NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. Corporate information

Foresight Group Holdings Limited (the "Company") is a public limited company incorporated and domiciled in Guernsey and whose shares are publicly traded on the Main Market of the London Stock Exchange. The registered office is located at PO Box 650, 1st Floor Royal Chambers, St Julian's Avenue, St Peter Port, Guernsey, GY1 3JX. The consolidated financial statements (the "Group financial statements") comprise the financial statements of the Company and its subsidiaries. Details of subsidiaries are disclosed in the appendices to the financial statements on pages 198 to 205.

The Group is principally involved in the provision of the management of infrastructure assets, private equity investments and OEICs on behalf of both institutional and retail investors using ESG-oriented strategies.

Going concern

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

The Directors of the Group have considered the resilience of the Group, taking into account its current financial position and the principal and emerging risks facing the business. The Board reviewed the Group's cash flow forecasts and trading budgets for a period of 12 months from the date of approval of these accounts as part of its overall review of the Group's three year plan, and concluded that, taking into account plausible downside scenarios that could reasonably be anticipated, the Group will have sufficient funds to pay its liabilities as they fall due for that period. Taking into consideration the impact of inflation and Russia's invasion of Ukraine on global markets and the wider economic environment, the forecasts have been stress tested to ensure that a robust assessment of the Group's working capital and cash requirements has been performed. The stress test scenarios adopted involved severe but plausible downside scenarios with respect to the Group's trading performance. Downside scenarios included a material reduction in revenues through 50% lower fundraising, 25% lower deployment and 10% reduction in valuation of the funds managed by the Group. 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. This confirmation should be reviewed alongside the Group's Viability statement on page 85.

2. Basis of preparation and other reporting matters

2a. Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

The Company has taken advantage of the exemption in section 244 of the Companies (Guernsey) Law, 2008 (as amended) not to present its own individual financial statements or related notes.

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

The consolidated financial statements have been prepared on a historical cost basis, except for investments, derivatives and contingent consideration that have been measured at fair value.

The financial information is presented in sterling, which is the Company's functional currency. All information is given to the nearest thousand (except where specified otherwise).

2b. Alternative performance measures ("APMs")

The Group has identified measures that it believes will assist the understanding of the performance of the business. These APMs are not defined or specified under the requirements of IFRS. The Group believes that these APMs, which are not considered to be a substitute for, or superior to, IFRS measures, provide stakeholders with additional useful information on the underlying trends, performance and position of the Group and are consistent with how business performance is measured internally. The APMs are not defined by IFRS and therefore may not be directly comparable with other companies' APMs.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

2. Basis of preparation and other reporting matters continued

2b. Alternative performance measures ("APMs") continued

In line with previous periods, and for comparability, we continue to quote Core EBITDA pre-SBP to assess the financial performance of the business. This measure was introduced as our key performance measure because the Group believes this reflects the trading performance of the underlying business, without distortion from the variability in the fair value measurement of the share-based payments charge.

The Group has now also introduced profit before non-underlying items as an APM, which excludes non-underlying items from statutory measures. Non-underlying items are described below (see note 2c). Consequently, the Group also now calculates earnings per share before non-underlying items. Other alternative performance measures include recurring revenues, dividend payout ratio and assets and funds under management ("AUM", "FUM"). The APMs are set out in the appendices to the financial statements on pages 198 to 205 including explanations of how they are calculated and how they are reconciled to a statutory measure where relevant.

2c. Non-underlying items

The Group has chosen to present a measure of profit and earnings per share for the first time which excludes certain items that are considered non-underlying and exceptional due to their size, nature or incidence, and are not considered to be part of the normal operations of the Group. This is as a result of the financial effect of non-underlying items relating to business combinations (more specifically remuneration for post-combination services), acquisition-related costs, fair value gains on contingent consideration and gain on business combination. In respect of remuneration for post-combination services, these are deferred consideration payments to sellers that are contingent on the recipients remaining employees of the Group which are exceptional due to both their size and their nature. The Group believes that the separate disclosure of these items provides additional useful information to users of the financial statements to enable a better understanding of the Group's underlying financial performance. Further details of non-underlying items are provided in Note 8. These non-underlying items are also excluded from Core EBITDA pre-SBP.

2d. Basis of consolidation

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

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

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

- The contractual arrangement(s) with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

2. Basis of preparation and other reporting matters continued

2d. Basis of consolidation continued

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 the Statement of Comprehensive Income. Any investment retained is recognised at fair value.

3. Accounting policies

This section sets out the accounting policies of the Group that relate to the financial statements. Where an accounting policy is specific to one note, the policy is described in the note to which it relates. The accounting policies have been applied consistently to all periods presented within the financial information.

This section also details new accounting standards that have been endorsed in the period and have either become effective for the financial period beginning on 1 April 2022 or will become effective in later periods.

New standards, interpretations and amendments adopted from 1 April 2022

None of the mandatory amendments to standards from 1 April 2022 had an impact on the Group's financial statements.

New standards not yet implemented

A number of new amendments to standards and interpretations will be effective for periods beginning on or after 1 April 2023 and on or after 1 April 2024. None are expected to have a material impact on the Group's financial statements.

A. Foreign exchange

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

The assets and liabilities of Group entities that have a functional currency different from the presentational currency are translated at the closing rate at the balance sheet date, with transactions translated at average monthly exchange rates.

Resulting exchange differences are recognised as a separate component of other comprehensive income and are also recognised in the foreign exchange reserve within equity. Any differences are recycled to the income statement on disposal or liquidation of the relevant branch or subsidiary.

B. Use of judgements and estimates

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

Where the estimate or judgement is specific to one note, the judgement is described in the note to which it relates.

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:

- Share-based payments – see note 10
- Recognition, measurement and amortisation of intangible assets – see notes 16 and 33
- Valuation of investments – see note 17(a)
- Contingent consideration – see note 25
- Remuneration for post-combinations services – see note 25 and 28

Key judgements

These are as follows:

- Impairment of intangible assets (customer contracts) – see note 16
- Contract costs – see note 19
- Deferred tax assets – see note 27
- Determining whether an acquisition is the acquisition of a business – see note 33
- Payments to newly recruited investment managers arising on acquisitions – see note 33
- Treatment of consideration transferred – see note 33

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

4. Revenue

Accounting policy:

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

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

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

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

The principal components of revenue comprise management fees, secretarial fees, directors' fees, marketing fees, arrangement fees and performance incentive fees.

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

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

Marketing fees are based on a rate agreed with the customer and recognised at the point in time when the related funds have been allotted.

Arrangement fees are based on a set rate agreed with the customer and recognised at the point in time when the related service obligations have been achieved.

Performance incentive fees are based on the returns achieved over a predetermined threshold as defined in the funds' prospectus or offering documents and are recognised only at the point in time when management have certainty as to the receipt of such revenue, such that it is highly probable that a significant reversal in the amount of revenue recognised will not occur and when the fees can be measured reliably.

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

Limited estimation uncertainty

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

4. Revenue continued

	31 March 2023 £000	31 March 2022 £000
Management fees	**97,373**	70,906
Secretarial fees	**2,719**	1,413
Directors' fees	**3,116**	2,506
Recurring revenue	**103,208**	74,825
Marketing fees	**6,129**	5,046
Arrangement fees	**4,054**	2,964
Performance incentive fees	**5,740**	3,232
Other income	**24**	4
	119,155	86,071

The timing of revenue is as follows:

	31 March 2023 £000	31 March 2022 £000
Timing of transfer of goods and services:		
Point in time	**15,947**	11,246
Over time	**103,208**	74,825
	119,155	86,071

Contract balances are as follows:

	31 March 2023 Contract liabilities £000	31 March 2022 Contract liabilities £000
At beginning of period	**(134)**	(541)
Amounts included in contract liabilities that were recognised as revenue during the period	**134**	541
Cash received in advance of performance and not recognised as revenue during the period	**(5,790)**	(134)
At end of period	**(5,790)**	(134)

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

5. Business segments

Accounting policy:

Segment information is provided based on the operating segments which are reviewed by the Executive Committee ("Exco"), which is considered to be the Chief Operating Decision Maker. These operating segments, which comprise Infrastructure, Private Equity and Foresight Capital Management ("FCM") are aggregated if they meet certain criteria. Segment results include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. No disclosure is made for net assets/liabilities as these are not reported by segment to Exco.

Management monitors the performance and strategic priorities of the business from a business unit ("BU") perspective, and in this regard has identified the following three key "reportable segments": Infrastructure, Private Equity and FCM.

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

5. Business segments continued
The Group's senior management assesses the performance of the operating segments based on Core EBITDA pre-SBP. See appendices to the financial statements for further explanation.

Year ended 31 March 2023	**Infrastructure £000**	**Private Equity £000**	**FCM £000**	**Total £000**
Revenue	**73,035**	**33,411**	**12,709**	**119,155**
Cost of sales	**(714)**	**(3,349)**	**(2,240)**	**(6,303)**
Gross profit	**72,321**	**30,062**	**10,469**	**112,852**
Administrative expenses	**(56,107)**	**(19,308)**	**(7,100)**	**(82,515)**
Acquisition-related costs	**(415)**	**(3,295)**	**(11)**	**(3,721)**
Operating profit	**15,799**	**7,459**	**3,358**	**26,616**
Non-operating items	**430**	**328**	**(53)**	**705**
Profit on ordinary activities before taxation	**16,229**	**7,787**	**3,305**	**27,321**
Translation differences on foreign subsidiaries	**(2,720)**	**—**	**—**	**(2,720)**
Core EBITDA reconciling items	**16,811**	**8,149**	**597**	**25,557**
Core EBITDA pre-SBP	**30,320**	**15,936**	**3,902**	**50,158**

Year ended 31 March 2022	Infrastructure £000	Private Equity £000	FCM £000	Total £000
Revenue	50,753	23,874	11,444	86,071
Cost of sales	(2,414)	(402)	(2,290)	(5,106)
Gross profit	48,339	23,472	9,154	80,965
Administrative expenses	(33,475)	(14,064)	(6,859)	(54,398)
Other operating income	—	250	—	250
Operating profit	14,864	9,658	2,295	26,817
Non-operating items excluding gain on business combination	513	(428)	(45)	40
Gain on business combination	1,012	—	—	1,012
Profit on ordinary activities before taxation	16,389	9,230	2,250	27,869
Translation differences on foreign subsidiaries	(138)	—	—	(138)
Core EBITDA reconciling items excluding taxation	1,554	2,146	394	4,094
Core EBITDA pre-SBP	17,805	11,376	2,644	31,825

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

5. Business segments continued

The Group operates in different geographic regions. Revenue by region is summarised below:

	31 March 2023 £000	31 March 2022 £000
United Kingdom	**100,237**	78,562
Australia	**11,010**	851
Luxembourg	**5,414**	5,312
Italy	**1,498**	778
Spain	**602**	568
Ireland	**394**	–
	119,155	86,071

In accordance with IFRS 8 paragraph 34, the Group has a single customer with revenues which amount to 10% or more of Group revenue. Total revenues from this customer in 2023 were £30,758,000 (2022: £23,555,000), of which £23,787,000 (2022: £19,147,000) was attributable to Infrastructure, £5,443,000 (2022: £3,225,000) to Private Equity and £1,528,000 (2022: £1,183,00) to FCM.

