

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 2022**



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

### **COMPANY INFORMATION**

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<b>Directors</b>	G Fraser D M Hughes
<b>Register 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

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# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

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# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2022

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*The directors present their report and financial statements for the year ended 31 March 2022.*

### **The company**

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

### **Subsidiary undertakings**

The company operates via its various subsidiary undertakings ("the group"), 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 group turnover and profit for the financial year was £8,187,306 (2021: £4,469,211) and £1,584,571 (2021: £231,333) respectively.

### **Dividends**

No dividends will be distributed for the year ended 31 March 2022.

### **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 group and the company, taking into account its current financial position and the principal and emerging risks facing the business, including the impact of COVID 19, inflation and Russia's invasion of Ukraine 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 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 current economic environment, the forecasts have been stress tested to ensure that a robust assessment of the group's and company'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 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 and company 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 2021:

G Fraser  
D M Hughes

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### Strategic report

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

### Subsequent events

On 12 July 2022, the group acquired, via a newly formed subsidiary, the Infrastructure Capital group for up to AUD\$ 140 million (£79.6 million). Infrastructure Capital is a leading Australian specialist infrastructure manager and further information about the acquisition can be found on the website of Foresight Group Holdings Limited (<https://www.fsg-investors.com>) and in note 17.

On 18 August 2022, the company received an interim dividend of £0.517m from Foresight Fund Managers Limited and in turn, impaired its investment in subsidiary for Foresight Fund Managers Limited in the same amount. On 19 August 2022, the company received an interim dividend of £1.39m from Foresight Asset Management Limited and in turn, paid a dividend in the same amount to Foresight Group Holdings Limited.

### 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 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 group and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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.

On behalf of the board:



G Fraser  
Director

15 December 2022

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

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

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#### 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 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK-adopted International Accounting Standards; and
- have been properly 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 2022 which comprise the 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 and 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 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.

#### 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.

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

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

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### Other Companies Act 2006 reporting

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

- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' report has 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 Directors' report.

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
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to take advantage of the small companies' exemptions in preparing the Directors' report and from the requirement to prepare a Strategic report.

### 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:

- We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates, and considered the risk of acts by the Group and Parent Company which were contrary to applicable laws and regulations, including fraud;
- We considered the significant laws and regulations to be the Companies Act 2006, the relevant rules of the Financial Conduct Authority that apply to the entity and the UK-adopted International Accounting Standards;

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

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

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*Extent to which the audit was capable of detecting irregularities, including fraud (continued)*

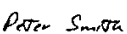
- We considered compliance with these laws and regulations through discussions held with management and the ultimate parent Audit & Risk Committee and reviewed minutes of Board meetings of the ultimate parent to assess how the entity is complying with these laws and regulations;
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We assessed the susceptibility of the financial statements to material misstatement including fraud and considered the significant fraud risk areas to be revenue recognition which involves management judgement, and is therefore subject to bias, and management override of controls. Our procedures for fraud risk in relation to revenue recognition included but were not limited to: assessing whether accounting policies were aligned to the requirements of the standard; verifying fee calculations were in line with the supporting agreements; reviewing the 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; and vouching fund net asset values to audited accounts and RNS announcements, where relevant. In respect of management override, we have tested a risk-based sample of journals back to supporting documentation.

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:  
  
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Peter Smith (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
15 December 2022

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 2022

	Note	2022 £	2021 £
<b>Revenue</b>	2	8,187,306	4,469,211
Cost of sales		-	-
<b>Gross profit</b>		8,187,306	4,469,211
Administrative expenses		(5,815,677)	(4,237,910)
<b>Operating profit</b>	3	2,371,629	231,301
Finance expense	5	(85,053)	(82,973)
<b>Profit before taxation</b>		2,286,576	148,328
Tax on profit	6	(702,005)	83,005
<b>Profit for the year</b>		1,584,571	231,333
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		1,584,571	231,333

