FIH GROUP PLC

ANNUAL REPORT
2023

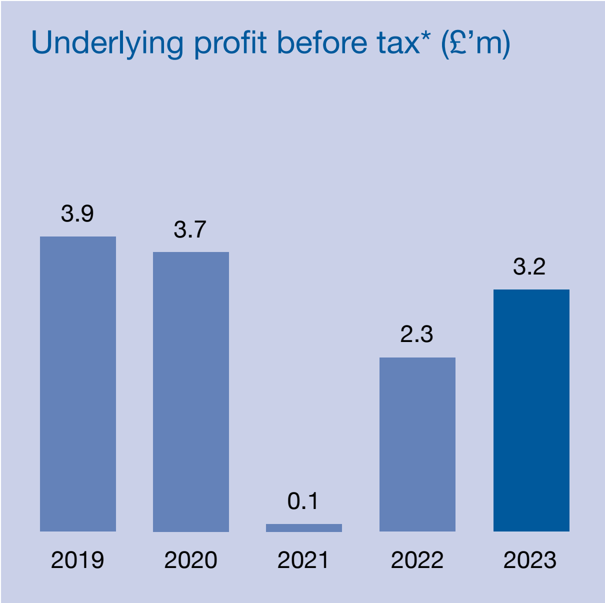
Contents

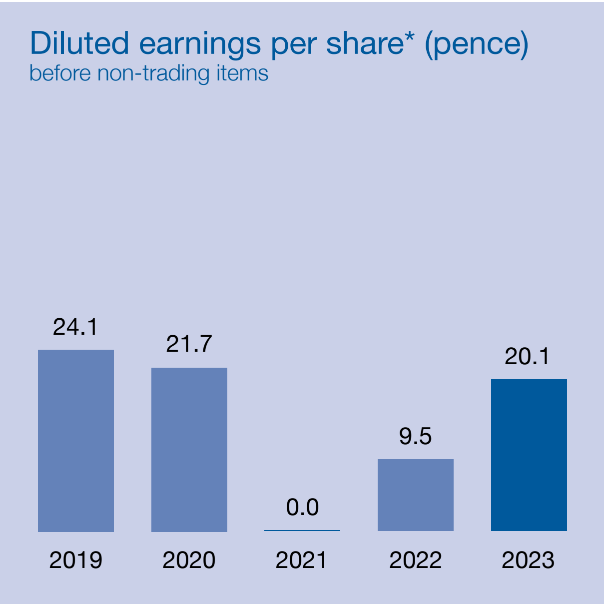
Financial Highlights

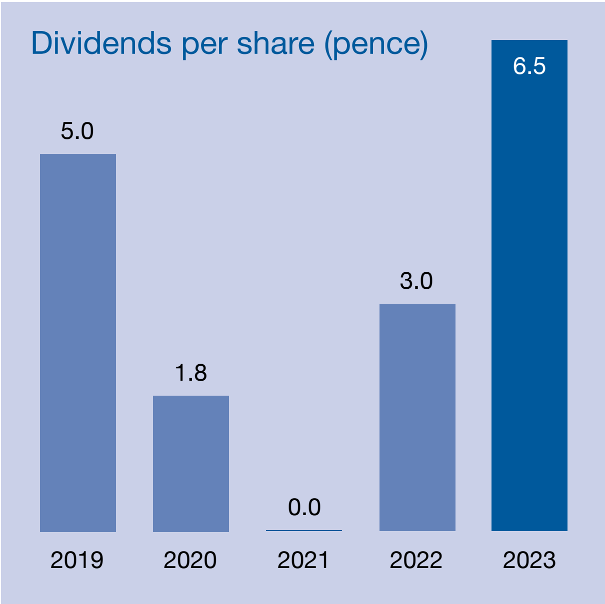
FOR THE YEAR ENDED 31 MARCH 2023

	2023 £'m	2022 £'m	Change £'m
Turnover from continuing operations	**52.7**	40.3	12.4
Profit before tax	**4.0**	2.7	1.3
Underlying profit before tax*	**3.2**	2.3	0.9
Cash flow from operations	**5.7**	5.1	0.6
Diluted earnings per share before non-trading items	**20.1p**	9.5p	
Diluted earnings per share	**24.9p**	11.9p	

* Defined as profit before tax and non-trading items







Profit before tax was as follows: 2023: £4.0m 2022: £2.7m, 2021: £0.2m, 2020: £3.8m loss, 2019: £3.9m
Diluted EPS was as follows: 2023: 24.9p 2022: 11.9p, 2021: 0.1p, 2020: (37.8p), 2019: 24.1p

Chairman's Statement 2023

I am pleased to report a year of solid performance with record revenues for the Group and earnings growth in all three divisions, delivering an underlying pre-tax profit of £3.2 million.

This is due in no small part to the Group's employees and I would like to take this opportunity to thank each of them for their contribution to such a strong improvement in performance.

The balance sheet remains strong, with cash of £12.8 million at 31 March 2023 (2022 £9.6 million) and net debt (cash and cash equivalents less bank loans) improving by £4.1 million to £0.5 million (2022: £4.6 million).

Dividend

Following the payment of an interim dividend of 1.2 pence per share paid in January 2023 and reflecting the continued improvement in trading since the half year, I am pleased to announce that a final dividend of 5.3 pence per share will be proposed at our forthcoming Annual General Meeting. This will take the total dividend paid for the year ended 31 March 2023 to 6.5 pence per share (2022: 3.0 pence per share).

Board and Governance

On 12 September 2022, Reuben Shamu was appointed as Chief Financial Officer and on 21 September 2022, Jeremy Brade stepped down from his position as non-executive director of the Group.

Holger Schröder was appointed as a non-executive director of the Group on 1 June 2023. Holger has over 28 years' experience gained in a variety of predominantly Swiss companies, most recently as the CFO and a board member of Janser Group which controls 12.6% of the Company's equity. His experience and business knowledge will be of great benefit and the strengthening of shareholder representation on the Board should add further support to the Group's strategic direction.

As announced on 24 February 2023, I will not be seeking re-election to the Board at the Company's AGM in September. The Board is considering options for its constituent members, including the recruitment of an additional independent non-executive director, and will make an announcement in due course.

Outlook and Strategy

Despite difficult trading conditions, performance has continued to progress, giving confidence that the Group strategy, as detailed in the CEO's Strategic Review, is on course. Increased focus can now be brought to bear on opportunities to invest in further developing the Group's existing businesses and on potential complementary strategic acquisitions that either strengthen existing operations or provide improved growth opportunities.

Robin Williams
Chairman
4 August 2023

Chief Executive's Strategic Review

BUSINESS REVIEW

Overview

The progress demonstrated in the Group's first half results continued in the traditionally stronger second half of the year.

Total revenue of £52.7 million was a record for the Group and 31% ahead of the prior year. Trading in all three divisions and across all their business sectors continued to improve, resulting in an overall underlying profit before tax of £3.2 million, circa 39% ahead of the prior year and an underlying earnings per share of 20.1p (2022: 9.5p). Pre-tax profit was £4.0 million (2022: £2.7 million following restatement as detailed in note 1 to the financial statements).

The Group results were underpinned by a net cash flow from operating activities of £7.5 million, which included a £1.4 million improvement in working capital.

Group Trading Results for the Year Ended 31 March 2023

A summary of the trading performance of the Group is given in the table below.

Group revenue Year ended 31 March	**2023** **£m**	2022 £m	Change %
Falkland Islands Company	**29.4**	21.6	36.6%
Momart	**19.5**	15.6	25.0%
Portsmouth Harbour Ferry	**3.8**	3.1	22.6%
Total revenue	**52.7**	40.3	31.0%
Group underlying pre-tax profit*			
Falkland Islands Company**	**1.9**	1.8	5.6%
Momart**	**1.0**	0.6	66.7%
Portsmouth Harbour Ferry**	**0.3**	(0.1)	400%
Total underlying pre-tax profit*	**3.2**	2.3	39.1%
Non-trading items (see notes below)***	**0.8**	0.4	100.0%
Reported profit before tax	**4.0**	2.7	48.1%

* Underlying pre-tax profit is defined as profit before tax before non–trading items.

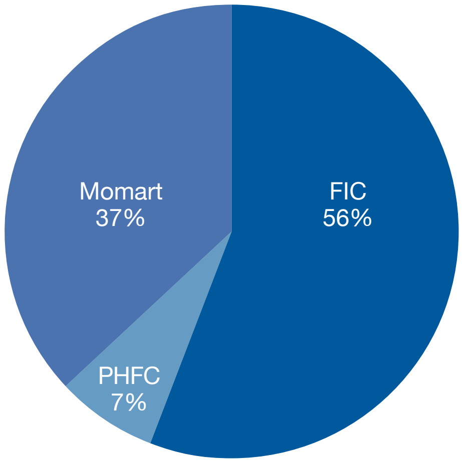
** As in prior years, the profits reported for each operating company are stated after the allocation of head office management and plc costs which have been applied to each subsidiary on a consistent basis.

*** Non-trading items were comprised of the following:

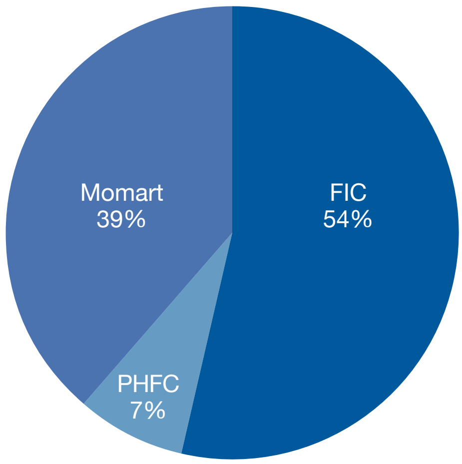
(i) Favourable fair value movements on the non-effective portion of derivative financial instruments used to hedge interest rate fluctuations of £0.9 million (2022: £0.7 million).

(ii) £0.1 million of employee redundancy costs in the current year and £0.3 million of people-related costs in the prior year, including employee redundancies and compensation payable to the former Chief Executive. Management consider that separate presentation of these items is appropriate to facilitate year on year comparison of performance of the Group.

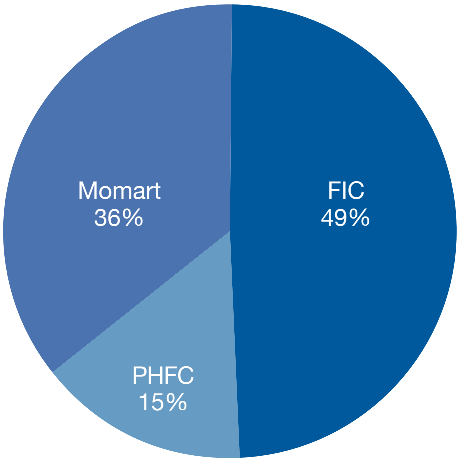
Group Revenue 2023



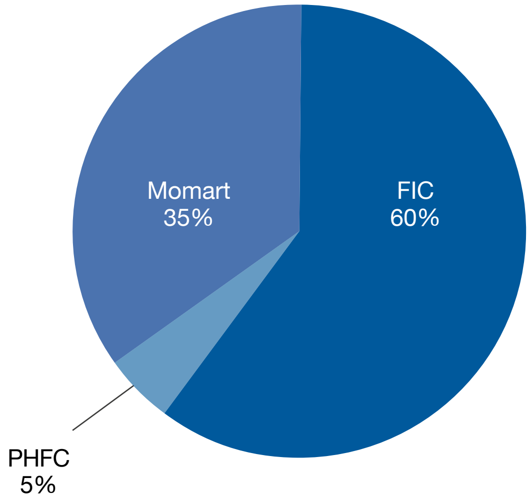
Group Revenue 2022



Underlying operating profit 2023



Underlying operating profit 2022



Group Operating Company Performance

Falkland Islands Company ("FIC")

Total revenue increased by 36.6% to £29.4 million, with improvements across all sectors of the division. Falkland Business Services ("FBS") was the predominant growth area, driven by the £17.3 million housing contract to construct seventy houses for the Falkland Islands Government ("FIG") and the UK Ministry of Defence ("MOD") secured in November 2021.

The ban on tourists entering the Falkland Islands was lifted in May 2022 and Stanley once again welcomed visitors arriving on cruise ships in the austral summer season. Over 59,000 tourists visited (2022: nil), despite some vessels cancelling their visits at short notice due to changeable weather conditions.

Whilst the retail environment continued to be challenging, the strong tourist season, combined with targeted price increases, resulted in a recovery in retail revenue compared to the year on year revenue reduction experienced in the first half of the year.

The overall underlying pre-tax profit for FIC of £1.9 million was 5.6% ahead of the prior year, albeit at a reduced level of profit margin, due largely to the mix and proportion of FBS activity.