Non-current assets (excluding derivative assets, deferred tax assets, contract costs and trade and other receivables) by region are summarised below:

	31 March 2023 £000	31 March 2022 £000
UK	**32,523**	14,016
Australia	**39,704**	4
Luxembourg	**2,584**	1,521
Italy	**1,353**	2,021
Spain	**517**	566
	76,681	18,128

The Statement of Financial Position is reported to the Board on a single segment basis. No further segmental information is provided as this would not aid strategic and financial management decisions.

6. Administrative expenses

Accounting policy:

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

	31 March 2023 £000	31 March 2022 £000
Staff costs	**48,144**	35,395
Staff costs – acquisitions	**12,667**	–
Depreciation and amortisation (excluding amortisation in relation to intangible assets (customer contracts))	**2,800**	3,193
Amortisation in relation to intangible assets (customer contracts)	**2,414**	292
Legal and professional	**5,288**	6,067
Other administration costs	**11,202**	9,451
	82,515	54,398

Other administration costs mainly relate to irrecoverable VAT, computer maintenance, conferences, bank charges and sundries.

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

6. Administrative expenses continued

Specific administrative expenses are as follows:

	31 March 2023 £000	31 March 2022 £000
Auditor's remuneration	**621**	587
Net foreign exchange gains	**(763)**	(222)
Low-value and short-term lease expenses	**95**	117
Bad debt write-offs	**64**	138
(Profit)/loss on disposal of fixed assets	**(10)**	33

Auditor's remuneration is further disclosed as follows:

	31 March 2023 £000	31 March 2022 As restated[1] £000
Audit services		
Statutory audit – Company	**136**	77
– Subsidiaries	**323**	238
Total audit services	**459**	315
Non-audit services		
Regulatory assurance services	**16**	34
Other assurance services	**146**	133
Other services	**—**	105
Total non-audit services	**162**	272
Total audit and non-audit services	**621**	587

1. FY22 Auditor's remuneration has been restated due to regulatory assurance services being double counted in audit services and reclassification of fees arising from the audit of Foresight Group Luxembourg S.A. from regulatory assurance to statutory audit.

Non-audit services included the following:

- **Regulatory assurance services:** These services are for CASS assurance audits for Foresight Group LLP and PiP Manager Limited
- **Other assurance services:** These services are for the ISAE 3402 assurance report on the internal controls of Foresight Group LLP and interim review of the Half-year Report

7. Acquisition-related costs

The Group has incurred the following legal and professional costs in respect of its acquisitions and other costs which are considered to be non-operational and are excluded from Core EBITDA pre-SBP (see appendices to the financial statements).

	31 March 2023 £000	31 March 2022 £000
Acquisition of Infrastructure Capital (see note 33)	**3,121**	—
Acquisition of the technology ventures division of Downing LLP (see note 33)	**452**	—
Other	**148**	—
	3,721	—

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

8. Non-underlying items

Items which are not considered part of the normal operations of the business, are non-recurring or are considered exceptional because of their size, nature or incidence, are treated as non-underlying items and disclosed separately. Further details of non-underlying items are included in note 2c and in the Strategic Report on page 66.

	31 March 2023 £000	31 March 2022 £000
Administrative expenses (see note 6)		
Staff costs – acquisitions	**12,667**	–
Other administration costs – foreign exchange	**(782)**	–
	11,885	–
Acquisition-related costs (see note 7)		
Legal and professional costs in respect of acquisition of Infrastructure Capital (see note 33)	**3,121**	–
Legal and professional costs in respect of acquisition of the technology ventures division of Downing LLP (see note 33)	**452**	
Other legal and professional costs	**148**	–
	3,721	–
Fair value gains on contingent consideration (incl. finance expense)	**(327)**	–
Gain on business combination	**–**	(1,012)
Total non-underlying items	**15,279**	(1,012)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

9. Staff costs and Directors' remuneration

The average number of employees was:

	31 March 2023 £000	31 March 2022 £000
Operations	**172**	135
Sales and Marketing	**56**	46
Administration	**86**	70
	314	251

Their aggregate remuneration comprised:

	31 March 2023			31 March 2022		
	Staff costs £000	**Staff costs – acquisitions £000**	**Total £000**	Staff costs £000	Staff costs – acquisitions £000	Total £000
Wages and salaries	**39,596**	**586**	**40,182**	29,556	—	29,556
Social security costs	**3,981**	**64**	**4,045**	2,744	—	2,744
Pension costs	**1,245**	**—**	**1,245**	608	—	608
Other staff costs	**2,177**	**2,503**	**4,680**	2,028	—	2,028
	46,999	**3,153**	**50,152**	34,936	—	34,936
Share-based payments (see note 10)	**1,145**	**9,514**	**10,659**	459	—	459
Total staff costs	**48,144**	**12,667**	**60,811**	35,395	—	35,395

Details regarding the total remuneration paid to Directors is disclosed in the Remuneration Committee report (see pages 109 to 121).

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

10. Share-based payments

Accounting policy:

The Group engages in equity-settled and cash-settled share-based payment transactions in respect of services received from its employees.

Equity-settled

Equity-settled share-based payments arise in respect of services receivable from certain employees by granting the right to either shares or options over shares, subject to certain vesting conditions and exercise prices.

The fair value of the awards granted in the form of shares or share options is recognised as an expense over the appropriate performance and vesting period with a corresponding credit to equity. When appropriate (i.e. Performance Share Plan), the fair value of the awards is calculated using an option pricing model, the principal inputs being the market value on the date of award and an adjustment for expected and actual levels of vesting which includes estimating the number of eligible employees leaving the Group and the number of employees satisfying the relevant performance conditions. Shares and options vest on the occurrence of a specified event under the rules of the relevant plan.

Cash-settled

For cash-settled share-based payments, a liability is recognised for the services received to the balance sheet date, measured at the fair value of the liability. At each subsequent balance sheet date and at the date on which the liability is settled, the fair value of the liability is remeasured with any changes in fair value recognised in the income statement.

Estimation uncertainty:

Performance Share Plan

The Group's Performance Share Plan allows for the grant of nil cost options with vesting dependent on the performance of the Group and continued service by the participant, which are both estimations. There have been two annual grants of options under the plan as approved by the Remuneration Committee. The number of options awarded and the assumptions used in the Monte-Carlo simulation are described below. The Group regularly reviews its estimation of the number of eligible employees leaving the Group but this is not considered to be significant or material. A +/-10% movement to the grant date fair value would impact on the Group's profit before taxation by £84,000/(£84,000) (2022: £30,000/(£30,000)) respectively.

Infrastructure Capital – post-combination services

As per note 33, contingent consideration to be paid in shares is accounted for at fair value at the date of acquisition (grant date) using estimated outcomes and probability of those outcomes with this fair value reassessed at each reporting period. For the initial share consideration where the shares have already been issued, the fair value was the share price on grant date multiplied by the estimated forfeiture rate which was 0%. There was no change to this estimate at the end of the reporting period. The amount expensed in the year of £8,741,000 is the maximum possible charge; if the forfeiture rate was increased to 100% this would result in a full reversal of this charge.

For the other forms of consideration (earn-out and performance earn-out), the fair value of each consideration on the grant date was the maximum amount for each discounted back to the valuation date multiplied by the probability of achieving the management fee revenue targets and forfeiture rate. As per note 33, on the grant date the earn-out consideration had a management fee revenue target probability of 100% and 0% forfeiture rate and the performance consideration had a management fee revenue target probability of 71% and 0% forfeiture rate. Both were discounted using the weighted average cost of capital used to fair value the intangible assets on acquisition (see note 16). The forfeiture rate was unchanged at the end of the reporting period, but the management fee revenue target probabilities were reassessed to 95% and 79% respectively. The basis of the probability reassessments was internal forecasts of the appropriate management fee revenue. The maximum award for each at the end of the reporting period would result in an additional charge of £84,000 and the minimum would result in a full reversal of the respective charges of £374,000 and £399,000.

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

10. Share-based payments continued

	31 March 2023 £000	31 March 2022 £000
Included in staff costs (note 6)		
Performance Share Plan	**840**	299
UK Share Incentive Plan	**239**	160
Overseas Phantom Share Plan	**66**	—
	1,145	459
Included in staff costs – acquisitions (note 6)		
Infrastructure Capital – post-combination services (see note 33)	**9,514**	—
	10,659	459

Performance Share Plan

The Remuneration Committee approved the implementation of the Performance Share Plan ("PSP") following the IPO. Options are granted under the plan for no consideration, carry no dividend or voting rights and are linked to an absolute total shareholder return ("TSR") of 6% compound growth per annum over a three year period. The absolute TSR condition vests over a range from 0% to 6% compounded over a three year period. The exercise price is £nil. The Group is allowed to issue new shares to satisfy the share schemes which must not exceed 10% of the issued share capital in any rolling ten year period. The Group's position against the dilution limits at 31 March 2023 since Admission was 2% (2022: 1%).

Details of movements in the number of shares are as follows:

	31 March 2023		31 March 2022	
	Number of shares granted	Average exercise price per share option £	Number of shares granted	Average exercise price per share option £
At the beginning of period	**1,071,830**	**—**	—	—
Granted	**1,316,700**	**—**	1,071,830	—
Vested	**—**	**—**	—	—
Extinguished	**(29,000)**	**—**	—	—
Awards outstanding at end of period	**2,359,530**	**—**	1,071,830	—

No options expired during the periods covered by the above table.