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2022

		2022 £	2021 £
<b>Non-current assets</b>	<b>Note</b>		
Intangible assets	7	2,645,472	2,789,444
Deferred tax asset	12	327	224,930
		<u>2,645,799</u>	<u>3,014,374</u>
<b>Current assets</b>			
Trade and other receivables	9	4,947,249	4,666,887
Cash and cash equivalents		6,320,306	3,359,673
		<u>11,267,555</u>	<u>8,026,560</u>
<b>Current liabilities</b>			
Trade and other payables	10	(7,751,972)	(5,734,817)
Loans and borrowings	11	(660,534)	(688,481)
		<u>(8,412,506)</u>	<u>(6,423,298)</u>
<b>Net current assets</b>		<u>2,855,049</u>	<u>1,603,262</u>
<b>Non-current liabilities</b>			
Trade and other payables	10	(63,772)	(297,078)
Loans and borrowings	11	(3,029,690)	(3,635,628)
Deferred tax liability	12	(653,842)	(529,994)
		<u>(3,747,304)</u>	<u>(4,462,700)</u>
<b>Net assets</b>		<u><u>1,753,544</u></u>	<u><u>154,936</u></u>
<b>Equity</b>			
Share capital	13	1	1
Share-based payment reserve		14,037	-
Retained earnings		1,739,506	154,935
<b>Total equity</b>		<u><u>1,753,544</u></u>	<u><u>154,936</u></u>

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2022 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 2022

		2022	2021
	Note	£	£
<b>Non-current assets</b>			
Investments	8	548,564	548,564
<b>Current assets</b>			
Trade and other receivables	9	1	1
<b>Current liabilities</b>			
Trade and other payables	10	(548,706)	(548,564)
<b>Net current liabilities</b>		(548,705)	(548,563)
<b>Net (liabilities)/assets</b>		(141)	1
<b>Equity</b>			
Called up share capital	13	1	1
Retained earnings		(142)	-
<b>Total equity</b>		(141)	1

The financial statements were approved by the Board of Directors and authorised for issue on 15 December 2022 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 2022

	Note	Share capital £	Share-based payment reserve £	Retained earnings £	Total £
<b>Balance at 31 March 2020</b>		<u>1</u>	<u>-</u>	<u>(76,398)</u>	<u>(76,397)</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>231,333</u>	<u>231,333</u>
<b>Balance at 31 March 2021</b>		<u>1</u>	<u>-</u>	<u>154,935</u>	<u>154,936</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>1,584,571</u>	<u>1,584,571</u>
Share-based payment expense		<u>-</u>	<u>14,037</u>	<u>-</u>	<u>14,037</u>
<b>Balance at 31 March 2022</b>		<u>1</u>	<u>14,037</u>	<u>1,739,506</u>	<u>1,753,544</u>

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### COMPANY STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2022

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	Note	Share capital £	Retained earnings £	Total £
Balance at 31 March 2020		1	-	1
Total comprehensive income for the year		-	-	-
Balance at 31 March 2021		1	-	1
Total comprehensive loss for the year		-	(142)	(142)
Balance at 31 March 2022		1	(142)	(141)

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £	2021 £
<b>Cash flows from operating activities</b>			
Profit before taxation		2,286,576	148,328
<i>Adjustments for:</i>			
Finance expense		85,053	82,973
Amortisation		143,972	89,982
Share-based payment		14,037	-
Gain on bargain purchase	14	-	(174,354)
Increase in receivables		(280,362)	(4,169,551)
Increase in payables		1,430,295	4,424,915
Cash generated from operations		3,679,571	402,293
Loan interest paid	11	(113,000)	(431)
Tax paid		-	-
<b>Net cash generated from operating activities</b>		<b>3,566,571</b>	<b>401,862</b>
<b>Cash flows from investing activities</b>			
Cash acquired on acquisition of subsidiary	14	-	2,348,478
<b>Net cash from investing activities</b>		<b>-</b>	<b>2,348,478</b>
<b>Cash flows from financing activities</b>			
Repayment of loans	11	(605,938)	-
<b>Net cash from financing activities</b>		<b>(605,938)</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>2,960,633</b>	<b>2,750,340</b>
Cash and cash equivalents at 1 April 2021		3,359,673	609,333
Cash and cash equivalents at 31 March 2022		6,320,306	3,359,673