FIC Operating Results Year ended 31 March	**2023** **£m**	2022 £m	Change %
Revenues			
FBS (housing and construction)	**12.1**	5.8	112.1
Retail	**9.9**	9.7	2.1
Falklands 4x4	**3.1**	2.8	10.7
Support services	**3.3**	2.5	32.0
Property rental	**1.0**	0.8	25.0
Total FIC revenue	**29.4**	21.6	36.6
FIC underlying operating profit	**2.0**	1.9	5.3
Net interest expense	**(0.1)**	(0.1)	-
FIC underlying profit before tax	**1.9**	1.8	5.6
FIC underlying operating profit margin	**6.8%**	8.8%	(22.7)

FIC Divisional Activity

FBS revenue increased by 112.1% driven mainly by the £17.3 million contract to build a total of 70 houses for FIG and the MOD. The first 10 houses were handed over at Bennetts Paddock in Stanley for FIG and 5 at Mount Pleasant Camp for the MOD. Circa £1.9 million of variation orders have been received on this contract, including the construction of a road providing easier access to the housing units under construction. Other orders included the construction of a wool storage warehouse for the Falkland Islands Development Corporation, which is due to be completed by the end of 2023. £1.4 million of the orders were received after the balance sheet date.

Retail was impacted by global inflationary pressures which drove increases in both product prices and freight costs, as well as having an adverse impact on the disposable income of Falklands Islands residents. A strong performance from tourist sales driven by an increase in visitors, offset shortfalls in locally-derived business, resulting in a small increase in revenue.

Chief Executive's Strategic Review

BUSINESS REVIEW

At **Falklands 4x4**, the sale of new and used vehicles remained stable, albeit with a change in mix with a greater proportion of quad and motor bike sales. The increase in revenue came from an increase in vehicles rentals and the sale of spare parts. Falklands 4x4 has become an authorised distributor of the new Ineos Grenadier 4x4 vehicle and first deliveries are expected in 2023.

In **Support Services**, the revenue increase arose mainly in Penguin Travel, FIC's tourism business, where the arrival of tourists saw revenue increasing three-fold on the prior year. Cruise ship capacity for next summer season shows further potential growth opportunities, with circa 100,000 tourists expected between late September and mid-March 2024.
In Rental Properties, improving occupancy and a small increase in the number of units in the property portfolio resulted in revenue of £1.0 million, which was £0.2 million above the previous year. The market place remains buoyant, with potential new tenants waiting for units to become available.

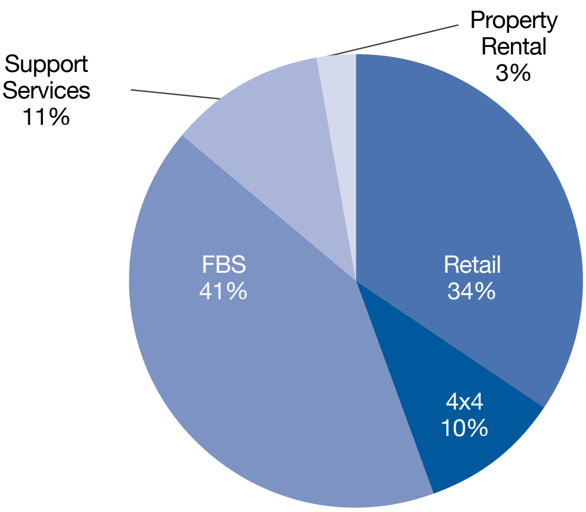
FIC constructing a path

FIC Key Performance Indicators and Operational Drivers

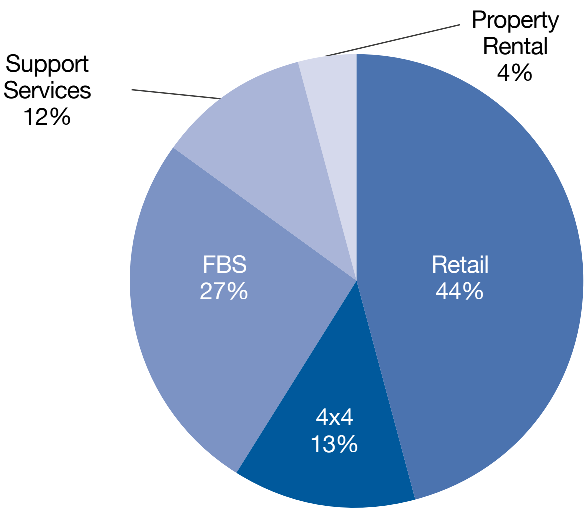
Year ended 31 March	2019	2020	2021	2022	2023
Staff numbers (FTE 31 March)*	175	214	206	232	**242**
Capital expenditure £'000	2,348	2,685	1,060	2,434	**1,206**
Retail sales growth %	+5.7	+3.1	-3.0	-0.1	**+2.1**
Number of FIC rental properties**	54	65	75	83	**85**
Average occupancy during the year %	84	89	93	86	**90**
Number of vehicles sold	76	71	71	81	**82**
Number of 3rd party houses sold***	6	22	15	11	**14**
Illex squid catch in tonnes (000's)	57.4	57.6	106.1	123.8	**66.8**
Cruise ship passengers (000's)	62.5	72.1	Nil	Nil	**73.4**

* Restated to include FIC staff in the UK.
**Includes ten mobile homes rented to staff.
***Relates to kit home sales to third parties and excludes houses built under contract for FIG.

FIC revenues 2023



FIC revenues 2022



Momart

Revenue of £19.5 million was £3.9 million (25%) ahead of the prior year with improvements across all sectors of the business.

The strong growth in Museum Exhibitions was pleasing given that the sector is still recovering from the impact of Covid-19, both in terms of exhibition funding and visitor numbers. It reflects a steady pattern of project winning and an increasing number of smaller un-tendered one-off projects.

Gallery Services also showed significant progress, assisted by a broadening and deepening of existing client relationships and new client wins.

The improvement in Storage revenue was driven by a combination of an improvement in fill rate and price increases. Encouragingly, a number of long-standing clients have indicated their intention to continue and expand their use of Momart's storage facilities.

The improvements across all sectors resulted in an underlying pre-tax profit of £1.0 million (2022: £0.6 million) with margin improvements from a higher volume of work relative to the fixed cost base, combined with better utilisation of staff.

Momart work for Royal Academy.

Momart Operating results

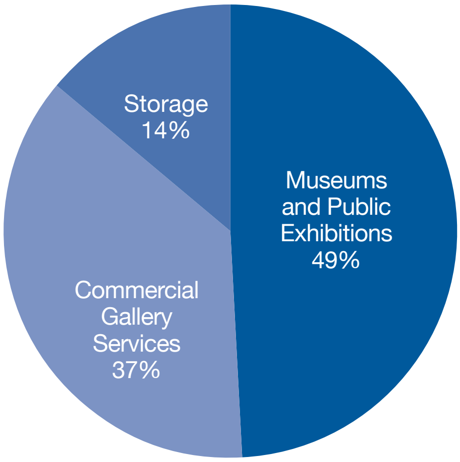
Year ended 31 March	2023 £m	2022 £m	Change %
Revenues			
Museum Exhibitions	**9.5**	7.4	28.4
Gallery Services	**7.3**	5.8	25.9
Storage	**2.7**	2.4	12.5
Total Momart revenue	**19.5**	15.6	25.0
Momart underlying operating profit	**1.4**	1.0	40.0
Net Interest expense	**(0.4)**	(0.4)	-
Momart underlying profit/(loss) before tax	**1.0**	0.6	66.7
Momart underlying operating profit margin	**7.2%**	6.4%	12.5

Momart Key Performance Indicators

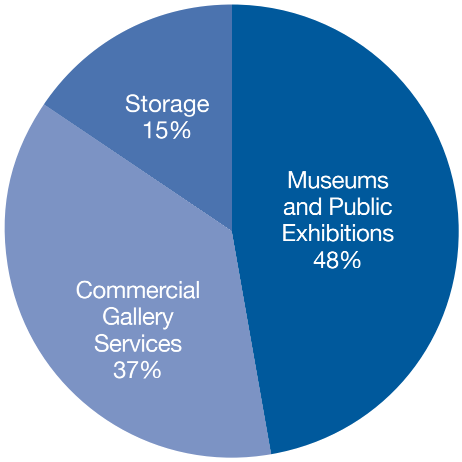
Year ended 31 March	2019	2020	2021	2022	2023
Staff numbers (FTE 31 March)	140	133	107	99	**110**
Capital expenditure £'000's	20,034	638	540	258	**573**
Warehouse % fill vs capacity	81.1%	86.9%	82.9%	84.0%	**86.4%**
Momart services charged out	£11.5m	£10.8m	£6.5m	£9.1m	**£10.8m**
Revenues from overseas clients	£7.5m	£6.2m	£2.7m	£5.5m	**£6.7m**
Exhibitions sales growth	-6.5%	-2.1%	-58.3%	64.4%	**28.4%**
Gallery Services sales growth	4.0%	-22.4%	-41.4%	70.6%	**25.9%**
Storage sales growth	-6.3%	5.8%	9.1%	0.0%	**12.5%**
Total sales growth	-2.9%	-8.7%	-45.5%	51.5%	**25.0%**

Note*: Due to the impact of COVID-19, meaningful data for secure forward orders was not available.

Momart revenues 2023



Momart revenues 2022



Chief Executive's Strategic Review

BUSINESS REVIEW

Portsmouth Harbour Ferry Company ("PHFC")

Passenger numbers at PHFC continued to recover, resulting in an overall passenger volume for the year of 80% of pre-COVID levels compared to 70% in the prior year. Along with careful management of costs and inflation-mitigating fare rises, this resulted in an underlying pre-tax profit for the first time since the pandemic.

PHFC Operating results

Year ended 31 March	2023 £m	2022 £m	Change %
Revenues			
Ferry fares & other revenue	**3.8**	3.1	22.6
Total PHFC revenue	**3.8**	3.1	22.6
PHFC underlying operating profit/(loss)	**0.6**	0.2	200
Pontoon lease liability & Boat loan finance expense	**(0.3)**	(0.3)	-
PHFC underlying profit / (loss) before tax	**0.3**	(0.1)	400

One of the three ferries at work.

PHFC Key Performance Indicators and Operational Drivers

Year ended 31 March	2019	2020	2021	2022	2023
Staff numbers (FTE at 31 March)	37	36	25	26	**26**
Capital expenditure £'000's	50	65	-	52	**205**
Ferry reliability (on time departures)	99.8	99.8	99.9	99.9	**99.8**
Number of weekday passengers '000's	1,834	1,706	613	1,188	**1,372**
% change on prior year	-2.3	-7.0	-64.1	93.8	**15.4**
Number of weekend passengers '000's	722	659	195	500	**576**
% change on prior year	-1.6	-8.7	-70.4	156.4	**15.2**
Total number of passengers '000's	2,556	2,365	808	1,688	**1,948**
% change on prior year	-2.1	-7.5	-65.8	108.9	**15.4**
Revenue growth %	0.4	-5.5	-65.9	114.2	**19%**
Average yield per passenger journey*	£1.62	£1.69	£1.76	£1.76	**£1.91**

*Total ferry fares divided by the total number of passengers

Trading Outlook

The overall trading outlook for the Group remains positive.

In FIC, the return of tourism to the Falkland Islands should continue to boost both direct and indirect revenues across a number of business sectors, which should help to mitigate the challenges of the current global economic crisis. This, combined with a continued strong order book in FBS and the potential for new contracts with the MOD and FIG, bodes well for the future.

At Momart, the market, continues to recover and a renewed focus on actively developing business with both existing and prospective clients should continue to yield growth opportunities for the business.

PHFC returned to profit, albeit passenger numbers are not yet back to pre-COVID levels, which is consistent with other analogous UK transport providers. Available capacity means that future passenger growth can be accommodated without a commensurate increase in cost, which would further improve profitability. However, costs and fare pricing will continue to be carefully managed.

The challenge of the global economic crisis remains, but the progress delivered to date, an ongoing focus on pricing and cost control and the strength that the Group's geographical breadth and diversity of operations brings, gives confidence for the future.

Group Strategy

The aim of the Board is to build a Group of greater scale, providing consistent earnings growth and cash generation that will provide shareholders with both predictable capital growth and regular dividend income. To deliver this, the Group strategy has three key strands:

Build the profits of the existing businesses back to and beyond the pre-COVID position. As evidenced by the improved results delivered across all divisions, good progress was made during the year, but more remains to be done.

Invest in developing the existing businesses. The Board continues to be focussed on capitalising on potential opportunities for further work for FIG and the MOD, building on the £17.3 million housing contract awarded in November 2021. During the year, additional work was awarded under this contract, including the construction of a road adjacent to the houses being constructed at the Mount Pleasant Camp. In addition, potential opportunities to maximise returns from existing FIC land assets are being explored. The potential for additional opportunities arising from the development of the Sea Lion oil field continues to be monitored closely. However, the Board does not rely in its planning on any such development due to the uncertain and lengthy timescales involved and the undefined nature of any benefit which might accrue to FIC.

Explore the potential for strategic acquisitions. This could provide a step change in the scale of FIH, but acquisitions will only be considered if they either add to existing activities or bring growth potential from other attractive sectors, can be secured at an appropriate price and are within the capacity of the senior executive team to integrate and optimise without negatively impacting the performance of the existing businesses. A number of opportunities were reviewed during the year, but none met the required criteria.