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

10. Share-based payments continued
Performance Share Plan continued

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Grant date	Expiry date	Exercise price	**Share options 31 March 2023**	Share options 31 March 2022
4 September 2021 (FY22 Grant)	31 July 2024	–	**1,042,830**	1,071,830
9 August 2022 (FY23 Grant)	31 July 2025	–	**1,316,700**	–
			2,359,530	1,071,830
Weighted average remaining contractual life of options outstanding at end of period			**1.89 years**	2.33 years

Fair value of options granted

The assumptions used in the Monte-Carlo simulation for the FY23 Grant were as follows:

- Starting share price of 419.85 pence (FY22 Grant: 378.40 pence) (the share price of the Company on the date of the grant)
- Annual volatility of 40% (FY22 Grant: 40%) (based on volatility of share price from IPO to grant date)
- Vesting period of three years (FY22 Grant: three years)
- Holding period of two years (FY22 Grant: two years) with associated 20% (FY22 Grant: 30%) deduction for lack of marketability (based on empirical studies)
- Exercise price of 0 pence (FY22 Grant: 0 pence)
- Risk-free rate of 2% (FY22 Grant: 1%) per annum which has been used as a discount factor (based on government bond yields)
- Annual dividend of 14 pence (FY22 Grant: 14 pence) per annum

The simulation based on these assumptions resulted in a fair value of 169.7 pence (FY22 Grant: 143.83 pence) per option.

Share Incentive Plan

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

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

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

10. Share-based payments continued
Share Incentive Plan continued

The movement in matching shares purchased under this scheme during the year was as follows:

	Number of shares purchased	Number of shares purchased
At the beginning of period	**152,769**	–
Movement	**65,725**	152,769
At end of period	**218,494**	152,769

Overseas Phantom Share Plan

During the year ended 31 March 2023, the Group launched the Overseas Phantom Share Plan (the "Plan") which was introduced to create a plan similar to the UK Share Incentive Plan for non-UK employees. All non-UK employees may participate except those who participate in the Performance Share Plan. The Plan is a cash-bonus scheme whereby each non-UK employee is granted a number of notional share options replicating the terms of the UK SIP. At 31 March 2023, the Group had made awards of 36,368 notional matching shares under the plan.

Infrastructure Capital – post-combination services (see note 33)

Payments of consideration arising from the acquisition of Infrastructure Capital require the sellers to remain either employed or contracted to the Group or the payments will be forfeited. They are therefore accounted for as remuneration for post-combination services. Where the consideration is paid in shares, these are accounted for as equity-settled share-based payments under IFRS 2. Further explanation of the consideration is contained in note 33.

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

Grant date	Expiry date	Exercise price[1]	**Share options 31 March 2023**	Share options 31 March 2022
8 September 2022	30 September 2023	–	**2,276,784**	–
8 September 2022	30 September 2024	–	**2,276,784**	–
8 September 2022	30 September 2025	–	**2,276,784**	–
			6,830,352	–
Weighted average remaining contractual life of options outstanding at end of period			**1.5 years**	–

1. Exercise price not applicable as shares have already been issued.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

11. Other operating income

	31 March 2023 £000	31 March 2022 £000
Fees arising from the Shirebrook development	–	250

Fees arising from the Shirebrook development

The Group is managing the development of a reserve power plant site in Shirebrook, Derbyshire on behalf of the Foresight ITS product. Development fees have been accounted for as other operating income when it is virtually certain that relevant contractual conditions have been met. At 31 March 2022, total fees of £2.4 million had been recognised over four years, which reflects the total contractual fees on the development.

12. Finance income and expenses

Accounting policy:

Finance income

Finance income comprises fair value gain on derivatives and interest receivable on cash deposits.

Fair value gain on derivatives not designated as hedging instruments reflects the changes in fair values of foreign currency exchange forward contracts. Interest income is recognised in the income statement as it accrues using the effective interest method.

Finance expenses

Finance expenses comprise interest payable on leases and associated dilapidation provisions, borrowings and direct issue costs and are expensed in the period in which they are incurred.

	31 March 2023 £000	31 March 2022 £000
Finance income		
Gain on derivatives	**762**	–
Bank interest receivable	**121**	2
Total finance income	**883**	2
Finance expenses		
Other interest payable	**2**	4
Loan interest (accrued)	**139**	85
Interest on lease liabilities	**512**	564
Interest on dilapidation provisions	**201**	–
Total finance expense on financial liabilities measured at amortised cost	**854**	653
Net finance income/(expense) recognised in the Statement of Comprehensive Income	**29**	(651)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

12. Finance income and expenses continued

The above finance income and expense includes the following in respect of assets (liabilities) not at fair value through profit or loss:

	31 March 2023 £000	31 March 2022 £000
Total finance income on financial assets	**883**	2
Total finance expense on financial liabilities	**(854)**	(653)
	29	(651)

13. Taxation

Accounting policy:

Current tax

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

A provision is recognised for those matters for which the tax determination is uncertain, but it is considered probable that there will be a future outflow of funds to a tax authority.

The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the Group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is recognised on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the Statement of Financial Position liability method. Deferred tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited to other comprehensive income or directly to equity, in which case the deferred tax is also dealt with in the Statement of Other Comprehensive Income or directly in equity. See note 27.

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

13. Taxation continued

	31 March 2023 £000	31 March 2022 £000
Current tax		
UK corporation tax	**3,260**	3,098
Foreign taxation	**1,708**	66
Adjustments in respect of prior periods (foreign tax)	**—**	5
Total current tax charge	**4,968**	3,169
Deferred tax		
Origination and reversal of temporary differences	**(1,272)**	(376)
Total deferred tax	**(1,272)**	(376)
Tax on profit on ordinary activities	**3,696**	2,793
Total tax expense		
From above	**3,696**	2,793
Share of tax expense of equity-accounted joint ventures	**—**	21
	3,696	2,814

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

	31 March 2023 £000	31 March 2022 £000
Profit for the year	**23,625**	25,076
Add back total tax	**3,696**	2,814
Profit before all tax	**27,321**	27,890
Profit before tax at 19%	**5,191**	5,299
Profits not assessable to corporation tax	**(410)**	(762)
Profit share allocation from partnership funds	**120**	654
Unrecognised deferred tax	**(328)**	350
Adjustments to previous periods	**—**	5
Differences on overseas tax rate	**(4,368)**	(4,126)
Remeasurement of deferred tax	**—**	150
Expenses not deductible for tax purposes	**1,082**	1,482
Other – share-based payments	**126**	(46)
Contingent payments to sellers of acquired companies	**2,283**	—
Gain on business combination	**—**	(192)
Total tax charge	**3,696**	2,814

The Company is resident for taxation purposes in Guernsey and its income is subject to corporation tax in Guernsey, presently at a rate of 0% per annum. The tax reconciliation for the Group has been prepared using the current UK corporation tax rate of 19%, as most of the Group's trading activities are carried out in the UK.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

14. Earnings per share

Accounting policy:

Basic earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of shares in issue during the period less the weighted average number of own shares held and shares held in escrow (see note 29 "Own share reserve" and "Shares held in escrow reserve").

Diluted earnings per share is calculated by dividing the profit attributable to the owners of the parent company by the weighted average number of shares for the purposes of the basic earnings per share plus the weighted average number of shares that would be issued on the conversion of dilutive potential Ordinary Shares into Ordinary Shares (see note 10 for Performance Share Plan and note 33 for Infrastructure Capital initial share consideration).

	31 March 2023 £000	31 March 2022 £000
Earnings		
Profit for the period for purpose of basic and diluted earnings per share	**23,625**	25,076
Non-underlying items (see note 8)	**15,279**	(1,012)
Profit before non-underlying items for the period for purpose of basic and diluted earnings per share before non-underlying items	**38,904**	24,064

	31 March 2023 000	31 March 2022 000
Number of shares		
Weighted average number of shares in issue during the period	**112,770**	108,333
Less time-apportioned own shares held	**(193)**	(133)
Weighted average number of Ordinary Shares for the purpose of basic earnings per share	**112,577**	108,200
Add back weighted average number of dilutive potential shares		
Performance Share Plan	**1,727**	608
Weighted average number of Ordinary Shares for the purpose of diluted earnings per share	**114,304**	108,808

Weighted average number of Ordinary Shares for the purpose of diluted earnings per share does not include the impact of contingent shares to be issued for both the earn-out consideration and performance consideration arising from the Infrastructure Capital acquisition (see note 33) as the amount of shares potentially to be issued is not currently known.

	31 March 2023 pence	31 March 2022 pence
Earnings per share		
Basic	**21.0**	23.2
Diluted	**20.7**	23.0
Basic before non-underlying items	**34.6**	22.2
Diluted before non-underlying items	**34.0**	22.1

Earnings per share before non-underlying items is calculated in the same way as earnings per share, but by reference to non-underlying items attributable to Shareholders.

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

15. Property, plant and equipment

Accounting policy:

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

- Fixtures and fittings:
  - Office equipment over ten years
  - Computer equipment over five years
- Short leasehold property over term of lease
- Motor vehicles over four years

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

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

	Fixtures, fittings and equipment £000	Short leasehold property £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2022	454	5,474	15	5,943
Additions	413	206	—	619
Business combinations (see note 33)	73	—	—	73
Foreign exchange movement	26	10	—	36
Disposals	(49)	—	(15)	(64)
At 31 March 2023	917	5,690	—	6,607
Depreciation				
At 1 April 2022	173	3,106	8	3,287
Depreciation charge for the year	249	594	2	845
Disposals	(35)	—	(10)	(45)
Foreign exchange movement	(6)	4	—	(2)
At 31 March 2023	381	3,704	—	4,085
Net book value at 31 March 2023	536	1,986	—	2,522

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

15. Property, plant and equipment continued

	Fixtures, fittings and equipment £000	Short leasehold property £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2021	341	5,385	15	5,741
Additions	308	90	–	398
Foreign exchange movement	(2)	(1)	–	(3)
Disposals	(193)	–	–	(193)
At 31 March 2022	454	5,474	15	5,943
Depreciation				
At 1 April 2021	193	2,531	5	2,729
Depreciation charge for the year	172	576	3	751
Disposals	(191)	–	–	(191)
Foreign exchange movement	(1)	(1)	–	(2)
At 31 March 2022	173	3,106	8	3,287
Net book value at 31 March 2022	281	2,368	7	2,656

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

16. Intangible assets

Accounting policy:

Goodwill arises through business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition. Goodwill is recognised as an asset and measured at cost less accumulated impairment losses. It is allocated to groups of cash-generating units, which represent the lowest level at which goodwill is monitored for internal management purposes. Cash-generating units are identified as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets, and are no larger than the Group's operating segments, as set out in note 5.

