1</u>
Net assets acquired	<u>1</u>
Consideration	-
Gain on bargain purchase	(1)

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

15 Business combinations (continued)

	£
Foresight Environmental FP GP Co. Limited	
Trade and other receivables	11
Net assets acquired	11
Consideration	11
Gain on bargain purchase	-
	£
Foresight NF GP Limited	
Trade and other receivables	10
Net assets acquired	10
Consideration	10
Gain on bargain purchase	-
	£
Foresight NF FP GP Limited	
Trade and other receivables	11
Net assets acquired	11
Consideration	11

Amounts that the acquired entities contributed to both Group revenue and profit in the post-acquisition period are as follows:

	£
Revenue contribution	375,913
Profit before tax contribution	3,756

If both business combination as per note 15 (a) and note 15 (b) had occurred on 1 April 20, group revenue would have been £7,479,141 and group operating profit would have been £534,334.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 Financial instruments – classification and measurement

Group

Financial assets

Financial assets comprise cash at bank and in hand and debtors (at amortised cost) as follows:

	2021 £	2020 £	2019 £
Trade and other receivables	4,639,611	120,251	1
Cash and cash equivalents	3,359,673	609,333	-
	<u>7,999,284</u>	<u>729,584</u>	<u>1</u>

Financial liabilities

Financial liabilities measured at amortised cost comprise trade and other payables and loans and borrowings as follows:

	2021 £	2020 £	2019 £
Trade and other payables	5,734,817	805,981	-
Loans and borrowings	4,324,109	-	-
	<u>10,058,926</u>	<u>805,981</u>	<u>-</u>

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

The Group has only £4.3 million of external debt, related to the PiP acquisition during the year ended 31 March 2021 (see note 11) with a fixed interest rate and therefore interest rate risk is considered to be very low.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

16 Financial instruments – classification and measurement (continued)

(iii) Foreign exchange risk

The Group is not exposed to significant foreign exchange translation or transaction risk as the Group's activities are primarily within the UK. Foreign exchange risk is therefore considered immaterial.

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 ensures that it has sufficient cash or working capital facilities to meet the cash requirements of the Group in order to mitigate this risk. Foresight is financed through a combination of share capital, undistributed profits and cash.

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. There are no impairments to trade or other receivables in each of the years presented.

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 equity funded and this makes up the capital structure of the business. Equity comprises share capital and retained profits and is equal to the amount shown as "Equity" in the balance sheet.

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
- 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.

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 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

	2021 £	2020 £
<i>Statement of comprehensive income</i>		
Service charge receivable to Foresight Fund Managers Limited	833	-
Service charge receivable to Pinecroft Corporate Services Limited	10,833	-
Service charge receivable to Foresight Group (SK) Limited	2,433	-
Service charge receivable to Foresight Company 1 Limited	833	-
Service charge receivable to Foresight Company 2 Limited	833	-
Service charge payable by Foresight Asset Management Limited	40,000	100,000
Service charge payable by PiP Manager Limited	40,758	-
Management fee payable by Foresight NF GP Limited	56,397	-
Management fee payable by Foresight Regional Investment General Partner LLP	55,431	-
Management fee payable by Foresight Impact Midlands Engine GP LLP	100,309	-
Management fee payable by Foresight Group Equity Finance (SGS) GP LLP	200,753	-
<i>Statement of financial position</i>		
Amounts owed to Foresight Fund Managers Limited	511,572	-
Amounts owed to Pinecroft Corporate Services Limited	10,426	-
Amounts owed to Foresight Environmental GP Co. Limited	1	-
Amounts owed to Foresight NF GP Limited	10	-
Amounts owed to Foresight Company 1 Limited	5,725	-
Amounts owed to Foresight Company 2 Limited	5,725	-
Amounts owed to Foresight Group (SK) Limited	8,172	-
Amounts owed to Foresight Infra Holdco Limited	717,818	-
Amounts owed to Foresight Environmental FP GP Co. Limited	11	-
Amounts owed to Foresight NF FP GP Limited	11	-
Amounts owed by Foresight Asset Management Limited	394,915	-
Amounts owed by Foresight Group Holdings (UK) Limited	538,563	-
Amounts owed by PiP Manager Limited	947,661	-

b) Foresight Group Promoter LLP

<i>Statement of financial position</i>		
Amounts owed to Foresight Asset Management Limited	150,000	-

c) Venture Capital Funding Partners and VCF II LLP

	2021 £	2020 £
<i>Statement of comprehensive income</i>		
Service charge payable by Foresight Asset Management Limited	500,000	250,000
<i>Statement of financial position</i>		
Amounts owed by Foresight Asset Management Limited	750,000	250,000

FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

17 Related party transactions (continued)

d) Foresight Group Holdings Limited	2021 £	2020 £
<i>Statement of financial position</i>		
Amounts owed by PiP Manager Limited	29,615	-

e) Key management personnel

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

18 Events after the reporting date

There are no matters to report.

19 Control

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.

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.