Chief Executive's Strategic Review

RISK MANAGEMENT

Risk Management, Principal Risks and Impact

The Board is ultimately responsible for setting the Group's risk appetite and for overseeing the effective management of risk. The Group faces a diverse range of risks and uncertainties which could have an adverse effect on results if not managed. The principal risks facing the Group have been identified by the Board and the mitigating actions agreed with senior management and are discussed in the following table:

OPERATIONAL RISKS		
Risk	**Comment**	**Overall Impact**
PANDEMIC Failure to respond in time to the impact of a future pandemic may result in disruption to the Group's operations through staff absenteeism, disruption to supply chains and the logistics the Group's businesses rely on to deliver products and services to customers.	Whilst the prevalence and severity of the impact of COVID continues to diminish, other similar future virus outbreaks cannot be discounted. A watching brief will be maintained, utilising previous learning to assess the impact of potential virus outbreaks on operations should they arise, and to determine appropriate mitigating actions.	Low - decreased
CYBER RISK A cyber security breach can result in unauthorised access to company information, potential misuse of information systems, technology or data.	There is a growing level of sophistication, scale and volume of targeted cyber incidents which could impact on group trading and potential loss of assets. A full review of the IT security environment has been commissioned to modernise prevention measures across the Group.	Moderate - new
DATA PRIVACY Failure to comply with legal or regulatory requirements relating to data privacy in the course of business activities potentially leading to adverse consequences, penalties or consequential litigation.	Governance and oversight protocols are regularly reviewed to maintain vigilance in protection of the Group's customer and staff data.	Low - new
HEALTH AND SAFETY The Group is required to comply with laws and regulation governing occupational health and safety matters. Furthermore, accidents could happen which might result in injury to an individual, claims against the Group and damage to our reputation.	Health & Safety ("HSE") matters are considered a key priority for the Board of FIH and all its operating companies. All staff receive relevant HSE training when joining the Group and receive refresher and additional training as is necessary. Training courses cover maritime safety, lifting and manual handling, asbestos awareness and fire extinguisher training. External HSE audits are conducted on a regular basis	Low - unchanged
COMPLIANCE Failure to comply with the frequently changing regulatory environment could result in reputational damage or financial penalty.	The regulatory environment continues to become increasingly complex. The Group uses specialist advisers to help evolve appropriate policies and practices. Close monitoring of regulatory and legislation changes is maintained to ensure our policies and practices continue to comply with relevant legislation. Staff training is provided where required.	Low - unchanged

POLITICAL RISKS		
Risk	**Comment**	**Potential Impact**
Historically, Argentina has maintained a claim to the Falkland Islands and this dispute has never been officially resolved.	Relations between the UK and Argentina continue to be strained. However, the security afforded by the UK Government's commitment to the Islands upholds the freedom and livelihood of the people of the Falkland Islands and thereby of FIC. Provided UK Government support is maintained the security of the people of the Falkland Islands is judged to at low risk.	Low - unchanged
ECONOMIC CONDITIONS		
Risk	**Comment**	**Potential Impact**
Inflationary pressures across all Group businesses impact the cost of wages, services and products.	Continued focus on cost efficiency. Customer and supplier contracts structured to limit or pass on inflation risk. Cost inflation monitored closely and passed on to customers via price increases wherever possible.	High - unchanged
CREDIT RISK		
Risk	**Comment**	**Potential Impact**
Credit risk is the risk of financial loss if a customer fails to meet its contractual obligations.	Effective processes are in place to monitor and recover amounts due from customers.	Low - unchanged
COMPETITION		
Risk	**Comment**	**Potential Impact**
FIC is considered by the senior management to be a market leader in a number of business activities, but faces competition from local entrepreneurs in many of the sectors in which it operates. Momart sits in a highly competitive market, with both UK and International competitors investing for growth.	Local competition is healthy for FIC and stimulates continuing business improvement. Largely unchanged.	Low - unchanged Moderate - unchanged
Large capital infrastructure investment projects may entice larger overseas businesses to look at the opportunities available and reduce the ability of FIC to undertake the work.	FIC has been successful in winning work against overseas competitors and has built up strong links with FIG and MOD. Being located in the Falkland Islands gives FIC a competitive advantage against overseas companies.	Moderate - unchanged
FOREIGN CURRENCY AND INTEREST RATE RISK		
Risk	**Comment**	**Potential Impact**
Momart is exposed to foreign currency risk arising from trading and other payables denominated in foreign currencies. The Group is exposed to interest rate risks on large loans. FIC retail outlets accept foreign currency and are exposed to fluctuations in the value of the dollar and euro.	Forward exchange contracts are used to mitigate this risk, with the exchange rate fixed for all significant contracts. Interest rate risk on large loans is mitigated by the use of interest rate swaps.	Low - unchanged

Chief Executive's Strategic Review

RISK MANAGEMENT

INVENTORY		
Risk	**Comment**	**Potential Impact**
Inventory risk relates to losses on realising the carrying value on ultimate sale. Losses include obsolescence, shrinkage or changes in market demand such that products are only saleable at prices that produce a loss. FIC is the only Group business that holds significant inventories and faces this risk in the Falkland Islands, where it is very expensive to return excess or obsolete stock back to the UK.	Reviews of old and slow-moving stock in Stanley are regularly undertaken by senior management and appropriate action taken.	Moderate - unchanged
PEOPLE		
Risk	**Comment**	**Potential Impact**
Loss of one or more key members of the senior management team or failure to attract and retain experienced and skilled people at all levels across the business could have an adverse impact on the business.	None of the Group's businesses is reliant on the skills of any one person. The wide spread of the Group's operations further dilutes the risk.	Low - unchanged
FIC has a reliance on being able to attract staff from overseas including many from St Helena. Development of those locations might reduce the pool of available staff.	The development of tourism on St Helena has been slow and the Falkland Islands remain an attractive location for St Helenian people to work.	Low - decreased
All Group companies are experiencing a shortage of skilled employees as the businesses grow and recover from the pandemic. In the UK, Momart has suffered from shortages in drivers and art technicians	This has driven wages costs up.	Moderate - unchanged

The Covid-19 related risks have been summarised into a more general pandemic risk in the current financial year.

Statement by the Directors in Performance of their Statutory Duties in Accordance with s172(1) Companies Act 2006

The statement by the directors in performance of their statutory duties in accordance with s172(1) Companies Act 2006 is included in the Directors' Report.

Chief Financial Officer's Review

Financial Review

Restatements

As detailed in note 1 to the financial statements, comparative numbers were restated to correct the accounting treatment of some right of use assets, the carrying value of certain investments in the Company and the application of hedge accounting.

Revenue

Group revenue increased by £12.4 million (31%) to £52.7 million with double digit growth in all three divisions.

Operating Profit

Operating profit at £3.9 million was £1.1 million ahead of prior year. Underlying operating profit increased by £0.9 million (30%) to £4.0 million (2022: £3.1 million).

Net Financing Income

The Group's net financing income of £0.1 million was £0.2 million ahead of the prior year net financing expense due primarily to an increased movement in the fair value of the derivative financial instrument.

Reported Pre-tax Profit

The reported pre-tax profit for the year ended 31 March 2023 was £4.0 million (2022: £2.7 million - restated). Non-trading items in the current year included a favourable fair value movement of £0.9 million on a derivative financial instrument and £0.1 million of employee redundancy costs. The Group's underlying profit before tax before these non-trading items was £3.2 million (2022: £2.3 million). Non-trading items in the prior year included a favourable fair value movement of £0.7 million on a derivative financial instrument following a restatement of results as detailed in note 1 to the financial statements and £0.3 million of people related costs including employee redundancies and compensation payable to the former Chief Executive.

Taxation

Tax on current year profits has decreased by £0.3 million. This is mainly due to the prior year tax charge including a £0.5 million increase in deferred tax relating to the change in tax rates from 19% to 25% from 1 April 2023, which was partly offset by an increase in profits (£0.2 million).

Earnings per Share

Basic and Diluted Earnings per Share ("EPS") derived from reported profits was 24.9 pence (2022: 11.9 pence - restated). Basic and Diluted EPS derived from underlying profits was 20.1 pence (2022: 9.5 pence).

Balance Sheet

The Group's balance sheet remained strong, with total net assets growing to £44.0 million (2022: £40.8 million - restated) and retained earnings increasing by £3.2 million to £24.5 million (2022: £21.4 million - restated).

Net Debt Year ended 31 March	**2023** **£m**	2022 £m	Change £m
Bank loans	**(13.3)**	(14.2)	0.9
Cash and cash equivalents	**12.8**	9.6	3.2
Net debt	**(0.5)**	(4.6)	4.1
Lease liabilities*	**(6.4)**	(6.5)	0.1
Net debt after lease liabilities	**(6.9)**	(11.1)	4.2

* As detailed in note 1 to the financial statements, lease liabilities have been restated, resulting in a reduction of £0.6 million at 31 March 2022.

Bank loans reduced to £13.3 million (2022: £14.2 million) as a result of scheduled loan repayments of £0.9 million. The Group's cash balances increased by £3.2 million to £12.8 million (2022: £9.6 million) reflecting improved trading and working capital position. Overall net debt improved by £4.1 million to £0.5 million (2022: £4.6 million).

The Group's outstanding lease liabilities totalled £6.4 million (2022: £6.5 million - restated) with £4.6 million of the balance (2022: £4.7 million) relating to the 50-year leases from Gosport Borough Council for the Gosport Pontoon and associated ground rent, which run until June 2061.

The carrying value of intangible assets increased to £4.4 million (2022 £4.2 million) with additional investment in the retail system in FIC.

The net book value of property, plant and equipment remained materially the same at £38.7 million (2022: £38.7 million - restated) with additions of £2.4 million being offset by depreciation charges of £2.4 million.

At 31 March 2023, the Group had 85 (2022: 83) completed investment properties, comprising commercial and residential properties in the Falkland Islands, which are held for rental. In addition, FIC held land in and around Stanley, including areas zoned for industrial development and prime mixed-use land. FIC also held undeveloped land outside Stanley.

Chief Financial Officer's Review

The net book value of the investment properties and undeveloped land of £7.9 million (2022: £8.2 million) had a fair value of £12.6 million (2022: £12.5 million).

Deferred tax assets relating to future pension liabilities stood at £0.5 million (2022: £0.7 million). This balance relates to the deferred tax benefit of expected future pension payments in the FIC unfunded scheme calculated by applying the 26% Falkland Islands' tax rate to the pension liability.

Inventories, which largely represent stock held for resale and raw materials increased by £0.2 million to £6.9 million at 31 March 2023 (2022: £6.7 million). A 12% increase in stock held for resale in FIC was partially offset by a decrease in work in progress with less private house building activity.

Trade and other receivables increased by £2.3 million to £10.2 million at 31 March 2023 (2022: £7.9 million) with increased construction business in the Falkland Islands and a high volume of exhibition sales activity in Momart.

Trade and other payables increased by £3.7 million to £13.7 million at 31 March 2022 (2022: £10.0 million) reflecting increased trading activity as detailed above and an increase in amounts received in advance of service delivery in FIC. At 31 March 2023, the liability due in respect of the Group's only defined benefit pension scheme, in FIC, was £2.0 million (2022: £2.6 million). This pension scheme, which was closed to new entrants in 1988 and to further accrual in 2007, is unfunded and liabilities are met from operating cash flow. A decrease in the liability largely arose as a result of an increase in interest rates on relevant corporate bonds and has been fed through reserves in accordance with IAS 19. Eleven former employees receive a pension from the scheme at 31 March 2023 and there are three deferred members.

The Group's deferred tax liabilities, excluding the pension asset at 31 March 2023, were £4.2 million (2022: £3.8 million - restated) with the increase due largely to temporary differences on property, plant and equipment.

Cash Flows

Net cash inflow from operating activities of £7.5 million was £2.4 million more than the prior year. The increase was due to a combination of a £0.8 million increase in underlying EBITDA* and a £1.4 million improvement in working capital.

The Group's operating cash flow can be summarised as follows:

Year ended 31 March	2023 £m	2022 £m	Change £m
Underlying profit before tax	**3.2**	2.3	0.9
Depreciation & amortisation	**2.6**	2.4	0.2
Gain on disposal of fixed asset	**(0.3)**	-	(0.3)
Net interest payable	**0.8**	0.8	-
Underlying EBITDA*	**6.3**	5.5	0.8
Non-trading, cash items	**(0.1)**	-	(0.1)
Decrease / (Increase) in finance lease receivables	**0.2**	(0.1)	0.3
Decrease / (increase) in working capital	**1.4**	-	1.4
Tax paid and other	**(0.3)**	(0.3)	-
Net cash inflow from operating activities	**7.5**	5.1	2.4
Financing and investing activities			
Capital expenditure	**(2.0)**	(2.7)	0.7
Disposal of fixed assets	**0.4**	0.1	0.3
Net bank and lease liabilities interest paid	**(0.8)**	(0.8)	-
Bank and lease liability repayments	**(1.5)**	(6.6)	5.1
Dividends paid	**(0.4)**	(0.1)	(0.3)
Net cash outflow from financing and investing activities	**(4.3)**	(10.1)	5.8
Net cash inflow / (outflow)	**3.2**	(5.0)	8.2
Cash balance b/fwd.	**9.6**	14.6	(5.0)
Cash balance c/fwd.	**12.8**	**9.6**	**3.2**

*EBITDA is defined as earnings before interest and tax after adding being depreciation and amortisation costs

Financing and Investing Activities

During the year, the Group invested £2.0 million of capital expenditure, comprising £1.9 million of fixed asset property, plant and equipment and £0.1 million of computer software.