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

Computer software (internally generated) represents software licences and development costs to bring software into use. Costs associated with developing or maintaining computer software programmes that do not meet the capitalisation criteria under IAS 38 are recognised as an expense as incurred.

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

- Customer contracts over remaining term of investment management contract
- Computer software over three to four years

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

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

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

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

16. Intangible assets continued

Estimation uncertainty and judgements:

Acquisition of Infrastructure Capital Group

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

Acquisition of Downing's technology ventures business

The valuation of investment management contracts represents an estimation of the present value of the earnings that those contracts were expected to generate at the completion date. The net present value was calculated using a Multi-period Excess Earnings Method ("MEEM") methodology, with reference to the projected profitability of the fund over a useful life of fifteen years based on internal forecasts and a weighted average cost of capital ("WACC") of 13.8% using various inputs to reflect the operations which are principally based in the United Kingdom.

A key area of estimation is the expected useful life of the contracts especially where the contracts do not have a defined end date, which is the case for Infrastructure Group and Downing. The Group considers the nature of the contracts and also undertakes a benchmark analysis of comparable purchase price allocations. The amortisation charge for Infrastructure Capital and Downing contract are £969,000 and £712,000 respectively for the current period. A reduction in useful life to ten years for both acquisitions would result in an increased charge of £1,937,000 and £356,000 respectively.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

16. Intangible assets continued

	Computer software £000	Customer contracts £000	Goodwill £000	Total £000
Cost				
At 1 April 2022	**650**	**4,558**	**—**	**5,208**
Additions	**13**	**—**	**—**	**13**
Business combinations	**—**	**44,798**	**19,404**	**64,202**
Foreign exchange movement	**—**	**(2,321)**	**(978)**	**(3,299)**
Disposals	**—**	**—**	**—**	**—**
At 31 March 2023	**663**	**47,035**	**18,426**	**66,124**
Amortisation/impairment				
At 1 April 2022	**394**	**383**	**—**	**777**
Charge for the year	**83**	**2,414**	**—**	**2,497**
Foreign exchange movement		**(61)**	**—**	**(61)**
Disposals	**—**	**—**	**—**	**—**
At 31 March 2023	**477**	**2,736**	**—**	**3,213**
Net book value at 31 March 2023	**186**	**44,299**	**18,426**	**62,911**

	Computer software £000	Customer contracts £000	Goodwill £000	Total £000
Cost				
At 1 April 2021	479	2,914	—	3,393
Additions	171	—	—	171
Business combinations	—	1,679	—	1,679
Disposals	—	(35)	—	(35)
At 31 March 2022	650	4,558	—	5,208
Amortisation/impairment				
At 1 April 2021	289	92	—	381
Charge for the year	105	292	—	397
Disposals	—	(1)	—	(1)
At 31 March 2022	394	383	—	777
Net book value at 31 March 2022	256	4,175	—	4,431

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

16. Intangible assets continued

Customer contracts

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

	Remaining amortisation period	Carrying value £000
Acquisition of Infrastructure Capital Group (see note 33)	19.4 years	**27,322**
Acquisition of Downing's technology ventures business (see note 33)	14.3 years	**13,534**
Acquisition of PiP Manager Limited	17.4 years	**2,501**
Acquisition of FV Solar Lab S.R.L. (see note 33)	1.6 years	**942**
		44,299

Goodwill

The table below shows the carrying amount of goodwill.

	31 March 2023 £000
Acquisition of Infrastructure Capital Group (see note 33)	**11,889**
Acquisition of Downing's technology ventures business (see note 33)	**6,537**
	18,426

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

Computer software

The remaining element of intangible assets relates to capitalised software costs, which are amortised over three to four years. The amortisation charges above are recognised within administrative expenses in the Statement of Comprehensive Income.

17(a). Investments at FVTPL

Accounting policy:

Investments at FVTPL are recognised initially at fair value, which is normally the transaction price. Subsequent to initial recognition, investments at FVTPL are measured at fair value with changes recognised in the Statement of Comprehensive Income.

Estimation uncertainty and judgements:

Investments at FVTPL are the Group's co-investment into Limited Partnership funds and VCT investments managed by the Group. Fair value is calculated as the Group's share of NAVs of these funds and investments. These NAVs are subject to the Group's fund Valuations Policy which sets out acceptable methodologies that may be applied in valuing a fund's investments. Each quarter, each Investment Manager values their investments in accordance with the guidelines of this policy, typically the International Private Equity and Venture Capital ("IPEV") Valuation Guidelines (December 2022) developed by the British Venture Capital Association and other organisations. Where appropriate, these valuations are also approved by the independent Boards of each fund and in all cases by the Group's valuation committee.

While valuations of investments are based on assumptions that the Directors consider are reasonable under the circumstances, the actual realised gains and losses will depend on, amongst other factors, future operating results, the value of the assets and market conditions at the time of disposal, any related transaction costs and the timing and manner of sale, all of which may ultimately differ significantly from the assumptions on which the valuations were based. Further details on the key assumptions made and a sensitivity analysis are set out in note 32.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

17(a). Investments at FVTPL continued

	31 March 2023 £000	31 March 2022 £000
At beginning of period	**2,781**	2,075
Additions	**1,310**	712
Fair value movements	**349**	638
Sales proceeds	**(473)**	(644)
At end of period	**3,967**	2,781

Investments comprise co-investments into Limited Partnership funds and VCT investments managed by the Group which are measured at fair value.

17(b). Investments in related undertakings

Details of the investments in related undertakings, comprising subsidiaries, are included in the appendices to the financial statements on pages 206 to 208.

18. Derivative assets

Accounting policy:

The Group uses forward currency contracts to hedge the risks associated with foreign currency fluctuations. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivative financial instruments are classified as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The forward currency contracts entered into to date have not been designated as hedging instruments and are not subject to hedge accounting.

	31 March 2023 £000	31 March 2022 £000
Derivative assets arising from forward currency contracts, of which:	**648**	–
Non-current assets	**245**	–
Current assets	**403**	–

The Group originally had eight forward foreign currency contracts, of which the first matured on 30 March 2023 and thereafter at quarterly intervals. Therefore, at 31 March 2023, the Group had seven contracts with a notional amount of A$17.5 million to sell for £10.2 million and the fair value of these contracts gave rise to a gain of £0.7 million recognised as a derivative asset.

19. Contract costs

Accounting policy:

The Group may enter into placement agency agreements with providers who will seek to raise investor monies. Where placement agency fees are incremental to obtaining, extending or modifying a contract with a customer, these fees are capitalised and then amortised on a systematic basis consistent with the pattern of transfer of the services to which the asset relates. Where placement agency fees are not considered to be incremental, these are expensed as they are incurred. Capitalised placement fees are included within contract costs.

Retainer amounts paid to placement agents are recognised as an asset. Where the placement agent is successful in obtaining a contract with a customer, the retainer amounts are offset against the gross placement agency fees when incurred. If unsuccessful, the retainer amounts are expensed.

Estimation uncertainty and judgements:

When deciding whether placement agency fees are incremental to obtaining, extending or modifying a contract with a customer, the Group must consider whether an individual investor is the customer or whether the fund that the investor is investing into is the customer. Where the individual investor is the customer, the fees will be incremental. Where the customer is the fund, the fees for the individual investor would not be incremental.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

19. Contract costs continued

	31 March 2023 £000	31 March 2022 £000
Incremental placement agency fees, of which:	**3,965**	4,555
Non-current assets	**3,435**	3,976
Current assets	**530**	579

20. Trade and other receivables

Accounting policy:

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

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

Additionally, when a trade receivable is credit impaired, it is written off against trade receivables and the amount of the loss is recognised in the income statement. Subsequent recoveries of amounts previously written off are credited to the Statement of Comprehensive Income. In line with the Group's historical experience, and after consideration of current credit exposures, the Group does not expect to incur any significant credit losses and has not recognised any ECLs in the current year (2022: £nil). A bad debt expense has though been incurred in for the year for a small number of directors fees, but none for management fees.

Amortised cost

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

Derecognition

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

20. Trade and other receivables continued

	31 March 2023 £000	31 March 2022 £000
Trade receivables	**12,956**	13,383
Other receivables	**3,411**	2,310
Prepayments	**3,080**	2,050
Staff advances	**2,295**	2,880
Tax receivable	**—**	584
Less non-current assets:		
Trade receivables	**1,044**	1,120
Staff advances	**1,555**	2,140
	2,599	3,260
Current assets:		
Trade receivables	**11,912**	12,263
Other receivables	**3,411**	2,310
Prepayments	**3,080**	2,050
Staff advances	**740**	740
Tax receivable	**—**	584
	19,143	17,947

The Directors consider that the carrying value of trade receivables, other receivables and staff advances approximates to their fair value. Staff advances have been made in order to retain key staff and are expensed over five years in line with the contractual terms of the advances but are repayable if the relevant individual leaves the Group.

The ageing profile of the Group's trade receivables is as follows:

	31 March 2023 £000	31 March 2022 £000
Current	**10,932**	7,254
Overdue		
< 30 days	**40**	705
30-60 days	**248**	449
60-90 days	**300**	81
> 90 days	**1,436**	4,894
	12,956	13,383

The movement in the impairment allowance for trade receivables is as follows:

	31 March 2023 £000	31 March 2022 £000
At beginning of period	**213**	232
Written off during the period as uncollectible	**(216)**	(159)
Increase during the period	**64**	140
At end of period	**61**	213

Trade receivables include amounts which are past due at the reporting date but against which the Group has not recognised a provision for impairment as there has been no significant change in credit quality and the amounts are still considered recoverable.