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### COMPANY CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2022

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	2022 £	2021 £
<b>Cash flows from operating activities</b>		
Profit before taxation	-	-
	<hr/>	<hr/>
<b>Net increase in cash and cash equivalents</b>	-	-
	<hr/>	<hr/>
Cash and cash equivalents at 1 April 2021	-	-
Cash and cash equivalents at 31 March 2022	-	-
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## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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#### **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. 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 2022. 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 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 Basis of consolidation**

The consolidated financial statements comprise the financial statements of the company and its subsidiaries as at 31 March 2022. 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.



# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies (continued)

#### 1.3 Basis of consolidation (continued)

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 company have considered the resilience of the group and the company, taking into account its current financial position and the principal and emerging risks facing the business, including the impact of COVID 19, inflation and Russia's invasion of Ukraine 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 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 current economic environment, the forecasts have been stress tested to ensure that a robust assessment of the group's and company'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 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 and company 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.

#### 1.5 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.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### 1 Accounting policies (continued)

##### 1.5 Turnover (continued)

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 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.

##### 1.6 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.

##### 1.7 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.

##### 1.8 Intangible assets

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.

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 the remaining term of the contract.

# FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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### 1 Accounting policies (continued)

#### 1.8 Intangible assets (continued)

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.

#### 1.9 Financial instruments

##### a) Trade and other receivables/ trade and other payables

Trade and other receivables are recognised initially at transaction price less attributable transaction costs. 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, less any impairment losses in the case of trade receivables. 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 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 (2021: £nil).

##### b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at banks at amortised cost.

##### c) 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.

#### 1.10 Employee benefits

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

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### **1 Accounting policies (continued)**

##### **1.11 Share-based payments**

The group recognises share-based payment transactions in respect of the Foresight Group Holdings Limited (see note 18) UK Share Incentive Plan ("SIP") as the subsidiaries which receives services from certain employees who participate in the plan. The vesting period for the SIP is three years with the performance condition of continuous service.

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. The corresponding credit is recognised in the share-based payment reserve within Equity.

##### **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.

##### **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.

##### **Fair value of SIP**

As the SIP options have a zero strike price and the employee is entitled to dividends 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.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 2 Revenue

Group	2022	2021
	£	£
Management fees	8,023,913	4,450,470
Secretarial fees	80,000	-
Service charge receivable	83,393	15,765
<b>Recurring fees</b>	<b>8,187,306</b>	<b>4,466,235</b>
Other income	-	2,976
	<b>8,187,306</b>	<b>4,469,211</b>
<b>Group</b>	<b>2022</b>	<b>2021</b>
	£	£
Timing of transfer of goods and services:		
Point in time	8,187,306	4,466,235
Over time	-	2,976
	<b>8,187,306</b>	<b>4,469,211</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 for management fees and service fee agreements for service charges.

#### 3 Operating profit

Group	2022	2021
	£	£
Operating profit is stated after charging:		
Net foreign exchange gains	(13,949)	(6,380)
Amortisation of intangible assets	143,972	89,982
Profit on acquisition of PiP Manager Limited and subsidiaries	-	178,751
Profit on acquisition of Foresight subsidiaries	-	23,152
Share-based payment expense	14,037	-
Auditor's remuneration – audit services for company borne by Foresight Group Holdings Limited	19,300	15,000
Auditor's remuneration – audit services for subsidiaries	17,600	15,250

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 4 Employees

Group	2022 Number	2021 Number
-------	----------------	----------------

The average number of employees (excluding directors) was: 32 37

Their aggregate remuneration comprised:

	2022 £	2021 £
Wages and salaries	2,143,496	2,603,269
Social security costs	250,790	251,856
Pension costs	91,229	84,426
	<u>2,485,515</u>	<u>2,939,551</u>

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

#### 5 Finance expense

Group	2022 £	2021 £
Loan interest (see note 11)	85,053	82,542
Other interest	-	431
	<u>85,053</u>	<u>82,973</u>