The bank and lease repayments of £6.6 million in the prior year included £5.0 million CBILS loans repaid in June 2021.

The Strategic Report comprises the Chief Executive's Strategic Review and the Chief Financial Officer's Review.

Approved by the Board of Directors and signed on behalf of the Board.

Stuart Munro
Chief Executive
4 August 2023

Board of Directors and Secretary

Robin Williams, Non-executive Chairman

Robin joined the Board in September 2017. He has a wide breadth of corporate experience, gained at a range of quoted and private businesses as well as from an early career in investment banking. He is currently Chairman at Keystone Law Group plc and at Churchill China plc, and is also a non-executive director at Headlam plc and the Manufacturing Technology Centre Limited. Robin qualified as an accountant in 1982 after graduating in engineering science from the University of Oxford. He worked in corporate finance for ten years before leaving the City in 1992 to co-found the packaging business, Britton Group plc. In 1998, he moved to Hepworth plc, the building materials group, and since 2004 he has focused on non-executive work in public, private and private equity backed businesses. His financial background provides the experience required as Chairman of the Group to review and challenge decisions and opportunities. Robin is a member of the Audit and Remuneration Committees and is Chairman of the Nominations Committee.

Stuart Munro, Chief Executive

Stuart joined the Board on 28 April 2021 as Chief Financial Officer before taking over as Chief Executive on 14 April 2022. He qualified as a chartered accountant with Ernst & Young and worked as a divisional finance director in number of UK companies including Balfour Beatty, Alfred McAlpine Infrastructure Services and FirstGroup as well as Transport for London. From 2015 until joining FIH group, Stuart provided strategic, financial and operational consultancy to a number of medium sized Private Equity backed services companies across a variety of sectors.

Reuben Shamu, Chief Finance Officer

Reuben joined the Board on 12 September 2022 as Chief Financial Officer. He qualified as a chartered accountant with KPMG and worked in professional practice for 12 years before moving into industry in 2008. For the last 4 years he has been Commercial Director for the UK operations of privately-owned CP Holdings Group, which has interests in hotels and leisure, commercial office real estate, engineering and construction. His previous roles include Finance Director at Sturrock and Robson Group, Financial Planning and Analysis Director at Smiths Detection Group and Group Financial Controller at Veolia Water UK.

Robert Johnston, Non-executive Director

Robert joined the Board on 13 June 2017. He is an experienced non-executive director and investment professional and has served on the boards of several quoted companies in both North America and in UK, including Fyffes PLC and Supremex Inc. Robert has been the Chief Strategy Officer and Executive Vice President at The InterTech Group, Inc. and has over 20 years of experience in various financial and strategic roles. He is the principal representative of the Jerry Zucker Revocable Trust. Robert brings experience on many transactions at both the corporate and asset level, including debt and equity, and his experience in the banking sector will prove invaluable to developing the Group. Robert represents the Company's largest shareholder, "The Article 6 Marital Trust, created under the First Amended and Restated Jerry Zucker Revocable Trust dated 4-2-07", which has a beneficial holding of 3,596,553 ordinary Shares, representing 28.7% of the Company's issued share capital.

He is currently on the boards of Colabor Group Inc, Supremex Inc. (where he is Chairman), Swiss Water Decaffeinated Coffee Inc and RGC Resources Inc. Robert is a member of the Nominations and Audit Committees and is Chairman of the Remuneration Committee.

Board of Directors and Secretary

CONTINUED

Dominic Lavelle, Non-executive Director

Dominic joined the Board on 1 December 2019. He brings to FIH a wide breadth of corporate experience. Most recently, Dominic was Chief Financial Officer of SDL plc from 2013 to 2018. He has over 15 years' experience as a UK plc Main Board Director and has been Finance Director/Chief Financial Officer of seven UK publicly traded companies including Mothercare plc, Alfred McAlpine plc, Allders plc and Oasis plc. His experience, in both permanent roles and turnaround and restructuring projects across several business sectors is a great benefit to the Group, particularly with the various business streams operated by FIC.

After graduating in Civil and Structural Engineering from the University of Sheffield in 1984, Dominic trained with Arthur Andersen and qualified as a chartered accountant in 1989. He is currently senior independent non-executive director and Chair of the Audit Committee of the AIM quoted Fulcrum Utility Services Limited and a director of Steenbok Newco 10 SARL, a wholly owned subsidiary of the Steinhoff Group. Dominic is a member of the Nominations and Remuneration Committees and is Chair of the Audit Committee.

Holger Schröder, Non-executive Director

Holger joined the Board on 1 June 2023. He has over 28 years' experience gained in a variety of predominantly Swiss companies, most recently as the CFO and a board member of Janser Group, a family-owned real estate and investment business based in Switzerland, where he has been for the last six years. Janser Group controls 12.6% of the ordinary share capital of FIH (which comprises 1,451,998 shares in FIH held by Janser Group and a further 125,327 held personally by Martin Janser). Holger is a member of the Audit, Nominations and Remuneration Committees.

Company Secretary

AMBA Secretaries Limited
400 Thames Valley Park Drive
Reading
Berkshire
RG6 1PT

Corporate Governance Statement

Dear Shareholder,

As Chairman of the Company, I am responsible for leading the Board in applying good corporate governance and the Board is committed to appropriate governance across the business, both at an executive level and throughout its operations. The Board strives to ensure that the objectives of the business, the principles and risks are underpinned by values of good governance throughout the organisation.

The FIH group plc Board values include embedding a culture of ethics and integrity, and the adoption of higher governance standards, to maintain its reputation by fostering good relationships with employees, shareholders and other stakeholders to deliver long term business success.

In 2018 the AIM Rules for Companies were updated to acknowledge a change in investor expectations toward corporate governance for companies admitted to trading on AIM, and the Board, took the decision to adopt the revised Quoted Companies Alliance Corporate Governance Code 2018 (the "QCA Code") which they believe is the most appropriate recognised governance code for the Company.

The QCA Code has ten principles of corporate governance that the Company has complied with as set out on the Company's website in the Corporate Governance section.

The Board is aware of the need to protect the interests of minority shareholders, and balancing those interests with those of any more substantial shareholders, including those interests of the Jerry Zucker Revocable Trust, a major shareholder holding circa 29% of the issued share capital and voting rights, which are represented on the Board by the non-executive director, Robert Johnston.

Beyond the Annual General Meeting, the Chief Executive and the Chief Financial Officer offer to meet with all significant shareholders after the release of the half year and full year results and the Chairman is available throughout the year. The Chief Executive, Chief Financial Officer and the Chairman are the primary points of contact for the shareholders and are available to answer queries over the phone or via email from shareholders throughout the year.

Business Model and Strategy

The Group's strategy is to continue to develop the potential of its existing companies: to fill storage capacity and make further progress at Momart, to maintain the strong cash flow from PHFC and to invest in FIC to take full advantage of the longer-term growth opportunities in the Falkland Islands. While doing this, management are also alert to the benefits of a well-judged complementary acquisition that would give increased scale and growth potential for the Group and enhance the liquidity of FIH shares.

Risk Management

The Board has overall responsibility for the systems of risk management and internal control and for reviewing their effectiveness. The internal controls are designed to manage rather than eliminate risk and provide reasonable but not absolute assurance against material misstatement or loss. The key risks of the Group are presented in the Chief Executive's Strategic Report.

The Board has determined that an internal audit function is not justified due to the small size of the Group and its administrative function and the high level of director review and authorisation of transactions.

A Directors' and Officers' Liability Insurance policy is maintained for all directors and each director has the benefit of a Deed of Indemnity.

Director Independence

The Board considers itself sufficiently independent. The QCA Code suggests that a board should have at least two independent non-executive directors. The Board has considered each non-executive director's length of service and interests in the share capital of the Group and considers that Mr Williams, Mr Schröder, Mr Johnston and Mr Lavelle are independent of the executive management and free from any undue extraneous influences which might otherwise affect their judgement. All Board members are fully aware of their fiduciary duty under company law and consequently seek at all times to act in the best interests of the Company as a whole.

Corporate Governance Statement
CONTINUED

Whilst the Company is guided by the provisions of the QCA Code in respect of the independence of directors, it gives regard to the overall effectiveness and independence of the contribution made by directors to the Board in considering their independence, and does not consider a director's period of service in isolation to determine this independence.

The Board acknowledges that Robert Johnston, who joined the Board on 13 June 2017, represents the Company's largest shareholder, "The Article 6 Marital Trust, created under the First Amended and Restated Jerry Zucker Revocable Trust dated 4-2-07", (the "Zucker Trust"), which has a beneficial holding of 3,596,553 ordinary Shares, representing circa 29% of the Company's issued share capital. The Board has considered Mr Johnston's independence, given his representation of this shareholding and all Board members have satisfied themselves that they consider Mr Johnston to be independent. This is as a consequence of (i) the fact that Mr Johnston has considerable international investment expertise, and (ii) that the shareholding of his employer in FIH represents only a small part of its wider portfolio, but nonetheless aligns him with the interests of FIH shareholders generally.

The Board also acknowledges that Holger Schröder, who joined the Board on 1 June 2023, represents one of the Company's major shareholders, the Janser Group which controls 12.6% of the Company's equity. The Board has considered Mr Schröder's independence, given his representation of this shareholding and all Board members have satisfied themselves that they consider Mr Schröder to be independent. This is as a consequence of (i) Mr Schröder being employed by the operational side of the Janser Group and (ii) Janser Group having a division involved in the investor-side decision making process which is separate from its operational activities, where Mr Schröder is employed.

All directors retire by rotation and are subject to election by shareholders at least once every three years. Any non-executive directors who have served on the Board for at least nine years are subject to annual re-election.

Time Commitment of Directors

Stuart Munro, Chief Executive of the company and Reuben Shamu, Chief Financial Officer are the only executive directors. Robin Williams, Robert Johnston, Dominic Lavelle and Holger Schröder have all been appointed on service contracts for an initial term of three years. Overall, it is anticipated that non-executive directors spend 10-15 days a year on the Group's business after the initial induction, which includes a trip to the Group's subsidiary in the Falkland Islands. However, the non-executive directors and the Chairman in particular, spend significantly more time than this on the business of the Group.

All directors are expected to attend all Board meetings, the Annual General Meeting and any extraordinary general meetings. Non-executive directors are expected to devote additional time in respect of any ad hoc matters, such as significant investment opportunities, responding to market changes, consideration of any business acquisitions, and any significant recruitment or corporate governance changes.

Skills and Qualities of Each Director

The Board recognised the importance of having directors with a diverse range of skills, experience and attributes, which we have across our current Board. Each Board member contributes a different skill set based on their own experience, which is discussed in detail in the "Board of Directors and Secretary".

Board Meetings

The Board meets frequently throughout the year to consider strategy, corporate governance matters, and performance. Prior to each meeting, all directors receive appropriate and timely information. Since the last annual report was published on 5 July 2022 there have been six Board meetings. Robin Williams, Stuart Munro, Reuben Shamu, Robert Johnston and Dominic Lavelle have attended all meetings. Jeremy Brade ceased to be a director prior to the six meetings and Holger Schröder attended every meeting after his appointment.

The Remuneration committee has met once since 5 July 2022 to review executive base pay and bonus structure and all members of the committee were in attendance. There have also been two Audit Committee meetings since 5 July 2022, which were attended by all members of the committee. The Nominations Committee meets on an ad hoc basis to consider Board composition and succession and met a number of times during the year to consider the replacement of the Chairman who is stepping down and appointment of a non-executive director.

Board Directors

The Board comprises Robin Williams, the non-executive Chairman, Stuart Munro, the full time Chief Executive, Reuben Shamu, the full time Chief Financial Officer and three other non-executive directors, Robert Johnston, Dominic Lavelle and Holger Schröder.

Details of How Each Director Keeps Their Skill Set Up to Date

The Board as a whole is kept abreast by the Company's lawyers with developments of governance, and by WH Ireland, the Company's Nominated Adviser, of updates to AIM regulations. The Group's auditors, Grant Thornton, meet with the Board as a whole twice a year and keep the Board updated with any regulatory changes in finance and accounting.

Any External Advice Sought by the Board

RSM Tenon, the Group's tax advisors ensure compliance with taxation law and transfer pricing and the Company's lawyers advised on a number of areas.

Internal Advisory Responsibilities

The Chief Executive and the Chief Financial Officer help keep the Board up to date on areas of new governance and liaise with the Nominated Adviser on areas of AIM requirements, and with the Company's lawyers on areas such as Modern Slavery, Data Protection and other legal matters. They also liaise with the Company's tax advisers with regards to tax matters and with the Group's auditors with respect to the application of current and new accounting standards, and on the status on compliance generally around the Group. The Chief Executive has frequent communication with the Chairman and is available to other members of the Board as and when required.