In determining the recoverability of trade receivables the Directors considered any change in the credit quality of the trade receivable from the date the credit was initially granted up to the reporting date. Such changes would include when one or more detrimental events have occurred, such as significant financial difficulty of the counterparty or it becoming probable that the counterparty will enter bankruptcy or other financial reorganisation. As the majority of trade receivables are fees settled directly from the cash of the respective funds, the credit risk is considered to be very low. When trade receivables are fees settled directly from investee companies, i.e. directors' fees, there is the possibility of financial difficulty, however these fees individually are not significant. See note 32 for management of credit risk.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

21. Cash and cash equivalents

Accounting policy:

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

	31 March 2023 £000	31 March 2022 £000
Cash and cash equivalents per Statement of Financial Position	**39,761**	54,289
Cash and cash equivalents per Cash Flow Statement	**39,761**	54,289

22. Trade and other payables

Accounting policy:

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

Amortised cost

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

Derecognition

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

	31 March 2023 £000	31 March 2022 £000
Trade payables	**1,945**	1,322
Accruals	**17,504**	12,459
Deferred income	**5,790**	134
Other payables	**3,993**	4,716
VAT and PAYE	**2,876**	3,234
Corporation tax	**1,559**	497
Partnership capital contributions	**1,715**	1,680
Less non-current liabilities:		
Accruals	**–**	64
Current liabilities:		
Trade payables	**1,945**	1,322
Accruals	**17,504**	12,395
Deferred income	**5,790**	134
Other payables	**3,993**	4,716
VAT and PAYE	**2,876**	3,234
Corporation tax	**1,559**	497
Partnership capital contributions	**1,715**	1,680
	35,382	23,978

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

The Directors consider the carrying amount of trade payables, other payables, accruals and partnership capital contributions approximates to their fair value when measured by discounting cash flows at market rates of interest as at the Statement of Financial Position date. Deferred income relates to fees received in advance. Partnership capital contributions relate to contributions by members to Foresight Group LLP. The main component of accruals are bonuses relating to the financial period but substantially settled in July in the following financial year.

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

23. Loans and borrowings

Accounting policy:

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

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

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

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

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

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

Terms and debt repayment schedule

	Currency	Nominal interest rate	Year of maturity[2]	31 March 2023 Carrying amount[1] £000
Unsecured loan	GBP	Base rate + 2%	2027	**3,131**

1. The carrying amount of these loans and borrowings equates to the fair value.
2. The loans were provided by five lenders equally. The Group agreed with four lenders for early repayment, with repayment made in May 2023. These repayments have been disclosed within current liabilities.

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

	31 March 2023 £000	31 March 2022 £000
At beginning of period	**3,690**	4,324
Interest	**139**	85
Repayment – principal	**(606)**	(622)
Repayment – interest	**(92)**	(97)
At end of period	**3,131**	3,690

For more information about the Group's exposure to interest rate and foreign currency risk, see note 32.

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

24. Lease liabilities and right-of-use assets

Accounting policy:

Applying IFRS 16, for all leases, the Group:

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

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

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

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

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

VCF II LLP

- 23rd Floor Shard, London
- 18th Floor Shard, London
- 3rd Floor Park Row, Nottingham
- 4th Floor Park Row, Nottingham

Foresight Group LLP

- George Street, Edinburgh, Scotland
- Station Road, Cambridge
- King Street, Manchester

Foresight Group S.R.L.

- Piazza Barberini, Rome

Foresight Group Iberia SL

- Planta Tercera, Madrid

Foresight Group Luxembourg S.A.

- Europe Building, Allee Scheffer, Luxembourg

New leases entered into or acquired through business combinations in the year ended 31 March 2023:

Foresight Group LLP

- Northspring, Wellington Street, Leeds
- Earl Grey House, Grey Street, Newcastle upon Tyne

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

24. Lease liabilities and right-of-use assets continued

The leases are typically of ten years' duration.

	31 March 2023 £000	31 March 2022 £000
Right-of-use asset		
At beginning of period	**8,260**	9,120
Additions	**706**	1,477
Business combination (see note 33)	**560**	–
Adjustment to dilapidations (see note 26)	**(334)**	–
Depreciation	**(1,872)**	(2,337)
Foreign exchange	**(39)**	–
At end of period	**7,281**	8,260
Lease liability		
At beginning of period	**10,408**	12,019
Current	**2,302**	2,157
Non-current	**8,106**	9,862
Additions	**722**	544
Business combination (see note 33)	**619**	–
Lease payment	**(2,963)**	(2,719)
Interest	**512**	564
Foreign exchange	**(47)**	–
At end of period	**9,251**	10,408
Current	**2,562**	2,302
Non-current	**6,689**	8,106
	9,251	10,408

The lease payment in the year has been split £2,451,000 (2022: £2,155,000) of principal and £512,000 (2022: £564,000) of interest.

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

Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
10,187	**2,991**	**3,015**	**3,312**	**869**

The table below summarises the maturity profile of the Group's lease liabilities based on contractual undiscounted payments at 31 March 2022.

Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
11,634	2,799	2,800	5,172	863

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

	31 March 2023 £000	31 March 2022 £000
Depreciation expense on right-of-use assets	**1,872**	2,337
Interest expense on lease liabilities	**512**	564
	2,384	2,901

The weighted average incremental borrowing rate applied to lease liabilities recognised in the Statement of Financial Position at the date of initial application was 4.61% (2022: 4.79%).

In accordance with IFRS 16.53(c), (d) al(e) (in respect of short-term, low-value and variable lease expenses), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16 for these items. This expense is presented within administrative expenses in the Statement of Comprehensive Income and for the year ended 31 March 2023 was £95,000 (2022: £117,000).

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

25. Acquisition-related liabilities

Acquisition-related liabilities arise from the acquisitions made by the Group during the period (see note 33).

Accounting policy:

Contingent consideration payable is measured at fair value at acquisition and assessed annually with particular reference to the conditions upon which the consideration is contingent. Fair value movements in the year are recognised in the income statement.

Remuneration for post-combination services is the liability that arises from accounting for contingent consideration payments to sellers which are subject to forfeiture if the seller ceases to be employed and are payable in cash; this consideration is accounted as long-term employee benefits under IAS19 (see note 28).

Estimation uncertainty:

Contingent consideration

Contingent consideration accounted for reflects the Group's best estimate of the amounts that are expected to be paid, discounted to their present value arising from the acquisition of Downing's technology ventures business. This is based on the updated AUM of the two VCT's whose investment mandates were acquired (see note 33). The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between £nil and £4,176,000.

Remuneration for post-combination services

The proportion of the deferred payments that are contingent on the recipients remaining employees of the Group for a specific period arising from the acquisition of Infrastructure Capital are accounted for as remuneration for post-combination services. The Group's estimate of the amounts ultimately payable will be expensed over the deferral period, discounted to their present value (see note 28).

	Contingent consideration £000	Remuneration for post-combination services £000	Total £000
At 1 April 2022	–	–	–
Business combinations	3,797	–	3,797
Arising in the period[1]	–	2,503	2,503
Fair value movements[2]	(327)	–	(327)
At 31 March 2023	**3,470**	**2,503**	**5,973**
Current liabilities	1,104	46	1,150
Non-current liabilities	2,366	2,457	4,823

1. The remuneration for post-combination services is made up of £2,485,000 of expense at the grant date fair value, £20,000 of unwinding the discount and a further (£2,000) arising from the assessment carried out to best estimate the amounts the Group expects to pay.
2. Of the fair value movement for contingent consideration, £133,000 related to unwinding the discount on the liability with remaining movement of (£460,000) arising from the assessment carried out to best estimate the amounts the Group expects to pay.

The table below summarises the maturity profile of the Group's contingent consideration based on contractual undiscounted payments and current assessment of probabilities at 31 March 2023.

Total £000	Less than one year £000	One to two years £000	Two to five years £000	More than five years £000
3,687	**1,229**	**1,229**	**1,229**	**–**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

26. Provisions

Accounting policy:

A provision is recognised in the Statement of Financial Position when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability. The increase in the provision due to the passage of time is recognised in finance expenses.

	31 March 2023 £000	31 March 2022 £000
At beginning of period	**933**	–
Additions	**–**	933
Adjustment (see below)	**(334)**	–
Interest	**201**	–
At end of period	**800**	933

Dilapidation provisions

As part of its operating lease agreement for its various premises, the Group has an obligation to pay for dilapidation costs at the end of the lease term. The Group engages independent surveyors to carry out inspections to assess these likely dilapidations which the Group then makes provisions for.

The provisions were first accounted for in FY22. At that time the provisions were not discounted which the Group has corrected for in FY23 using the incremental borrowing rates used to measure lease liabilities.

27. Deferred tax assets and liabilities

Accounting policy:

Deferred tax is recognised based on differences between the carrying value of assets and liabilities for accounting purposes and their tax values (see note 13). Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are only recognised to the extent that the Group considers them to be recoverable, which is determined by reference to estimates that future taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each Statement of Financial Position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Estimation uncertainty and judgements:

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

27. Deferred tax assets and liabilities continued

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

	31 March 2023 £000	31 March 2022 £000
At beginning of period	**(583)**	(604)
Recognised in Statement of Comprehensive Income		
Tax expense	**1,272**	376
Foreign exchange	**673**	26
	1,945	402
Recognised in equity		
Share-based payment reserve	**44**	22
Arising on business combination		
Intangible asset (see note 33)	**(12,727)**	(403)
Other temporary and deductible differences	**236**	–
	(12,491)	(403)
At end of period	**(11,085)**	(583)

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

	Asset 2023 £000	Liability 2023 £000	Net 2023 £000	Credited to profit or loss 2023 £000	Credited to equity 2023 £000
Other temporary and deductible differences	1,742	(416)	1,326	633	44
Business combinations – intangible asset	–	(12,411)	(12,411)	639	–
	1,742	(12,827)	(11,085)	1,272	44

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

27. Deferred tax assets and liabilities continued

	Asset 2022 £000	Liability 2022 £000	Net 2022 £000	(Charged)/ credited to profit or loss 2022 £000	(Charged)/ credited to equity 2022 £000
Other temporary and deductible differences	615	(178)	437	582	22
Business combinations – intangible asset	—	(1,020)	(1,020)	(87)	—
Business combinations – other temporary and deductible differences	—	—	—	(119)	—
	615	(1,198)	(583)	376	22

28. Employee benefits
Defined contribution pension plan

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

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

The amounts charged to the Statement of Comprehensive Income in respect of these schemes represents contributions payable in respect of the accounting period. The total annual pension cost for the defined contribution schemes for the year ended 31 March 2023 was £1,245,000 (2022: £608,000).

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

28. Employee benefits continued
Remuneration for post-combination services

Accounting policy:
Arising from the acquisition of Infrastructure Capital (see note 33), the Group has deferred payments which require the sellers to remain in employment with or contracted to the Group for the duration of the respective deferral periods. Where deferred payments are to be paid in cash, these are accounted for as other long-term employee benefits under IAS 19.