#### 6 Taxation

Group	2022 £	2021 £
Current tax	353,554	-
Deferred tax	348,451	(83,005)
	<u>702,005</u>	<u>(83,005)</u>

##### Reconciliation of tax charge

The tax assessed on the profit on ordinary activities during the year differs from the standard rate of corporation tax of 19% (2021: 19%). The differences are reconciled below:

Profit before taxation	2,286,576	148,328
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	434,450	28,181
Effects of:		
Expenses not deductible for tax purposes	2,735	35,299
Profits not assessable to corporation tax	(64,509)	(38,743)
Profit share allocation from partnership funds	37,530	(90,061)
Group relief surrendered / (claimed)	135,661	(661)
Unrecognised deferred tax	(486,549)	(17,020)
Chargeable gains	500,181	-
Remeasurement of deferred tax	150,090	-
Other – share based payments	(7,584)	-
Total tax charge/(credit)	<u>702,005</u>	<u>(83,005)</u>

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 7 Intangible assets

Group	Customer contracts
	£
<b>Cost</b>	
At 1 April 2021 and 31 March 2022	<u>2,879,426</u>
<b>Amortisation and impairment</b>	
At 1 April 2021	89,982
Charge for the year	<u>143,972</u>
At 31 March 2022	<u>233,954</u>
<b>Net book value</b>	
At 31 March 2022	<u>2,645,472</u>
At 31 March 2021	<u>2,789,444</u>

The intangible assets relates to investment management contracts acquired as part of the PiP transaction discussed further below in note 14. 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 2022

#### 8 Investments

Company	Investments in subsidiaries £
a) <b>Cost or valuation</b>	
At 31 March 2021 and 31 March 2022	<u>548,564</u>

#### b) Subsidiary undertakings

The company holds more than 20% of the share capital, in either 2022 or 2021, of the following undertakings:

	Country of registration or incorporation	Class	Shares held	
			2022 %	2021 %
Wholly owned by the company				
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 Company 1 Limited	England & Wales	Ordinary	100	100
Foresight Company 2 Limited	England & Wales	Ordinary	100	100
Jointly owned by Foresight Company 1 Limited and Foresight Company 2 Limited				
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	n/a
Foresight West Yorkshire Business Accelerator General Partner LLP	Scotland	Voting	100	n/a



## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 8 Investments (continued)

##### b) Subsidiary undertakings (continued)

###### Wholly owned by Foresight Infra Holdco Limited

PiP Manager Limited	England & Wales	Ordinary	100	100
PiP Multi-Strategy Infrastructure Limited	England & Wales	Ordinary	100	100
PiP Multi-Strategy Infrastructure (Scotland) Limited	Scotland	Ordinary	100	100
PiP Multi-Strategy Infrastructure GP LLP	England & Wales	Voting	100	100

##### 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 and PiP Multi-Strategy Infrastructure (Scotland) 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 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 2022

#### 8 Investments (continued)

##### d) S479a exemption (continued)

	Registered Number
Foresight Regional Investment II General Partner LLP	SO306747
Foresight Regional Investment III General Partner LLP	SO307137
PIP Multi-Strategy Infrastructure Limited	09423344
PIP Multi-Strategy Infrastructure (Scotland) Limited	SC501212
PIP Multi-Strategy Infrastructure GP LLP	OC399043

#### 9 Trade and other receivables

	2022 £	2021 £
<b>Group</b>		
Trade receivables	1,393,567	606,462
Amounts owed by group undertakings (see note 16)	1,276,950	1,409,472
Other receivables	2,246,787	2,623,677
Prepayments	29,945	27,276
	<u>4,947,249</u>	<u>4,666,887</u>
<b>Company</b>		
Other receivables	<u>1</u>	<u>1</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2022**