Board Performance Evaluation

In view of the change in Chairman at the forthcoming AGM, no review of the effectiveness of the Board was carried out in the period. It is intended that one will be carried out in the first twelve months of the tenure of the new Chairman once appointed.

Robin Williams
Chairman
4 August 2023

Audit Committee Report

The Audit Committee comprises the four non-executive directors: Robert Johnston, Dominic Lavelle, Holger Schröder and Robin Williams, and is chaired by Dominic Lavelle. The Audit Committee reviews the external audit activities, monitors compliance with statutory requirements for financial reporting and reviews the half year and annual financial statements before they are presented to the Board for approval. The Audit Committee also keeps under review the scope and results of the audit and its cost effectiveness and the independence and objectivity of the Auditor and the effectiveness of the Group's internal control systems.

The Committee meets twice a year to review both the year end and half year results and the Company's auditors attend both of these meetings in person. It is the Audit Committee's role to provide formal and transparent arrangements, to consider how to apply financial reporting under IFRS, the Companies Act 2006, and the requirements of the QCA Code and also to maintain an appropriate relationship with the independent auditor of the Group.

The current terms of reference of the Audit Committee were reviewed and updated in June 2023.

Effectiveness of the External Audit Process

The Audit Committee is committed to ensuring that the external audit process remains effective on a continuing basis as set out below:

- Reviewing the independence of the incumbent auditor;
- Considering if the audit engagement planning, including the team quality and numbers is sufficient and appropriate;
- Ensuring that the quality and transparency of communications with the external auditors are timely, clear, concise and relevant and that any suggestions for improvements or changes are constructive;
- Exercising professional scepticism, including but not limited to, looking at contrary evidence, the reliability of evidence, the appropriateness and accuracy of management responses to queries, considering potential fraud and the need for additional procedures and the willingness of the auditor to challenge management assumptions; and
- Feedback is provided by the external auditor twice a year to the Audit Committee, after the full year audit and half year review, with one-to-one discussions held beforehand between the Chair of the Audit Committee and the audit firm partner.

External Auditor

The external audit service was put out to tender during the year and Grant Thornton UK LLP was appointed as the Company's external auditor during the year. It is therefore the audit engagement partner's first year on the assignment. The analysis of the auditor's remuneration is shown in note 6. Tax advisory services are provided by RSM UK Tax and Accounting Limited.

Non-audit Services Provided by the External Auditor

The Audit Committee keeps the appointment of external auditors to perform non-audit services for the Group under continual review, receiving a report at each Audit Committee meeting. In the year ended 31 March 2023, there were no non-audit fees paid to either the outgoing auditors KPMG LLP or incoming auditors Grant Thornton UK LLP (2022: £nil).

Emerging Risks

The risk management approach is subject to continuous review and updates in order to reflect new and developing issues which might impact business strategy. Emerging or topical risks are examined to understand their significance to the business. Risks are identified and monitored through risk registers at the Group level and discussed at each Board meeting to consider new threats.

Areas of Judgement and Estimation

In making its recommendation that the financial statements be approved by the Board, the Audit Committee has taken account of the following significant issues and judgements involving estimation:

Long term construction contracts

Significant estimation is involved in determining the revenue and profit to be recognised on long term contracts. This includes determining percentage completion at the balance sheet date by estimating the total expected costs to complete each contract along with their future profitability. These estimates directly influence the revenue and profit that can be recognised on such contracts.

Inventory Provisions

An inventory provision is booked when the realisable value from sale of the inventory is estimated to be lower than the inventory carrying value, or where the stock is slow-moving, obsolete or damaged, and is therefore unlikely to be sold. The quantification of the inventory provision requires the use of estimates and judgements and if actual future demand were to be lower or higher than estimated, the potential amendments to the provisions could have a material effect on the results of the Group.

Defined Benefit Pension Liabilities

A significant degree of estimation is involved in predicting the ultimate benefit payments to pensioners in the FIC defined benefit pension scheme. Actuarial assumptions have been used to value the defined benefit pension liability (see note 23). Management have selected these assumptions from a range of possible options following consultations with independent actuarial advisers. The actuarial valuation includes estimates about discount rates and mortality rates, and the long-term nature of these plans, make the estimates subject to significant uncertainties.

There are eleven pensioners currently receiving a monthly pension under the scheme and three deferred members.

Dominic Lavelle
Independent Non-executive Director
4 August 2023

Directors' Report

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

Results and Dividend

As set out in the Consolidated Income Statement, the Group profit for the year after taxation amounted to £3,122,000 (2022: £1,485,000). Basic earnings per share were 24.9 pence (2022: 11.9 pence).

With the Group's increase in profitability, the Board is pleased to announce that a final dividend of 5.3 pence per share will be recommended for approval at the Annual General Meeting. Together with the interim dividend of 1.2 pence paid on 31 January 2023, the proposed dividend will take the total dividend for the year ended 31 March 2023 to 6.5 pence per share (2022: 3.0 pence).

Principal Activities

The business of the Group during the year ended 31 March 2023 was general trading in the Falkland Islands, the operation of a passenger ferry across Portsmouth Harbour and the provision of international arts logistics and storage services. The principal activities of the Group are discussed in more detail in the Chief Executive's Strategic Report and should be considered as part of the Directors' Report for the purposes of the requirements of the enhanced Directors' Report guidance.

The principal activity of the Company is that of a holding company.

Qualifying Indemnity Provisions

Qualifying indemnity provisions are detailed in the Corporate Governance Statement on page 16.

Future Developments

Details of future developments are presented within the Strategic Report on pages 3 to 11.

Directors

Reuben Shamu was appointed as a director on 12 September 2022 and Holger Schröder was appointed as a director on 1 June 2023.

Directors' Interests

The interests of the directors in the issued shares and share options over the shares of the Company are set out below under the heading "Directors' interests in shares". During the year, no director had an interest in any significant contract relating to the business of the Company or its subsidiaries, other than their own service contract.

Health and Safety

The Group is committed to the health, safety and welfare of its employees and third parties who may be affected by the Group's operations. The focus of the Group's effort is to prevent accidents and incidents occurring by identifying risks and employing appropriate control strategies. This is supplemented by a policy of investigating and recording all incidents.

Employees

The Board is aware of the importance of good relationships and communication with employees. Where appropriate, employees are consulted about matters which affect the progress of the Group and which are of interest and concern to them as employees. Within this framework, emphasis is placed on developing greater awareness of the financial and economic factors which affect the performance of the Group. Employment policy and practices in the Group are based on non-discrimination and equal opportunity irrespective of age, race, religion, sex, gender identity, sexual orientation, colour and marital status.

In particular, the Group recognises its responsibilities towards disabled persons and does not discriminate against them in terms of job offers, training or career development and prospects. If an existing employee were to become disabled during the course of employment, every practical effort would be made to retain the employee's services with whatever retraining is appropriate. The Group's pension arrangements for employees are summarised in note 23.

Payments to suppliers

The policy of the Company and each of its trading subsidiaries, in relation to all its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms, provided that it is satisfied that the supplier has provided the goods or services in accordance with agreed terms and conditions. The Group does not follow any code or standard payment practice. As a holding company, the Company had £6,000 of trade creditors at 31 March 2023 (2022: £29,000).

Share Capital and Substantial Interests in Shares

During the year no shares were issued. Further information about the Company's share capital is given in note 25. Details of the Company's executive share option scheme can be found in note 24.

The Company has been notified of the following interests in 3% or more of the issued ordinary shares of the Company as at 4 August 2023:

	Number of shares	Percentage of shares in issue
The Article 6 Marital Trust created under the First Amended and Restated Jerry Zucker Revocable Trust dated 2 April 2007	3,596,553	28.73
Janser Group	1,577,325	12.61
Quaero Capital Funds (Lux) – Argonaut	1,057,158	8.44
J.F.C. Watts	797,214	6.37
Christian Struck	380,000	3.04

Charitable and Political Donations

Charitable donations made by the Group during the year amounted to £15,802 (2022: £16,214), these were largely paid to local community charities in the Falkland Islands. There were no political donations in the year (2022: nil).

Disclosure of Information to the External Auditor

The directors who held office at the date of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's external auditor is unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's external auditor is aware of that information.

External Auditor

A resolution to approve the appointment of Grant Thornton UK LLP will be put to shareholders at the Annual General Meeting.

Directors' Report
CONTINUED

Greenhouse Gas Emissions

The 2018 Regulations introduced requirements under Part 15 of the Companies Act 2006 for large unquoted companies to disclose their annual energy use and greenhouse gas emissions, and related information. However, the Group has applied the option permitted to exclude any energy and carbon information relating to its subsidiary which the subsidiary would not itself be obliged to include if reporting on its own account. This applies to all subsidiaries within the Group. FIH group plc itself consumes less than 40MWh and, as a low energy user, is not required to make the detailed disclosures of energy and carbon information but is required to state, in its relevant report, that its energy and carbon information is not disclosed for that reason. FIH group plc's annual energy use and greenhouse gas emissions, and related information has not been disclosed in this annual report as it is a low energy user.

Statement by the Directors in Performance of their Statutory Duties in Accordance with s172(1) Companies Act 2006

As an experienced Board, our intention is to behave responsibly and we consider that we, both as individuals and as a collective Board, as representatives of FIH group plc and the Group as a whole, during the year ended 31 March 2023, have acted in good faith, to promote the success of the Company for the benefit of its members as a whole, having regard to the wider stakeholders as set out in s172 of the Companies Act. In the Falkland Islands and in Gosport/Portsmouth (where PHFC provide the ferry service), the subsidiaries of the Group work closely with local government and local communities and Momart, is an active and founding member of several art communities and its employees give talks at conferences, sharing their experiences on the import and export of art work.

Stakeholder Engagement

The directors engage with the Group's stakeholders on material issues relating to their business, taking into consideration current and future events and principal decisions. The engagement supports the directors to understand the impact of their decisions and identify any material issues. This aligns with the Group's purpose and strategy. The details of the Group's interaction with its wider stakeholders is as follows:

Customers:

FIC demonstrates its customer focus through surveys and regular meetings with key customers to understand their requirements and to build long-term relationships. During the financial year ended 31 March 2023, Board members met with the Governor of the Falkland Islands and Chief Executive of FIG. They also met with the MoD.

PHFC maintains close contact with its customer base via social media and regularly tweets and posts information on Facebook about local pantomimes, football matches, and local events of interest to the local community and visiting tourists. PHFC also maintains close links to the Navy based in Portsmouth.

Momart engage with industry working groups to propose and implement sustainability improvements in delivering fine art logistics services.

Colleagues:

We have an experienced, diverse and dedicated workforce which we recognise as a key asset of our businesses. Therefore, it is important that we continue to create the right environment to encourage and create opportunities for individuals and teams to realise their full potential.

We have an open, collaborative and inclusive management structure and engage regularly with our employees. We do this through an appraisal process, structured career conversations, employee surveys, company presentations and away days.

Suppliers:

Across the Group, we aim to build long-term relationships with our suppliers that help ensure the continued delivery of the high-quality services the Group provides. We are clear about our payment practices. We expect our suppliers to adopt similar practices throughout their supply chains to ensure fair and prompt treatment of all creditors. All suppliers are vetted to ensure compliance with the Group's zero tolerance approach to modern slavery.

Communities:

We are committed to supporting the communities in which we operate, including local businesses, residents and the wider public.

We engage with the local communities in Gosport/Portsmouth and in the Falkland Islands through our community donations, and providing employment and work experience opportunities. Apprentices have been taken on at both Momart and PHFC, in areas including Customs and Excise and Engineering.

PHFC also work closely with local government to ensure representation in local transport developments.

Environment:

The Group is committed to doing its part to protect the local and global environment, minimising the environmental impacts of its activities, products and services, and to the continual improvement of its environmental performance.

Steps already taken include:

FIC

- Use of ground heat source systems on new housing developments and fitting solar panels.
- Elimination of plastic bags from all retail outlets and use of paper cups, straws, and other recyclable packaging in the FIC cafes wherever possible.
- LED lighting in offices, warehouses and retail outlets.
- Utilisation of best practice insulation methods for building construction and renovation.

Momart

- Member of the Gallery Climate Coalition, an industry wide body working on all impacts across the industry.
- Conversion of vehicles to meet the Euro 6 emissions standard.
- LED lighting and movement sensors across all warehouse units.
- Renewable energy from solar panels installed at the Leyton warehouse unit 14.
- Sourcing of materials for packing cases from sustainable sources wherever possible.
- Wood waste repurposed or burnt for energy rather than going to landfill.

PHFC

- Installation of new exhaust cleaners on the vessels reducing NOx and Co2 emissions.
- Smart LED lighting across the estate.
- Provision of coffee cup recycling.
- Investigation of smart apps to promote environmentally friendly journey planning.

Directors' Report

CONTINUED

Governments and Regulatory Authorities

Our work brings us into regular contact with the MOD, FIG and local authorities, as we deliver construction projects, repairs and other work. We strive to be proactive and transparent, consulting with them to ensure that our planning reflects local sensitivities.