Estimation uncertainty:
The Group has estimated the amounts which will ultimately become payable, i.e. the expected value of the obligation based on the maximum amount for each consideration discounted back to the valuation date multiplied by the probability of achieving of the management fee revenue targets and forfeiture rate. The discounting uses high-quality corporate bond rates of 3.3%. As per note 33, on the grant date the earn-out consideration had a management fee revenue target probability of 100% and 0% forfeiture rate, the revenue earn-out a probability of 40% and 0% forfeiture rate and the performance consideration had a probability of 71% and 0% forfeiture rate. The forfeiture rate was unchanged at the end of the reporting period, but the management fee revenue target probabilities were reassessed to 95%, 47.5% and 79% respectively. The basis of the probability reassessments was internal forecasts of the appropriate management fee revenue. The maximum award for each at the end of the reporting period would result in an additional charge of £1,858,000 and the minimum would result in a full reversal of the respective charge of £2,503,000.

The liabilities will be expensed over the deferral period and are included in staff costs – acquisition. The liabilities are included in Acquisition-related liabilities (see note 25).

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

29. Share capital and other reserves

Accounting policy:
Ordinary Shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in share premium as a deduction from the proceeds.

	31 March 2023 Number	**31 March 2023 £**	31 March 2022 Number	31 March 2022 £
Ordinary Shares of no par value allotted				
At beginning of period	**108,333,333**	**—**	108,333,333	—
Shares issued on acquisition of Infrastructure Capital (see note 33)	**7,937,879**	**—**	—	—
At end of period	**116,271,212**	**—**	108,333,333	—

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

29. Share capital and other reserves continued

Rights for Ordinary Share class

The rights attaching to the shares are uniform in all respects and they form a single class for all purposes, including with respect to voting and for all dividends and other distributions declared, made or paid on the Ordinary Share capital of the Company.

Subject to any rights and restrictions attached to any shares, on a show of hands every Shareholder who is present in person shall have one vote and on a poll every Shareholder present in person or by proxy shall have one vote per share.

Except as provided by the rights and restrictions attached to any class of shares, Shareholders are under general law entitled to participate in any surplus assets in a winding up in proportion to their shareholdings.

Share premium

Accounting policy:

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

	31 March 2023 £000	31 March 2022 £000
At beginning of period	**32,040**	32,040
Shares issued on acquisition of Infrastructure Capital – 7,937,879 shares at £3.76 per share (see note 33)	**29,846**	–
At end of period	**61,886**	32,040

Shares held in escrow reserve

Accounting policy:

The Group can issue shares to employees that are subject to forfeiture if the employee ceases to be employed by the Group for a specified time period. Such shares are recognised at cost and are presented in the Group Statement of Financial Position as a deduction from equity.

The shares held in escrow reserve arises from the acquisition of Infrastructure Capital and accounting treatment of the initial share consideration under IFRS 3 (see note 33). If a seller forfeited their shares, under the terms of share and purchase agreement, these shares would be proportionally allocated to the other sellers. As the good leaver sellers cannot forfeit their shares, any other forfeited shares would be allocated to the good leavers and not returned to the Company.

Own share reserve

Accounting policy:

The Group operates a trust for the purpose of satisfying certain share awards to employees. Own shares held are equity shares of the Company acquired and held by this trust. Such shares are recognised at cost and are presented in the Group Statement of Financial Position as a deduction from equity. No gain or loss is recognised on the purchase, sale, issue or cancellation of the Company's own shares.

The Group operates a Share Incentive Plan as per note 10. The Group operates a trust which holds shares that have not yet vested unconditionally to employees of the Group.

At 31 March 2023, the total number of shares held in trust was 342,403 (2022: 228,838), including 218,494 (2022: 152,769) of matching shares at a cost of £729,000 (2022: £454,000), an increase of £275,000 on the prior year.

Share-based payment reserve

The share-based payment reserve represents the cumulative cost of the Group's share-based remuneration schemes and associated deferred tax together with the cumulative cost of the remuneration for post-combination services arising from acquisitions (see note 10 for share-based payments and note 33 for acquisitions). The cumulative cost is analysed below.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

29. Share capital and other reserves continued

Share-based payment reserve continued

	Performance Share Plan £000	Share Incentive Plan £000	Remuneration for post-combination services £000	Total £000
Cost				
At 1 April 2022	299	160	—	459
Additions	840	239	9,514	10,593
At 31 March 2023	1,139	399	9,514	11,052
Deferred tax				
At 1 April 2022	22	—	—	22
Additions	44	—	—	44
At 31 March 2023	66	—	—	66
Net value at 31 March 2023	1,205	399	9,514	11,118

	Performance Share Plan £000	Share Incentive Plan £000	Remuneration for post-combination services £000	Total £000
Cost				
At 1 April 2021	—	—	—	—
Additions	299	160	—	459
At 31 March 2022	299	160	—	459
Deferred tax				
At 1 April 2021	—	—	—	—
Additions	22	—	—	22
At 31 March 2022	22	—	—	22
Net value at 31 March 2022	321	160	—	481

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

29. Share capital and other reserves continued

Group reorganisation reserve

The Group reorganisation reserve consists of the Ordinary Share capital of Foresight Group CI Limited. As there is no investment in Foresight Group CI Limited held in the books of any holding companies (Foresight Group Holdings Limited) this balance is left as a Group reserve.

Foreign exchange reserve

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

Retained earnings

Includes all current and prior period retained profits and losses.

30. Dividends

Accounting policy:

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

Dividends on Ordinary Shares declared and paid during the year:

	31 March 2023 £000	31 March 2022 £000
Final dividend	**10,617**	1,872
Interim dividend	**5,348**	4,303
	15,965	6,175

Year ended 31 March 2023

- A final dividend of 9.8 pence per share in respect of the year ended 31 March 2022 was paid on 14 October 2022 with an ex-dividend date of 18 August 2022 and a record date of 19 August 2022
- An interim dividend of 4.6 pence per share in respect of the year ended 31 March 2023 was paid on 27 January 2023 with an ex-dividend date of 12 January 2023 and a record date of 13 January 2023

Year ended 31 March 2022

- A final dividend of 1.7 pence per share in respect of the year ended 31 March 2021 was paid on 24 September 2021 with an ex-dividend date of 9 September 2021 and a record date of 10 September 2021
- An interim dividend of 4.0 pence per share in respect of the year ended 31 March 2022 was paid on 25 March 2022 with an ex-dividend date of 10 March 2022 and a record date of 11 March 2022

Dividends proposed by the board of directors to be approved by shareholders (not recognised as a liability at 31 March 2023)

	31 March 2023 £000	31 March 2022 £000
Final dividend	**18,022**	10,617

- A final dividend of 15.5 pence per share in respect of the year ended 31 March 2023 is proposed but subject to approval by the Shareholders at the Annual General Meeting and has not been included as a liability in the financial statements.

31. Commitments and contingencies

There were no capital commitments or contingencies at 31 March 2023 or 31 March 2022 except as disclosed in note 25.

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

32. Financial instruments – classification and measurement

Financial assets

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

	31 March 2023 £000	31 March 2022 £000
Trade and other receivables	**18,662**	18,573
Cash and cash equivalents	**39,761**	54,289
Derivative assets	**648**	–
Investments at FVTPL	**3,967**	2,781
	63,038	75,643

Financial liabilities

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

	31 March 2023 £000	31 March 2022 as restated £000
Trade payables	**1,945**	1,322
Other payables and partnership capital contributions	**5,708**	6,396
Accruals	**17,504**	12,459
Loans and borrowings	**3,131**	3,690
Lease liabilities	**9,251**	10,408
Acquisition-related liabilities	**5,973**	–
	43,512	34,275

Financial liabilities for the year ended 31 March 2022 have been restated to include accruals.

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.

The investments in equity and loan stocks of unquoted companies are rarely traded and as such the prices are more difficult to determine than those of more widely traded securities. In addition, the ability of the Group to realise the investments at their carrying value will at times not be possible if there are no willing purchasers. The potential maximum exposure to market price risk, being the value of the investments as at 31 March 2023, was £4.0 million (2022: £2.8 million).

(ii) Interest rate risk

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

The Group had only £3.1 million of external debt, related to the PiP acquisition during the year ended 31 March 2021 (see note 23) with a fixed interest rate. As per note 37, £2.5 million of this debt was repaid post year-end.

Cash and cash equivalents at year-end consist of cash held in non-interest bearing bank accounts. The Group had though placed cash in fixed rate deposit accounts during the year and has continued to do so post year-end.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

32. Financial instruments – classification and measurement continued

Financial risk management continued

(a) Market risk continued

(iii) Foreign exchange risk

Foreign currency risk is the risk that changes in foreign exchange rates will cause the Group to suffer losses. Before the Infrastructure Capital acquisition (see note 33), the Group was not exposed to significant foreign exchange transaction risk as the Group's activities were primarily within the UK.

In order to mitigate the risk associated with the increase in Group cash flows arising in a foreign currency following the acquisition, the Group entered into a number of forward foreign currency contracts in September 2022. These forward foreign currency contracts are considered to be derivatives so are accounted for as financial instruments within the scope of IFRS 9 but are not designated as hedging instruments and are not subject to hedge accounting. See note 18 for further explanation of the contracts entered into.

The table below summarises the Group's exposure to foreign currency translation risk at 31 March 2023. Included in the table are the Group's financial assets, at carrying amounts, categorised by currency.

At 31 March 2023	**Euro £000**	**Aus dollar £000**	**US dollar £000**	**Total £000**
Financial assets				
Cash and cash equivalents	**1,993**	**–**	**69**	**2,062**
Investments at FVTPL	**2,078**	**–**	**–**	**2,078**
	4,071	**–**	**69**	**4,140**

At 31 March 2022	Euro £000	Aus dollar £000	US dollar £000	Total £000
Financial assets				
Cash and cash equivalents	3,036	837	127	4,000
Investments at FVTPL	991	–	–	991
	4,027	837	127	4,991

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

32. Financial instruments – classification and measurement continued

Financial risk management continued

(a) Market risk continued

(iii) Foreign exchange risk continued

A 5% strengthening of euro against sterling would reduce the net euro position and profit and loss by £214,000 (2022: £212,000). This assumes all other variables are held constant. A 5% strengthening of Australian dollar against sterling would reduce the net Australian dollar position and profit and loss by £nil (2022: £44,000).