### **10 Trade and other payables**

<b>Group</b>	<b>2022 £</b>	<b>2021 £</b>
Trade payables	8,837	23,322
Amounts owed to group undertakings (see note 16)	4,667,449	2,660,754
VAT and PAYE	22,434	24,473
Corporation tax	353,554	-
Other payables	2,339,224	2,311,921
Accruals	424,246	1,011,425
<b>Less non-current liabilities:</b>		
Accruals	63,772	297,078
<b>Current liabilities</b>		
Trade payables	8,837	23,322
Amounts owed to group undertakings (see note 16)	4,667,449	2,660,754
VAT and PAYE	22,434	24,473
Corporation tax	353,554	-
Other payables	2,339,224	2,311,921
Accruals	360,474	714,347
	<u>7,751,972</u>	<u>5,734,817</u>
<b>Company</b>	<b>2022 £</b>	<b>2021 £</b>
<b>Current liabilities</b>		
Amounts owed to group undertakings	<u>548,706</u>	<u>548,564</u>
	<u>548,706</u>	<u>548,564</u>

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 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. These arose from the acquisition of PiP Manager Limited (see note 14).

	2022 £	2021 £
<b>Current liabilities</b>		
Loans	660,534	688,481
<b>Non-current liabilities</b>		
Loans	3,029,690	3,635,628
	<u>3,690,224</u>	<u>4,324,109</u>

#### Terms and debt repayment schedule

	Currency	Nominal interest	Year of maturity	31 March 2022 Carrying amount £
Unsecured loan	GBP	2% + base rate	2027	<u>3,690,224</u>

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 2021	4,324,109
Interest	85,053
Less repayment	<u>(718,938)</u>
<b>At 31 March 2022</b>	<u>3,690,224</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** **FOR THE YEAR ENDED 31 MARCH 2022**

### **12 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:

	<b>2022</b>	<b>2021</b>
	<b>£</b>	<b>£</b>
At 1 April	(305,064)	-
<b>Recognised in profit and loss</b>		
Tax charge	(348,451)	83,005
<b>Arising on business combination</b>		
Intangible asset	-	(547,091)
Other temporary and deductible differences	-	159,022
<b>At 31 March</b>	<b>(653,515)</b>	<b>(305,064)</b>

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

	<b>Asset</b>	<b>Liability</b>	<b>Net</b>	<b>(Charged)/</b>	<b>(Charged)/</b>
	<b>2022</b>	<b>2022</b>	<b>2022</b>	<b>credited to</b>	<b>credited to</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>profit or loss</b>	<b>equity</b>
				<b>2022</b>	<b>2022</b>
				<b>£</b>	<b>£</b>
Other temporary and deductible differences	327	(1,112)	(785)	(106,619)	-
Business combination - intangible asset	-	(652,730)	(652,730)	(122,736)	-
Business combination - other temporary and deductible differences	-	-	-	(119,096)	-
	<b>327</b>	<b>(653,842)</b>	<b>(653,515)</b>	<b>(348,451)</b>	<b>-</b>

	<b>Asset</b>	<b>Liability</b>	<b>Net</b>	<b>(Charged)/</b>	<b>(Charged)/</b>
	<b>2021</b>	<b>2021</b>	<b>2021</b>	<b>credited to</b>	<b>credited to</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>profit or loss</b>	<b>equity</b>
				<b>2021</b>	<b>2021</b>
				<b>£</b>	<b>£</b>
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)	-
	<b>224,930</b>	<b>(529,994)</b>	<b>(305,064)</b>	<b>83,005</b>	<b>-</b>

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 13 Share capital

##### Group and Company

##### Allotted, issued and fully paid:

Number	Class	Nominal value	2022	2021
			£	£
1	Ordinary	£1	<u>1</u>	<u>1</u>

#### 14 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 ("FIHC"). Details of the acquisition are as follows:

Business	Country of incorporation	Nature of activity	Date of acquisition	Consideration £	Percentage ownership
PiP Manager Limited	England & Wales	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	(801,000)
Deferred tax asset	<u>49,895</u>
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 FIHC at acquisition (further details of these loans are included in note 11 above). Transaction costs of £184,267 were expensed and related to 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 2022

#### 14 Business combinations (continued)

##### a) Acquisition of PiP Manager Limited and subsidiaries (continued)

The above acquisition is reflected in the Cash Flow Statement as follows:

	£
Cash paid	(1,097,915)
Cash acquired on acquisition of subsidiary	3,446,393
<b>Total per Cash Flow Statement</b>	<b>2,348,478</b>

The following intangible assets were recognised at acquisition:

<b>Intangible asset – customer contracts</b>	<b>2,879,426</b>
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The fair values of the assets and liabilities arising from the acquisition are as follows:

Intangible assets	2,879,426
Trade and other receivables	377,085
Cash and cash equivalents	3,446,393
Trade and other payables	(801,000)
Deferred taxation asset	159,022
Deferred taxation liability – intangible asset	(547,091)
<b>Net assets acquired</b>	<b>5,513,835</b>
<b>Consideration</b>	<b>5,339,481</b>
Gain on bargain purchase	(174,354)
Transaction costs	184,267

The fair value of the intangible asset 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. The intangible asset 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 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 were 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 2022

#### 14 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:

	£
<b>Foresight Fund Managers Limited</b>	
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)
	£
<b>Pinecroft Corporate Services Limited</b>	
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 2022

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#### 14 Business combinations (continued)

	£
<b>Foresight Group (SK) Limited</b>	
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)
	£
<b>Foresight Company 1 Limited</b>	
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)
	£
<b>Foresight Company 2 Limited</b>	
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)
	£
<b>Foresight Environmental GP Co. Limited</b>	
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 2022

#### 14 Business combinations (continued)

	£
<b>Foresight Environmental FP GP Co. Limited</b>	
Trade and other receivables	11
Net assets acquired	11
Consideration	11
Gain on bargain purchase	-
	£
<b>Foresight NF GP Limited</b>	
Trade and other receivables	10
Net assets acquired	10
Consideration	10
Gain on bargain purchase	-
	£
<b>Foresight NF FP GP Limited</b>	
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 2022

#### 15 Financial instruments – classification and measurement

##### Group

##### Financial assets

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

	2022 £	2021 £
Trade and other receivables	4,917,304	4,639,611
Cash and cash equivalents	6,320,306	3,359,673
	<u>11,237,610</u>	<u>7,999,284</u>

##### Financial liabilities

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

	2022 £	2021 as restated £
Trade payables	8,837	23,322
Amounts owed to group undertakings	4,667,449	2,660,754
Other payables	2,339,224	2,311,921
Accruals	141,366	577,847
Loans and borrowings	3,690,224	4,324,109
	<u>10,847,100</u>	<u>9,897,953</u>

Financial liabilities for the year ended 31 March 2021 have been restated due to incorrect inclusion of statutory obligations.

##### 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 £3.7 million of external debt, related to the PiP acquisition during the year ended 31 March 2021 (see notes 11 and 14) with an interest rate of two per cent above base therefore interest rate risk is considered low.

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

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#### 15 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.

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 10
- Loans and borrowings – see note 11

##### 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 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
- Maintain regulatory capital
- Provide a reasonable expectation of future returns to the parent entity

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 2022

#### 16 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

	2022 £	2021 £
<i>Statement of comprehensive income</i>		
Service charge receivable to Foresight Fund Managers Limited	5,000	833
Service charge receivable to Pinecroft Corporate Services Limited	68,393	10,833
Service charge receivable to Foresight Group (SK) Limited	-	2,433
Service charge receivable to Foresight Company 1 Limited	5,000	833
Service charge receivable to Foresight Company 2 Limited	5,000	833
Service charge payable by Foresight Asset Management Limited	100,000	40,000
Service charge payable by PiP Manager Limited	120,000	40,758
Management fee payable by Foresight NF GP Limited	326,918	56,397
Management fee payable by Foresight Regional Investment General Partner LLP	615,765	55,431
Management fee payable by Foresight Impact Midlands Engine GP LLP	653,100	100,309
Management fee payable by Foresight Group Equity Finance (SGS) GP LLP	742,571	200,753
<i>Statement of financial position</i>		
Amounts owed to Foresight Fund Managers Limited	516,572	511,572
Amounts owed to Pinecroft Corporate Services Limited	13,682	10,426
Amounts owed to Foresight Environmental GP Co. Limited	1	1
Amounts owed to Foresight NF GP Limited	10	10
Amounts owed to Foresight Company 1 Limited	10,725	5,725
Amounts owed to Foresight Company 2 Limited	10,725	5,725
Amounts owed to Foresight Group (SK) Limited	7,395	8,172
Amounts owed to Foresight Infra Holdco Limited	717,818	717,818
Amounts owed to Foresight Environmental FP GP Co. Limited	11	11
Amounts owed to Foresight NF FP GP Limited	11	11
Amounts owed by Foresight Asset Management Limited	1,115,421	394,915
Amounts owed by Foresight Group Holdings (UK) Limited	538,705	538,563
Amounts owed by PiP Manager Limited	1,883,708	947,661