PHFC staff attend meetings with local government members and Gosport Borough Council.

The Momart Business Process and Compliance Manager attends industry forums, such as Logistics UK, discussing developments in the industry with the forum and any attending HMRC officers. The Momart Security Manager liaises with the Civil Aviation Authority to ensure that Momart's security procedures and staff training remain compliant.

Media

All businesses are active on social media, using Twitter, Instagram, LinkedIn and Facebook.

Non-governmental Organisations:

PHFC is a Heritage Committee member.

Momart representatives attend the UK Registrars' Group conference and the European Registrars' Group conference and speak on issues such as customs procedures, Brexit, or specialised Export licences, such as the "Convention on International Trade in Endangered Species of Wild Fauna and Flora", which requires permits for the export of ivory, rosewood and mahogany.

With over 40 years of experience and expertise in handling, transportation and storage of art, Momart has held a Royal Warrant for work with the Royal Collection since 1993.

Momart is a founding member of ARTIM, "the Art Transporter International Meeting" and attends the annual conference to discuss the best practices and the key business issues concerning the packing, transportation and movement of works of art.

Momart is also a member of the UK Registrars' Group, which is a non-profit association providing a forum for the exchange of ideas and expertise between registrars, collection managers and other museum professionals in the United Kingdom, Europe and worldwide.

Shareowners and Analysts:

Beyond the Annual General Meeting, the Chief Executive, Chief Financial Officer and the Chairman offer to meet with all significant shareholders after the release of the half year and full year results. The Chief Executive, Chief Financial Officer and the Chairman are the primary points of contact for the shareholders and are available to answer queries over the phone or via email from shareholders throughout the year.

The Annual General Meeting provides a chance for investors and analysts to meet the Board face-to-face.

Debt Providers:

The Group has several debt facilities provided by HSBC, who are kept fully informed on all relevant areas of the business, through regular meetings and presentations. The relationship with HSBC dates back to the Company's incorporation in 1997.

Annual General Meeting

The Company's Annual General Meeting will be held on 28 September 2023. The notice of the Annual General Meeting and a description of the special business to be put to the meeting are considered in a separate circular to Shareholders.

Details of Directors' Remuneration and Emoluments

The remuneration of non-executive directors consists only of annual fees for their services, both as members of the Board, and of Committees on which they serve.

An analysis of the remuneration and taxable benefits in kind (excluding share options) provided for and received by each director during the year to 31 March 2023 and in the preceding year is as follows:

	Salary / Fees £'000	Health insurance £'000	Pension Contributions £'000	Bonus £'000	2023 Total £'000	2022 Total £'000
John Foster*	8	-	-	-	8	522
Stuart Munro	258	1	-	100	359	271
Reuben Shamu**	89	1	9	17	116	-
Robin Williams	60	-	-	-	60	60
Jeremy Brade***	14	-	-	-	14	30
Robert Johnston	30	-	-	-	30	30
Dominic Lavelle	30	-	-	-	30	30
Holger Schröder****	-	-	-	-	-	-
Total	**489**	**2**	**9**	**117**	**617**	**943**

* Resigned 14 April 2022
** Appointed 12 September 2022
*** Resigned 20 September 2022
**** Appointed 1 June 2023

The Chief Executive, Stuart Munro, participates in an annual performance related bonus arrangement, with the potential during the year to earn up to 60% of his salary. The Chief Finance Officer, Reuben Shamu, participates in an annual performance related bonus arrangement, with the potential during the year to earn up to 30% of his salary. The bonuses are subject to the achievement of specified corporate and personal objectives and are payable in cash.

Directors' Report
CONTINUED

Directors' Interests in Shares

Full details of historic awards of deferred shares to John Foster are provided in note 24 Employee benefits: share based payments. During the year ended 31 March 2023, no options were exercised by him and the remaining 3,591 nil cost share options have an expiry date of 17 June 2023.

At 31 March 2023, Stuart Munro had 55,814 LTIP share options with an exercise price of 10 pence, a 3-year vesting period and an expiry date of 3 December 2026. No other directors have any share options.

The exercise of LTIP awards is subject to achieving share price performance and earnings targets which have been determined by the remuneration committee, after discussion with the Company's advisers. No LTIP share options were granted during the year.

In addition to the share options set out above, the interests of the directors, their immediate families and related trusts in the shares of the Company according to the register kept pursuant to the Companies Act 2006 were as shown below:

	Ordinary shares as at 31 March 2023	Ordinary shares as at 31 March 2022
Robin Williams	5,625	5,625
Stuart Munro	4,400	4,400
John Foster	118,542	118,542
Jeremy Brade	15,022	15,022
Robert Johnston*	*3,656,553	*3,654,053
Dominic Lavelle	2,000	2,000

* Robert Johnston holds 60,000 shares in his own name, and as he is also the representative of the Company's largest shareholder, "The Article 6 Marital Trust, created under the First Amended and Restated Jerry Zucker Revocable Trust dated 4-2-07", which holds 3,596,553 Shares, Robert Johnston is interested in 3,656,553 Shares in total, representing 29.2 percent of the Company's 12,519,900 total voting rights.

Additional information and disclosures required in this Directors' Report by the Companies Act 2006 and AIM rules and regulations can be located as follows:

Disclosure	Location
Financial risk management	Note 26 of the financial statements
Matters of Strategic importance	Chief Executive's Strategic Review

Approved by the Board and signed on its behalf by:

AMBA Secretaries Limited
4 August 2023

Kenburgh Court
133-137 South Street
Bishop's Stortford
Hertfordshire
CM23 3HX

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report, Strategic Report, Directors' Report, and the Group and Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. Under the AIM Rules of the London Stock Exchange, they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and they have elected to prepare the parent Company financial statements on the same basis.
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and parent Company and of the Group's profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

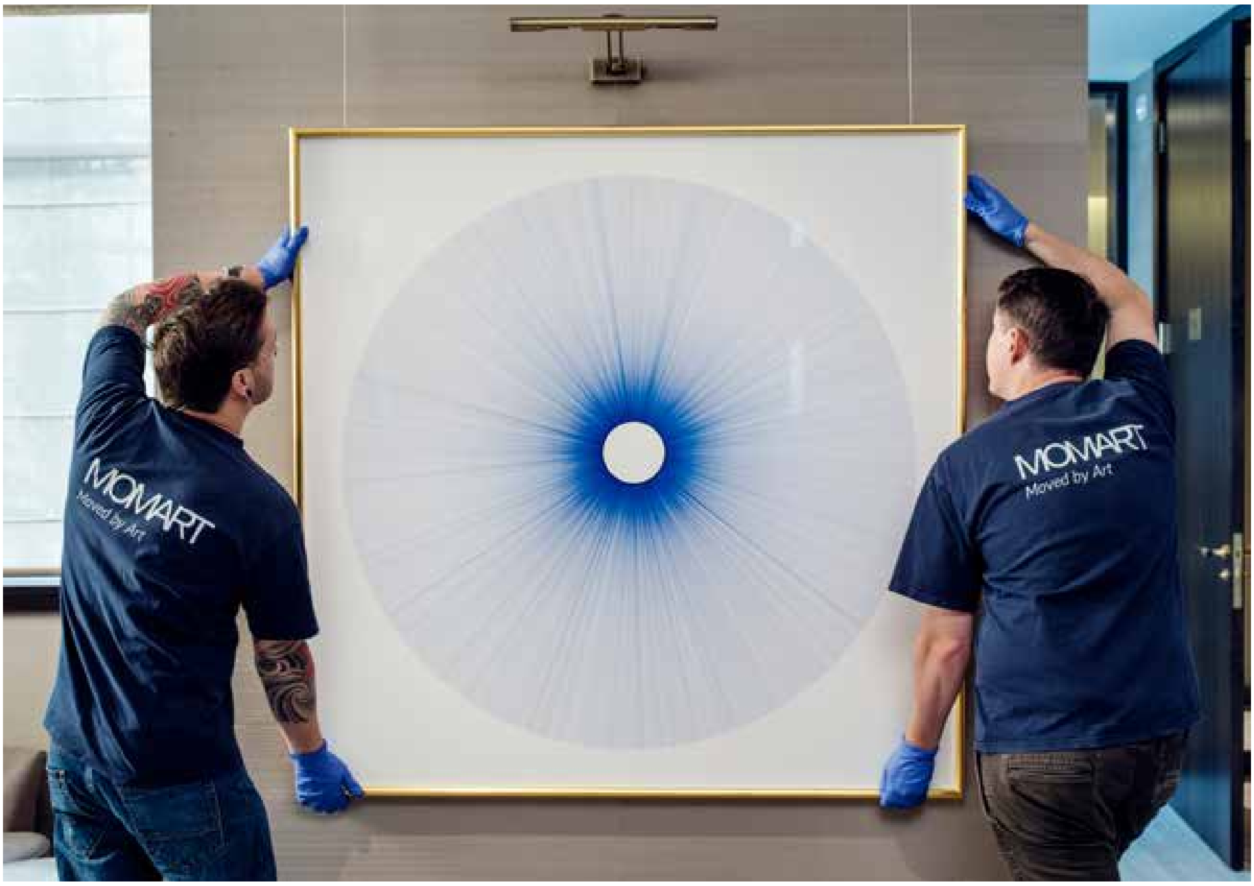
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with UK-adopted international accounting standards;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

Directors' Report
CONTINUED



Momart installation for a private client

FIC delivering on 70 House contract with FIG & MOD

Independent auditor's report to the members of FIH Group Plc

Opinion

Our opinion on the financial statements is unmodified

We have audited the financial statements of FIH Group Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023, which comprise the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement, Company Cash Flow Statement, Consolidated Statement of Changes in Shareholders' Equity, Company Statement of Changes in Shareholders' Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's profit for the year then ended;

the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards

the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and

the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

Our evaluation of the directors' assessment of the group's and the parent company's ability to continue to adopt the going concern basis of accounting included:

- developing an understanding of the design and implementation of controls around the assessment of going concern;
- discussions with management of their assessment of the Group's ability to continue as going concern;
- assessing the reasonableness of projected cashflow and working capital assumptions and evaluating the revenue and cost projections underlying the cashflow model;
- assessing the accuracy of management's historical forecasting by comparing management's forecasts for the years ended 31 March 2023 and 31 March 2022 to the actual results for those periods and considering the impact on the base-case cashflow forecast;

- assessing how these cash flow forecasts were compiled, determining whether covenant compliance has been appropriately mapped into the model, assessing their appropriateness by applying relevant sensitivities to the underlying assumptions, and challenging those assumptions including revenue growth assumptions;
- obtaining the financing agreements and confirming the facilities and covenants relevant for the going concern period, as well obtained evidence that the group has complied with the covenants as of the reporting date and throughout the period;
- evaluating management's reverse stress test to identify the scenario which would result in the removal of the cash headroom during the assessment period and assessing the probability of such a scenario; and
- assessing the adequacy of related disclosures within the annual report.

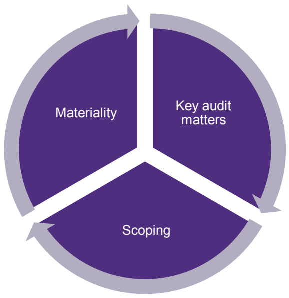
In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as global inflationary pressures, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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

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

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

Our approach to the audit



Overview of our audit approach

Overall materiality:

Group: £200,000, which equates after rounding to approximately 4.9% of profit before tax and approximately 0.4% of group revenues.

Parent company: £530,000, which represents 1% of the parent company's total assets. For the purpose of group testing this has been capped at £140,000, 70% of Group materiality (0.2% of total assets).

Key audit matters was identified as:

- The revenue cycle contains fraudulent transactions – 70 house contract.
- Recoverability of parent company's investment in subsidiaries (parent company only)

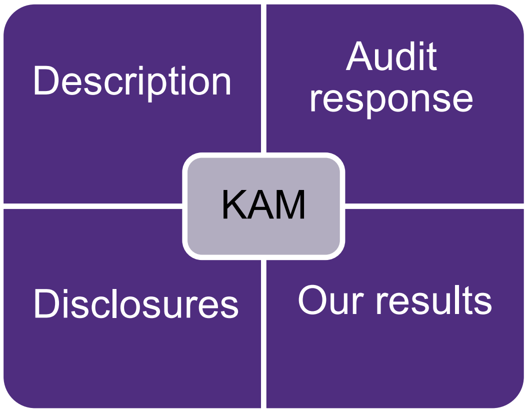
We performed an audit of the financial information of the component using component materiality (full-scope audit) for FIH Group Plc, The Falkland Islands Company Limited (Stanley Division), Gosport Ferry Limited and Momart Limited.