(b) Liquidity risk

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

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

- Trade and other payables, see note 22
- Loans and borrowings, see note 23
- Lease liabilities, see note 24
- Acquisition-related liabilities: Contingent consideration – see note 25

(c) Credit risk

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

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

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

Capital risk management

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

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

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

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

32. Financial instruments – classification and measurement continued

Capital risk management continued

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.

During the year to 31 March 2023, the Group's strategy remained unchanged and all regulatory capital requirements of subsidiaries in the Group were complied with. Foresight Group LLP has documented its the Internal Capital Adequacy and Risk Assessment process ("ICARA") in compliance with the Investment Firm Prudential Regime (IFPR).

Fair value hierarchy

For financial instruments not traded in an active market, such as forward foreign currency contracts, the fair value is determined using appropriate valuation techniques that take into account the terms and conditions of the contracts and utilise observable market data, such as spot and forward rates, as inputs. Investments at FVTPL are the Group's co-investment into Limited Partnership funds and VCT investments managed by the Group. These unquoted investments are valued on a net asset basis by the Group. The actual underlying investments are valued in accordance with the following rules, which are consistent with the IPEV Valuation Guidelines as described in note 17.

i) Where a value is indicated by a material arm's-length transaction by an independent third party in the shares of a company, this value will be used

ii) In the absence of (i), and depending upon both the subsequent trading performance and investment structure of an investee company, the valuation basis will usually move to either:

   a) An earnings multiple basis. The shares may be valued by applying a suitable multiple to that company's historic, current or forecast earnings before tax, interest, depreciation and amortisation (the ratio used being based on a comparable sector but the resulting value being adjusted to reflect points of difference identified compared to the sector including, inter alia, illiquidity)

   b) Where a company's under-performance against plan indicates a diminution in the value of the investment, a write down against cost is made, as appropriate. Where the value of an investment has fallen permanently below cost, the loss is treated as a permanent write down and as a realised loss, even though the investment is still held. The Group assesses the portfolio for such investments and, after agreement with the relevant manager, will agree the values that represent the extent to which a realised loss should be recognised. This is based upon an assessment of objective evidence of that investment's future prospects, to determine whether there is potential for the investment to recover in value

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

32. Financial instruments – classification and measurement continued

Fair value hierarchy continued

iii) Premiums on loan investments are accrued at fair value when the Company receives the right to the premium and when considered recoverable

iv) Where an earnings multiple or cost less impairment basis is not appropriate and overriding factors apply, discounted cash flow, a net asset valuation, or industry-specific valuation benchmarks may be applied. An example of an industry-specific valuation benchmark would be the application of a multiple to that company's historic, current or forecast turnover (the multiple being based on a comparable sector but with the resulting value being adjusted to reflect points of difference including, inter alia, illiquidity)

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

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

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

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

At 31 March 2023	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Financial assets				
Investments at FVTPL	**—**	**—**	**3,967**	**3,967**
Derivative assets	**—**	**648**	**—**	**648**
	—	**648**	**3,967**	**4,615**
Financial liabilities				
Acquisition-related liabilities: Contingent consideration	**—**	**—**	**3,470**	**3,470**
Acquisition-related liabilities: Remuneration for post-combination services	**—**	**—**	**2,503**	**2,503**
	—	**—**	**5,973**	**5,973**

At 31 March 2022	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Financial assets				
Investments at FVTPL	—	—	2,781	2,781
Derivative assets	—	—	—	—
	—	—	2,781	2,781
Financial liabilities				
Acquisition-related liabilities: Contingent consideration	—	—	—	—

Derivative assets have arisen from the forward foreign currency contracts entered into during the year and are classified as Level 2. These were fair valued using valuation techniques that incorporate foreign exchange spot and forward rates. Otherwise, financial assets and liabilities are classified as Level 3.

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

32. Financial instruments – classification and measurement continued
Transfers
During the period there were no transfers between Levels 1, 2 or 3.

The unobservable inputs may be summarised as follows:

Asset class and valuation	31 March 2023 fair value £000	Significant unobservable inputs	Range estimates	Sensitivity factor	Change in fair value £000
Investments at FVTPL	**3,967**	NAV (See note 17)	1x	+/-5%	+/- 198
Acquisition-related liabilities: Contingent consideration	**3,470**	NAV (see note 25)	1x	+/-5%	+/ -174
Acquisition-related liabilities: Remuneration for post-combination services	**2,503**	Forecast (see note 28)	1x	See note 28	See note 28

As can be seen in the table above, the most significant unobservable input is in relation to the NAV of the relevant investments. A change of 5% to this assumption would increase or decrease the value of these investments by £198,000.

As required by IFRS 13 para 93 (e), a reconciliation of opening to closing balances for Investments at FVTPL is disclosed in note 17 and in note for 25 for Acquisition-related liabilities: Contingent consideration.

Unrealised gains and losses on Investments at FVTPL are recognised in the Statement of Comprehensive Income as fair value gains on investments. Unrealised gains and losses on contingent consideration are recognised in the Statement of Comprehensive Income as fair value gains on contingent consideration (incl. finance expense). Fair value gains and losses on remuneration for post-combination services are recognised over the vesting period as staff costs – acquisitions.

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

33. Business combinations

Accounting policy:

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

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

Acquisition-related costs are expensed as incurred and included within administrative expenses in the Statement of Comprehensive Income.

Goodwill

Goodwill arises through business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of a business at the date of acquisition. Goodwill is recognised as an asset and measured at cost less accumulated impairment losses (see note 16 for further explanation). Where the fair value of the identifiable assets and liabilities exceeds the cost of acquisition, a gain on business combination arises and is credited to the Statement of Comprehensive Income in the year of the acquisition.

Judgements:

Customer contract intangibles purchased through acquisitions

When the Group purchases customer contracts through acquisitions but not the share capital of the selling entity, a judgement is made as to whether the transaction should be accounted for as a business combination or as a separate purchase of intangible assets. In making this judgement, the Group assesses the assets, liabilities, operations and processes that were the subject of the transaction against the definition of a business combination in IFRS 3. In particular, consideration is given to the scale of the operations subject to the transaction and whether ownership of a corporate entity has been acquired, among other factors. The acquisition of the technology ventures division of Downing LLP has been accounted for as the acquisition of a business under IFRS 3.

Payments to newly recruited investment managers arising on acquisitions

The Group assesses whether payments made to newly recruited investment managers arising on acquisitions under contractual agreements represent payments for the acquisition of customer contract intangibles or remuneration for ongoing services provided to the Group. If these payments are incremental costs of acquiring customer contracts and are considered to be recoverable (i.e. through future revenues earned from the funds that transfer), they are capitalised. Otherwise, they are judged to be in relation to the provision of ongoing services and are expensed in the period in which they are incurred.

Treatment of consideration transferred

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

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

33. Business combinations continued
Acquisitions in the year ended 31 March 2023
Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital")

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

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

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

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

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

Consideration transferred

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

	£000
Initial cash consideration	32,626
Initial share consideration	4,296
Total carrying value	**36,922**

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

Initial share consideration comprises 7,937,879 shares in the Company issued on 8 September 2022 to service A$52,500,000 of amounts due to sellers. These shares will be subject to forfeiture if a seller ceases to be employed or contracted by Infrastructure Capital during the next three years, with 100% of a seller's shares being forfeited if this occurs prior to 30 September 2023, 66.66% from 30 September 2023 to 29 September 2024 and 33.33% from 30 September 2024 to 29 September 2025. Forfeiture does not apply to good leavers, of which there were three on completion. Initial share consideration for these good leavers is included in consideration valued at £4,296,000 (1,107,527 shares) with remaining consideration of £26,496,000 (6,830,352 shares (see note 10)) debited to the Shares held in escrow reserve (see note 29). This is because the initial share consideration payable to non-good leavers is treated as remuneration for post-combination services. This remuneration expense is charged to the Statement of Comprehensive Income over the vesting period, accounted for as equity-settled share-based payments under IFRS 2. Under IFRS 2, the expense is measured at the fair value of the shares on grant date, which was the share price of £4.08 per share converted to AUD at the prevailing exchange rate with a 0% forfeiture rate.

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

33. Business combinations continued
Acquisitions in the year ended 31 March 2023 continued
Infrastructure Capital Holdings Pty Ltd ("Infrastructure Capital") continued
Other deferred payments

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

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

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

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

The fair value of this consideration has been estimated at the date of acquisition (grant date) using estimated outcomes and the probability of those outcomes. The fair value will be assessed at each reporting period. For further explanation of how fair value is calculated, see note 10 for consideration paid in shares under IFRS 2 and note 28 for consideration paid in cash under IAS 19.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

33. Business combinations continued

Acquisitions in the year ended 31 March 2023 continued

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

Other deferred payments continued

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

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

Further bonuses of £246,000 were paid to staff who worked on the acquisition. These costs are being reported as staff costs – acquisitions within administrative expenses (see note 6). Consideration payable in shares has been credited to the share-based payment reserve (see note 29) and the consideration payable in cash has been included in acquisition-related liabilities (see note 25).

Acquisition-related costs

Costs of £3,121,000 for legal and advisory fees have been recognised in acquisition-related costs (note 7) in the period in relation to this transaction.

Identifiable assets acquired and liabilities assumed

The fair value of the identifiable net assets acquired at the acquisition date were as follows. The Group has now concluded its purchase price allocation for the acquisition having reported provisional fair values in the half-year report for the six months ended 30 September 2022.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

33. Business combinations continued

Acquisitions in the year ended 31 March 2023 continued

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

Identifiable assets acquired and liabilities assumed continued

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

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

Goodwill

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

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

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

Revenue and profits of Infrastructure Capital

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

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

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

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

Downing's technology ventures business

On 4 July 2022, the Group completed the acquisition of the technology ventures division of Downing LLP.

Through this acquisition, the Group acquired the investment mandates of Downing ONE VCT Plc (renamed Thames Ventures VCT 1 Plc on 7 September 2022) and Downing FOUR VCT Plc (renamed Thames Ventures VCT 2 Plc on 7 September 2022) (excluding the Healthcare share class). As an interim measure, the Group was also appointed sub-manager of Downing Ventures EIS Scheme (renamed Thames Ventures EIS Fund on 10 March 2023) (see below). These transactions gave rise to incremental AUM of c.£275 million deployed across venture capital, AIM-quoted investee companies and a small number of legacy asset-backed debt investments. These venture-focused funds, with c.12,000 investors and assets predominantly across the UK as well as in the US and Israel, are complementary to the existing funds managed by the Group's Private Equity Team.