##### b) Foresight Group Promoter LLP

###### *Statement of financial position*

Amounts owed to Foresight Asset Management Limited	-	150,000
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##### c) Venture Capital Funding Partners and VCF II LLP

	2022 £	2021 £
<i>Statement of comprehensive income</i>		
Service charge payable by Foresight Asset Management Limited	350,000	500,000
<i>Statement of financial position</i>		
Amounts owed by Foresight Asset Management Limited	1,100,000	750,000

## FORESIGHT GROUP HOLDINGS (UK) LIMITED & SUBSIDIARIES

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2022

#### 16 Related party transactions (continued)

d) Foresight Group Holdings Limited	2022 £	2021 £
<i>Statement of financial position</i>		
Amounts owed by PiP Manager Limited	29,615	29,615

#### e) Key management personnel

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

#### 17 Subsequent events

##### *Acquisition of Infrastructure Capital Holdings Pty Limited ("Infrastructure Capital") and associated group structuring*

On 7 July 2022, the company incorporated a new subsidiary, Foresight Group Australia Holdco PTY Ltd, a company registered in New South Wales, Australia.

In turn, on 7 July 2022, Foresight Group Australia Holdco PTY Ltd incorporated a new subsidiary, Foresight Group Australia Bidco PTY Ltd, a company registered in New South Wales, Australia.

On 12 July 2022, the group acquired via the subsidiaries incorporated above, Infrastructure Capital, a leading Australian specialist infrastructure manager. Further information about the acquisition can be found in the half-year report for the six months ended 30 September 2022 of Foresight Group Holdings Limited, which is available on its website (<https://foresight.group/document-library>).

On 18 August 2022, the company incorporated a new subsidiary, Foresight Group Holdings UK Finco Limited, a company registered in England and Wales.

The acquisition was completed on 8 September 2022. In line with IFRS 3 para B66, all disclosures required under IFRS 3 will be included in the financial statements for the year ended 31 March 2023 as the group requires further information to conclude its purchase price allocation in accordance with IFRS 3 para 45. Provisional assets and liabilities have been disclosed in the half-year report for the six months ended 30 September 2022 of Foresight Group Holdings Limited (as above). More specifically, a provisional valuation of intangible asset – customer contracts has been carried out for the purpose of this half-year report. This represents the present value of the earnings that the investment management contracts acquired are expected to generate, however, more analysis is required to finalise this valuation.

##### *Dividends*

On 18 August 2022, the company received an interim dividend of £0.517m from Foresight Fund Managers Limited and in turn, impaired its investment in subsidiary for Foresight Fund Managers Limited in the same amount.

On 19 August 2022, the company received an interim dividend of £1.39m from Foresight Asset Management Limited and in turn, paid a dividend in the same amount to Foresight Group Holdings Limited.

##### *Other*

On 8 April 2022, subsidiary companies Foresight Company 1 Limited and Foresight Company 2 Limited were appointed designated members of Foresight Regional Investment IV General Partner LLP.

On 5 May 2022, the company incorporated two new subsidiaries in England & Wales, Foresight Venture Limited and Foresight Venture Capital Limited. Both subsidiaries are currently dormant.

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

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)** ***FOR THE YEAR ENDED 31 MARCH 2022***

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#### **18 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.