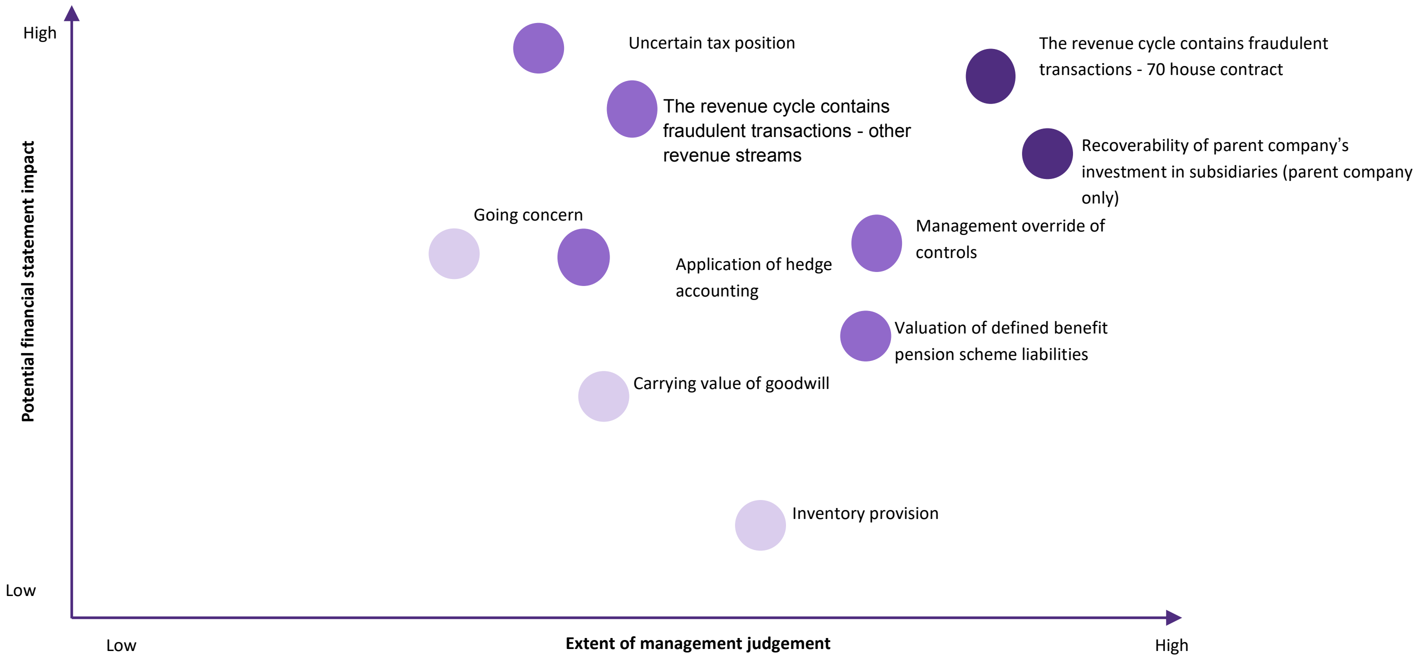
Full scope or specified audit procedures were performed on the financial information of components representing 100% of the Group's revenue and 92% of the Group's profit before tax.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters, significant risks and other risks relevant to the audit.





●	**Key audit matter**	●	**Significant risk**	●	**Other risk**

Key Audit Matter – Group	How our scope addressed the matter – Group
The revenue cycle includes fraudulent transactions – 70 house contract We identified accuracy of revenue as one of the most significant assessed risks of material misstatement due to fraud. Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. FIC has a significant contract with the Falkland Islands Government and Ministry of Defence (MOD) for the construction of 70 houses. This contract includes a significant degree of judgement and management estimation relating to the costs to complete. We consider this to be where the opportunity and incentive for revenue misstatement could occur.	In responding to the key audit matter, we performed the following audit procedures: We have obtained an understanding and assessed the reasonableness of the design and implementation of processes and controls relating to the revenue recognition across the group; Inspected the contract as well as management's paper setting out the basis for the amount of revenue recognised in the year; assessed the criteria set out in IFRS 15 in particular whether the contract consisted of one performance obligation or various individual performance obligations and whether it was appropriate for revenue to be recognised over time; held discussions with local project managers in order to understand the status of the contract and how progress was assessed from an operational perspective and considered whether this was consistent with the method to determine the level of progress for determining the amount of revenue to be recognised to date; assessed the level of costs to complete with a particular focus on the element of costs included for risk and contingency by reference to the costs incurred to date and the number of houses complete/in construction by the year end. We determined an auditor's range for such amounts and found management's estimate to be within our range; and assessed the qualifications and competency of project managers responsible for the estimation of future costs.
Relevant disclosures in the Annual Report and Accounts 2023 • Financial statements: Note 4, Revenue and Note 30, Accounting estimates • Audit committee report: Areas of judgement and estimation	**Our results** We did not identify from our audit procedures indicators of inappropriate revenue recognition. We have therefore concluded that revenue recognition is materially consistent with the IFRS 15.

Key Audit Matter – Parent company	How our scope addressed the matter– Parent company
Recoverability of parent company's investment in subsidiaries We identified valuation of investments as one of the most significant assessed risks of material misstatement due to error.	In responding to the key audit matter, we performed the following audit procedures: We have obtained an understanding of the relevant controls that management has

Key Audit Matter – Parent company	How our scope addressed the matter– Parent company
Investments in subsidiaries are carried at cost less necessary impairments and should be valued on an individual basis. The investments in subsidiaries are included within the Company Balance sheet of FIH Group Plc and are recorded at £18.8m. Management perform an annual assessment of individual investment balances for any impairment triggers. The determination of whether there are indicators of impairment under International Accounting Standard (IAS) 36 'Impairment of assets' includes significant judgement and estimates to be applied including the consideration of internal and external factors such as changes in technology; below-expected economic performance; and a consideration of the carrying amount of the investment compared with the subsidiaries' assets.	implemented over the process for evaluating the valuation of investments in subsidiaries; We evaluated management's assessment as to whether impairment indicators exist in investment balances and challenged these impairment indicators; Where impairment indicators existed, or where management's primary consideration of impairment indicators was based on an estimation of future economic performance, we obtained and assessed management's impairment calculation, including evaluating the discounted cash flow models the key assumptions underpinning the carrying value of investments; We considered management's historic forecasts against actual results as part of other audit testing, to obtain an indicator of the reliability and reasonability of management's forecasts; We used our internal valuations experts to support our challenge of the assumptions used by management to determine the recoverable amount; and We assessing the adequacy of the accounting disclosures made in the financial statements to determine compliance with the requirements of IAS 36.

Relevant disclosures in the Annual Report and Accounts 2023	Key observations
• Financial statements: Note 14, Investment in subsidiaries, Note 1, Accounting Policies (Restatement) • Audit committee report: Areas of judgement and estimation	We identified one investment where the carrying value of the investment was supported by the recoverable amount but had been impaired previously. Based on the analysis shared which was produced by management at the time of preparing the 2021 financial statements, it is clear that the recoverable amount exceeded the carrying amount such that the impairment had been made in error. We identified a further investment, which should have been impaired previously, but hadn't. As a result of our challenges management have recorded prior period adjustments in relation to both of the above items.

Our application of materiality

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

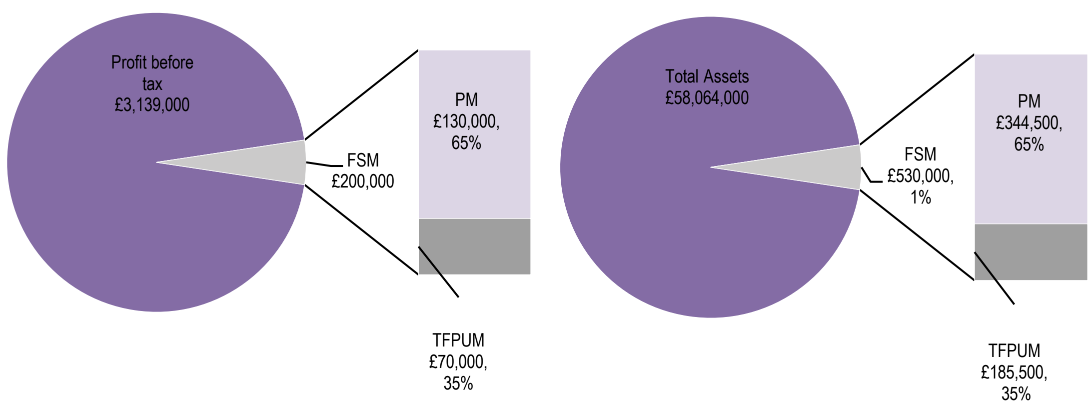
Materiality measure	Group	Parent company
Materiality for financial statements as a whole	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	£200,000, which is determined by reference to several benchmarks as explained below.	£530,000, which represents 1% of the parent company's total assets. For the purpose of group testing this has been capped at £140,000, 70% of Group materiality (0.2% of total assets).
Significant judgements made by auditor in determining the materiality	Determining materiality involves the exercise of professional judgement: • The Group engagement team compared the determined amount against the range of materialities that would have been calculated had a number of benchmarks (revenue, profit before tax, total assets) been used, recognising that a number of measures are relevant to users of the financial statements. • The determined materiality equates to approximately 0.4% or revenue, approximately 4.9% of profit before tax, and approximately 0.2% of total assets.	In determining materiality, we made the following significant judgements: • Total assets was considered the most appropriate benchmark because the parent company's purpose is to hold investments in its subsidiary companies and in the amounts receivable from subsidiary companies, and does not trade.
Performance materiality used to drive the extent of our testing	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	£130,000, which is 65% of financial statement materiality.	£344,500, which is 65% of financial statement materiality. This has been capped at £91,000, which is 70% of group performance materiality.
Significant judgements made by auditor in determining the performance materiality	In determining performance materiality, we made the following significant judgements: • this is our first year of auditing the Group and therefore the performance materiality level reflects our level of experience and cumulative knowledge of the business; • our assessment of the strength and effectiveness of the design of the control environment; • FIH operate in relatively stable markets with long-term contracts; and • A significant portion of the group's activities are based in	In determining performance materiality, we made the following significant judgements: • this is our first year of auditing the parent company and therefore the performance materiality level reflects out level of experience and cumulative knowledge of the business; and • our assessment of the strength and effectiveness of the design of the control environment.

Materiality measure	Group	Parent company
	the Falkland Islands and are therefore remote from head office.	
Specific materiality	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	We determined a lower level of specific materiality for the following areas: • Related party transactions; • Directors' remuneration; and • Auditor's remuneration	
Communication of misstatements to the audit committee	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	£10,000 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£26,500 and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.

The graph below illustrates how performance materiality interacts with our overall materiality and the tolerance for potential uncorrected misstatements.

Overall materiality – Group

Overall materiality – Parent company



FSM: Financial statements materiality, PM: Performance materiality, TFPUM: Tolerance for potential uncorrected misstatements

An overview of the scope of our audit

We performed a risk-based audit that requires an understanding of the group's and the parent company's business and in particular matters related to:

Understanding the group, its components, and their environments, including group-wide controls

- Obtaining an understanding of the Group and its environment, including group-wide controls, and assessed the risks of material misstatement at the group level; and
- Evaluation of the design and implementation of controls over the financial reporting systems and effectiveness of the control environment as part of our risk assessment.

Identifying significant components

We assessed quantitative factors to identify components which are significant to the Group. We determined any individual component which significantly contribution to the group's profit before tax to be financially significant to the Group.

Individually financially significant components were identified as FIH Group Plc, The Falkland Islands Company Limited (Stanley Division), Gosport Ferry Limited and Momart Limited. These four components were subject to full scope audit procedures and represent 100% of the Group's revenue and 92% of the Group's profit before tax. All work in relation to these components was performed by the Group audit team;

Three components were identified for specified audit procedures on specific balances. The work on these components was targeted according to the nature of the balances within these components. All work in relation to these components was performed by the Group audit team.

The remaining ten components were subject to analytical procedures commensurate with their significance to the Group's results and financial position.

Type of work to be performed on financial information of parent and other components (including how it addressed the key audit matters)

In order to address the audit risks identified during our planning procedures, including the key audit matter as set out above, for the Company and other financially significant components requiring a full-scope approach, we evaluated the design and implementation of controls over the financial reporting systems identified as part of our risk assessment and addressed critical accounting matters. We then undertook substantive testing on significant transactions and material account balances and consolidation adjustments;

For components identified for specified audit procedures, audit procedures were performed on cash and Property, plant and equipment balances to provide us with sufficient group coverage in these areas.

Performance of our audit;

Work performed over full scope components and specific procedure components and consolidation adjustments covered 100% of Group revenues and 92% of Group profit before tax;

Audit of all full scope and specific procedure components was performed by the Group team, and involved two visits, including one by the audit partner, to the Falkland Islands to perform in-person audit procedures; and

The remaining components of the Group were subject to analytical procedures commensurate with their significance to the Group's results and financial position.

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage PBT
Full-scope audit	4	93%	100%	92%
Specified audit procedures	3	7%	0%	0%
Analytical procedures	10	0%	0%	8%

Other information

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

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

We have nothing to report in this regard.