With a thematic focus on enterprise software, deep technology and consumer, the acquisition will diversify the Group's existing ventures offering and complement the Foresight Williams Technology hard tech and industrial software focus. Additionally, as the Downing venture capital trusts hold shares in AIM-listed companies, the acquired portfolio provides the Group with a platform to potentially expand into a new asset class. This broader client offering, when combined with the Group's regional footprint and strong retail sales platform, is anticipated to provide enhanced growth opportunities.

The Group was appointed as sub-manger to the Downing Ventures EIS Scheme because its appointment as manager is subject to regulatory approval from the FCA. Once this regulatory approval is obtained, the Group will be appointed manager and the acquisition of this investment mandate will complete. Consequently, for the purposes for accounting for the acquisition under IFRS 3, the Downing Ventures EIS Scheme is excluded. The consideration for the EIS acquisition is in the form of a fee sharing ratio and therefore, the EIS AUM was not valued in the consideration.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

33. Business combinations continued

Acquisitions in the year ended 31 March 2023 continued

Downing's technology ventures business continued

Consideration transferred

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

	£000
Initial cash consideration	13,425
Contingent cash consideration	3,797
Total carrying value	**17,222**

Initial cash consideration comprises an initial cash payment of £13,633,000 paid on 4 July 2022 and then an adjustment payment of £(208,000) following the finalisation of the marked to market adjustments on the AUM of the AIM portfolio.

Contingent cash consideration with an expected fair value of £3,797,000 will be payable in cash over a three year period conditional on achieving certain AUM targets. The fair value of this consideration has been estimated at the date of acquisition using estimated outcomes, the probability of those outcomes and discounting this a rate of 4.6% (in line with the cost of debt in our WACC analysis plus an additional premium of 2%). As such, this will be recognised as a liability on the balance sheet and the fair value assessed each reporting period.

The potential undiscounted amount of all future payments that the Group could be required to make under the contingent consideration arrangement is between £nil and £4,176,000.

Acquisition-related costs

Costs of £452,000 for legal and advisory fees have been recognised in acquisition-related costs (see note 7) in the year in relation to this transaction.

Bonuses of £404,000 have been recognised for payments to staff transferring from Downing to the Group including associated social security costs. These are included in staff costs – acquisitions within administrative expenses (see note 6).

Identifiable assets acquired and liabilities assumed

The fair value of the identifiable net assets acquired at the acquisition date were as follows. The Group has now concluded its purchase price allocation for the acquisition having reported provisional fair values in the half-year report for the six months ended 30 September 2022.

	Carrying amounts £000	Fair value £000	Recognised amounts £000
Intangible assets – customer contracts	—	14,247	14,247
Deferred tax liability	—	(3,562)	(3,562)
Total net assets acquired	**—**	**10,685**	**10,685**

The fair value of the intangible asset above was derived from cash flow forecasts for the acquired business, being the fees arising from the various management contracts assumed using a 12.8% discount rate based on the weighted average cost of capital ("WACC") derived from a capital asset pricing model ("CAPM"). The intangible asset is being amortised over 15 years.

Goodwill

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

	£000
Total consideration (see above)	17,222
Fair value of identifiable net assets acquired (see above)	(10,685)
	6,537

Goodwill of £6,537,000 arises as a result of the acquired workforce, expected future growth, as well as operational and revenue synergies arising post-integration. Goodwill arising from the Downing acquisition is not deductible for tax purposes.

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

33. Business combinations continued
Acquisitions in the year ended 31 March 2023 continued
Downing's technology ventures business continued
Revenue and profits of Downing
Amounts that the acquisition contributed to both Group revenue and profit in the post-acquisition period are as follows:

	£000
Revenue contribution	2,990
Profit on ordinary activities before taxation	1,397

The disclosure of the revenue and loss for the Group if the acquisition had occurred on 1 April 2022 has not been presented as the determination of these amounts is impracticable, due to the fact that the entire Downing business was not acquired and there will have been revenues and expenses not relevant to the Ventures fund management business acquired.

Acquisitions in the year ended 31 March 2022
FV Solar Lab S.R.L.
On 21 January 2022, the Group completed the full acquisition of FV Solar Lab S.R.L. having previously held a 50% interest in the company. The entity was acquired via direct investment in the share capital of the target. The acquisition represented an opportunity for the Group to expand its Italian business by becoming the sole manager of ForVEI II, an investment vehicle that aggregates and improves Italian solar parks into an optimised portfolio. This presented growth opportunities and secured additional recurring revenue, namely in asset management fees and investment advisory services. By completing the transaction, AUM increased by £0.1 billion.

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

	£000
Initial cash consideration	557
Total carrying value	**557**

There were no acquisition-related costs.

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

	Carrying amounts £000	Fair value £000	Recognised amounts £000
Intangible assets – customer contracts	—	1,679	1,679
Trade and other receivables	520	—	520
Cash and cash equivalents	218	—	218
Trade and other payables	(141)	—	(141)
Deferred tax liability	—	(403)	(403)
Total net assets acquired	**597**	**1,276**	**1,873**

The acquisition is reflected in the Cash Flow Statement as follows at 31 March 2022:

	£000
Cash paid	(557)
Cash acquired on acquisition of subsidiary	218
Total per Cash Flow Statement	**(339)**

The fair value of the intangible asset above was derived from cash flow forecasts for the FV Solar Lab S.R.L. standalone business, being the fees arising from management contracts for ForVEI II using a 7.0% discount rate based on the weighted average cost of capital ("WACC") derived from a capital asset pricing model ("CAPM"). The intangible asset is being amortised over the remaining life of the ForVEI II contracts.

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

33. Business combinations continued
Acquisitions in the year ended 31 March 2022 continued
FV Solar Lab S.R.L. continued
Gain on disposal and gain on business combination
The gain on disposal of the Group's existing interest in FV Solar Lab S.R.L. is as follows:

	£000
Fair value of investment in joint venture	937
Less carrying value of investment in joint venture	(304)
Gain on disposal of investment in joint venture	633

The gain on the acquisition of FV Solar Lab S.R.L. is as follows:

	£000
Fair value of net assets acquired	1,873
Less fair value of previously held investment in joint venture	(937)
Less consideration	(557)
Gain on bargain purchase	379

Gain on disposal and gain on business combination continued
Total gain arising from business combination achieved in stages:

	£000
Gain on disposal of investment in joint venture	633
Gain on bargain purchase	379
Total gain	**1,012**

The Group has credited this total gain to the Statement of Comprehensive Income during the year ended 31 March 2022. Due to the materiality of the gain, this is shown as a separate line item in the Statement of Comprehensive Income.

Revenue and profits of FV Solar Lab S.R.L.
Amounts that the acquisition contributed to both Group revenue and profit in the post-acquisition period are as follows:

	£000
Revenue contribution	148
Profit before tax contribution	65

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

	£000
Revenue contribution	806
Profit before tax contribution	230

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

34. Assets and liabilities of disposal group as held for sale

Accounting policy:

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance expenses and income tax expense.

Assets and liabilities classified as held for sale are presented separately as current items in the Statement of Financial Position.

A disposal group qualifies as a discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations

Or

- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the Statement of Comprehensive Income.

The assets and liabilities of operations classified as a disposal group are as follows:

	31 March 2023 £000	31 March 2022 £000
Assets		
Current assets		
Cash	**65**	65
Total assets	**65**	65
Liabilities		
Current liabilities		
Trade and other payables	**(1)**	(1)
Total liabilities	**(1)**	(1)
Net assets and liabilities	**64**	64

The assets above at 31 March 2023 and 2022 relate to residual cash balances in Foresight Metering Limited ("FML"). The liabilities at the same dates relate to accruals made for liquidator costs. FML entered into liquidation on 16 April 2020 following the sale of its subsidiary Foresight Metering Management Limited in November 2019. FML has remained in liquidation as the liquidator was awaiting clearance from HMRC. This clearance has now been received so in FY24, FML will make a final distribution to the Company and FML will be dissolved.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2023

35. Related party transactions

Transactions between the parent company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed.

Transactions with key management personnel

The Group considers Exco members as the key management personnel and the table below sets out all transactions with these personnel and the Directors:

	31 March 2023 £000	31 March 2022 £000
Emoluments	**2,459**	1,240
Other benefits	**37**	23
Share-based payments	**222**	–
Total	**2,718**	1,263

Emoluments increased compared to the year ended 31 March 2022 because of the increase in emoluments paid to Bernard Fairman as disclosed in the Remuneration Committee report on pages 109 to 121 and because of the increased headcount of the Executive Committee as disclosed in the Strategic Report on page 95.

Staff advances

Accounting policy:

Advances to staff (including Partners of Foresight Group LLP) are accounted for as employee benefits under IAS 19. In line with IAS 19, the advance is initially recognised as a financial asset and then as an expense when services are provided, also taking into account the contractual terms of the advances.

Staff advances are made to various members of Foresight Group LLP or employees to be expensed over five years in line with the contractual terms of the advances but are repayable if the relevant individuals leave the Group. During the year ended 31 March 2023, a further £nil (2022: £1,000,000) of advances were made by Foresight Group LLP and £760,000 (2022: £580,000) of the advances were expensed.

Management fee rebates

Gary Fraser, Chief Financial Officer, and David Hughes, Chief Investment Officer, are investors into Foresight Regional Investment III LP. In 2023, following a further close of the fund, they entered into management fee rebate agreements with Foresight Group LLP. These rebates totalled £5,600 and £9,700 respectively.

36. Ultimate holding company

Foresight Group Holdings Limited is the ultimate parent company of a group of companies that form the Group presented in this financial information. The Company is a company incorporated and domiciled in Guernsey.

37. Subsequent events

Business combinations

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

Due to the timing of completion, at the date these consolidated financial statements were authorised for issue, it was impracticable to disclose all the information required by IFRS 3 Business Combinations as the Group has not completed its initial accounting of the business combination including the purchase price allocation. More specifically, the valuation of asset management contracts acquired has not yet been finalised. The Group will provide further information in its Half-year Report for the six months ended 30 September 2023.

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

Repayment of loans

As per note 23, in respect of the loans that arose from the acquisition of PiP Manager Limited, the Group agreed early repayment of the loans with four out of five lenders. Repayment of £2,520,000 was made in May 2023.