Our opinion on other matters prescribed by the Companies Act 2006 is unmodified

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

the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and

the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

the parent company financial statements are not in agreement with the accounting records and returns; or

certain disclosures of directors' remuneration specified by law are not made; or

we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the Annual Report and financial statements set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the company and determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting frameworks (UK-adopted international accounting standards, the Companies Act 2006, AIM Rules for Companies, National Minimum Wage Act 1998 and relevant UK and Falkland Islands tax legislation);
- We obtained an understanding of how the Group and company are complying with those legal and regulatory frameworks by making inquiries of management, the Audit Committee and other personnel within the organisation. We corroborated inquiries through our review of Board minutes and papers provided to the Audit Committee;

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur. Audit procedures included:
    - Identifying and assessing the design effectiveness of management's controls designed to prevent and detect irregularities;
    - Challenging assumptions and judgements made by management in its evaluation of accounting estimates;
    - Identifying and testing those journal entries matching certain risk criteria.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- It is the engagement leader's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Use of our report

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

Matthew Buckingham
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants

17th Floor
103 Colmore Row
Birmingham
B3 3AG

4 August 2023

Consolidated Income Statement

FOR THE YEAR ENDED 31 MARCH 2023

Notes		Underlying 2023 £'000	Non-trading Items (Note 5) 2023 £'000	Total 2023 £'000	Underlying 2021 £'000	Non-trading Items (Note 5) 2021 £'000	Total 2022 £'000
4	**Revenue**	**52,712**	**-**	**52,712**	40,319	-	40,319
	Cost of sales	**(31,588)**	**-**	**(31,588)**	(23,405)	-	(23,405)
	Gross profit	**21,124**	**-**	**21,124**	16,914	-	16,914
	Operating expenses	**(17,111)**	**(79)**	**(17,190)**	(13,834)	(300)	(14,134)
6	**Operating profit / (loss)**	**4,013**	**(79)**	**3,934**	3,080	(300)	2,780
8	Net Finance income / (expense)	**(795)**	**907**	**112**	(796)	704	(92)
	Profit / before tax	**3,218**	**828**	**4,046**	2,284	404	2,688
9	Taxation	**(705)**	**(219)**	**(924)**	(1,094)	(109)	(1,203)
	Profit for the year attributable to equity holders of the company	**2,513**	**609**	**3,122**	1,190	295	1,485
10	Earnings per share						
	Basic			**24.9p**			11.9p
	Diluted			**24.9p**			11.9p

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Comprehensive Income

FOR THE YEAR ENDED 31 MARCH 2023

Notes		2023 £'000	2022 £'000
	Profit for the year	**3,122**	1,485
	Cash flow hedges: effective portion of changes in fair value	**-**	172
	Amortisation of hedge reserve	**13**	3
17	Deferred tax on share options and other financial liabilities	**(3)**	58
17	Deferred tax on effective portion of changes in fair value	**-**	(40)
	Items that are or may be reclassified subsequently to profit or loss	**10**	193
23	Re-measurement of the FIC defined benefit pension scheme	**553**	237
17	Movement on deferred tax asset relating to the pension scheme	**(176)**	(62)
	Items which will not ultimately be recycled to the income statement	**377**	175
	Total other comprehensive income	**387**	368
	Total comprehensive income	**3,509**	1,853

The accompanying notes form part of these Financial Statements.

Consolidated Balance Sheet

AT 31 MARCH 2023

Notes		2023 £'000	Restated 2022 £'000	Restated 1 April 2021 £'000
	Non-current assets			
11	Intangible assets	**4,376**	4,229	4,183
12	Property, plant and equipment	**38,677**	38,718	39,562
13	Investment properties	**7,922**	8,164	7,123
15	Investment in Joint venture	**259**	259	259
19	Trade and other receivables due in more than one year	**-**	44	88
16	Finance lease receivable	**681**	725	590
17	Deferred tax assets	**482**	666	739
26	Derivative financial instruments	**1,559**	644	-
	Total non-current assets	**53,956**	53,449	52,544
	Current assets			
18	Inventories	**6,876**	6,740	5,871
19	Trade and other receivables	**10,189**	7,947	5,868
16	Finance lease receivable	**397**	511	558
20	Cash and cash equivalents	**12,800**	9,572	14.556
	Total current assets	**30,262**	24,770	26,853
	TOTAL ASSETS	**84,243**	78,219	79,397
	Current liabilities			
22	Trade and other payables	**(13,718)**	(9,970)	(6,775)
21	Interest-bearing loans and borrowings	**(1,520)**	(1,536)	(3,424)
	Corporation tax payable	**(599)**	(363)	(113)
	Total current liabilities	**(15,837)**	(11,869)	(10,312)
	Non-current liabilities			
21	Interest-bearing loans and borrowings	**(18,214)**	(19,183)	(23,832)
26	Derivative financial instruments	**-**	-	(234)
23	Employee benefits	**(1,978)**	(2,562)	(2,842)
17	Deferred tax liabilities	**(4,215)**	(3,780)	(3,113)
	Total non-current liabilities	**(24,407)**	(25,525)	(30,021)
	TOTAL LIABILITIES	**(40,269)**	(37,394)	(40,333)
	Net assets	**43,974**	40,825	39,064
25	**Capital and reserves**			
	Equity share capital	**1,251**	1,251	1,251
	Share premium account	**17,590**	17,590	17,590
	Other reserves	**703**	703	703
	Retained earnings	**24,514**	21,378	19,752
	Hedging reserve	**(84)**	(97)	(232)
	Total equity	**43,974**	40,825	39,064

These financial statements, of which the accompanying notes form part, were approved by the Board of directors on 4 August 2023 and were signed on its behalf by:

S I Munro
Director

R Shamu
Director

Company Balance Sheet

AT 31 MARCH 2023

Notes		2023 £'000	Restated 2022 £'000	Restated 1 April 2021 £'000
	Non-current assets			
13	Investment properties	**18,751**	18,956	19,164
14	Investment in subsidiaries	**26,757**	26,762	26,737
19	Loans to subsidiaries	**10,257**	10,057	10,207
26	Derivative financial instruments	**1,559**	644	-
17	Deferred tax	**-**	-	44
	Total non-current assets	**57,324**	56,419	56,152
	Current assets			
19	Trade and other receivables	**11**	45	118
	Corporation tax receivable	**189**	84	54
20	Cash and cash equivalents	**3,307**	4,376	5,462
	Total current assets	**3,507**	4,505	5,634
	TOTAL ASSETS	**60,831**	60,924	61,786
	Current liabilities			
22	Trade and other payables	**(5,939)**	(5,849)	(6,391)
21	Interest-bearing loans and borrowings	**(529)**	(529)	(520)
	Total current liabilities	**(6,468)**	(6,378)	(6,911)
	Non-current liabilities			
21	Interest-bearing loans and borrowings	**(11,617)**	(12,139)	(12,668)
17	Deferred tax	**(391)**	(146)	-
	Derivative financial instruments	**-**	-	(234)
	Total non-current liabilities	**(12,008)**	(12,285)	(12,902)
	TOTAL LIABILITIES	**(18,476)**	(18,663)	(19,813)
	Net assets	**42,355**	42,261	41,973
25	**Capital and reserves**			
	Equity share capital	**1,251**	1,251	1,251
	Share premium account	**17,590**	17,590	17,590
	Other reserves	**5,389**	5,389	5,389
	Retained earnings	**18,209**	18,128	17,975
	Hedging reserve	**(84)**	(97)	(232)
	Total equity	**42,355**	42,261	41,973

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the Parent Company has not been presented. The Parent Company's profit for the financial year is £440,000 (2022: £245,000).

These financial statements, of which the accompanying notes form part, were approved by the Board of directors on 4 August 2023 and were signed on its behalf by:

S I Munro — Director

R Shamu — Director

Registered company number: 03416346

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2023

Notes		2023 £'000	Restated 2022 £'000
	Cash flows from operating activities		
	Profit for the year after taxation	**3,122**	1,485
	Adjusted for:		
	Non-cash items:		
11	Amortisation	**10**	21
12	Depreciation: Property, plant and equipment	**2,420**	2,216
13	Depreciation: Investment properties	**210**	197
23	Interest cost on pension scheme liabilities	**70**	56
24	Equity-settled share-based payment expenses	**41**	45
	Fair value movement in derivative financial instrument	**(907)**	(704)
	Gain on disposal of fixed assets	**(337)**	(9)
	Exchange losses	**26**	13
	Bank interest payable	**424**	436
	Lease liability finance expense	**304**	304
	Decrease / (increase) in finance lease receivable	**158**	(88)
	Corporation and deferred tax expense	**924**	1,203
	Non-cash items	**3,343**	3,690
	Operating cash flow before changes in working capital	**6,465**	5,175
	Increase in trade and other receivables	**(2,198)**	(2,035)
	Increase in inventories	**(136)**	(869)
	Increase in trade and other payables	**3,748**	3,195
	Changes in working capital	**1,414**	291
	Cash generated from operations	**7,879**	5,466
	Payments to pensioners	**(101)**	(99)
	Corporation taxes paid	**(243)**	(256)
	Net cash flow from operating activities	**7,535**	5,111
	Cash flows from investing activities		
12	Purchase of property, plant and equipment	**(1,859)**	(1,333)
11	Purchase of Intangibles	**(115)**	(67)
11	Purchase of investment properties	**(10)**	(1,238)
	Proceeds from sale of property, plant and equipment	**378**	76
	Net cash flow from investing activities	**(1,606)**	(2,562)

Continued on next page.

Consolidated Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2023

Notes		2023 £'000	2022 £'000
	Cash flow from financing activities		
	Repayment of bank loans	**(928)**	(5,927)
	Bank interest paid	**(424)**	(436)
	Repayment of lease liabilities principal	**(618)**	(716)
	Lease liabilities interest paid	**(304)**	(304)
	Cash outflow on nil cost option exercise	**-**	(12)
	Dividends paid	**(401)**	(125)
	Net cash flow from financing activities	**(2,675)**	(7,520)
	Net (decrease) / increase in cash and cash equivalents	**3,254**	(4,971)
	Cash and cash equivalents at start of year	**9,572**	14,556
	Exchange losses on cash balances	**(26)**	(13)
	Cash and cash equivalents at end of year	**12,800**	9,572

The accompanying notes form part of these Financial Statements.

Company Cash Flow Statement

FOR THE YEAR ENDED 31 MARCH 2023

Notes		2023 £'000	Restated 2022 £'000
	Cash flows from operating activities		
	Holding Company profit for the year	**440**	245
	Adjusted for:		
	Bank interest payable	**368**	387
	Fair value movement in financial instrument	**(907)**	(704)
	Equity-settled share-based payment expenses	**47**	20
13	Depreciation: Investment properties	**210**	208
	Corporation and deferred tax expense / (income)	**250**	135
	Non-cash adjustment	**(32)**	46
	Operating cash flow before changes in working capital	**408**	291
	Decrease in trade and other receivables	**34**	73
	(Decrease) / increase in trade and other payables	**(95)**	333
	Changes in working capital and provisions	**(61)**	406
	Cash generated from operations	**347**	697
	Corporation taxes paid	**(105)**	(14)
	Net cash flow from operating activities	**242**	683
	Cash flow from investing activities		
	Purchase of property, plant and equipment	**(5)**	-
	Cash outflows in inter-company borrowing	**-**	(150)
	Cash inflows in inter-company borrowing	**-**	850
	Net cash flow from investing activities	**(5)**	700
	Cash flow from financing activities		
	Bank loan repaid	**(522)**	(520)
	Interest paid	**(368)**	(387)
	Cash inflows / (outflows) in inter-company borrowing	**185**	(1,875)
	Cash (outflows) / inflows in inter-company borrowing	**(200)**	450
	Cash outflow on nil cost option exercise	**-**	(12)
	Dividends paid	**(401)**	(125)
	Net cash flow from financing activities	**(1,306)**	(2,469)
	Net decrease in cash and cash equivalents	**(1,069)**	(1,086)
	Cash and cash equivalents at start of year	**4,376**	5,462
	Cash and cash equivalents at end of year	**3,307**	4,376

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED 31 MARCH 2023

	Equity share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Hedge reserve £'000	Total equity £'000
Balance 1 April 2021 - restated	**1,251**	**17,590**	**703**	**19,752**	**(232)**	**39,064**
Profit for the year	-	-	-	1,485	-	1,485
Cash flow hedges: effective portion of changes in fair value	-	-	-	-	172	172
Amortisation of hedge reserve	-	-	-	-	3	3
Deferred tax on cash flow hedges	-	-	-	-	(40)	(40)
Deferred tax on other financial liabilities	-	-	-	58	-	58
Re-measurement of the defined benefit pension liability, net of tax	-	-	-	175	-	175
Total comprehensive income	-	-	-	1,718	135	1,853
Transactions with owners in their capacity as owners:						
Share option exercise	-	-	-	(12)	-	(12)
Share based payments	-	-	-	45	-	45
Dividends paid	-	-	-	(125)	-	(125)
Total transactions with owners	-	-	-	(92)	-	(92)
Balance at 31 March 2022-restated	**1,251**	**17,590**	**703**	**21,378**	**(97)**	**40,825**
Profit for the year	**-**	**-**	**-**	**3,122**	**-**	**3,122**
Amortisation of hedge reserve	**-**	**-**	**-**	**-**	**13**	**13**
Deferred tax on share options and other financial liabilities	**-**	**-**	**-**	**(3)**	**-**	**(3)**
Re-measurement of the defined benefit pension liability, net of tax	**-**	**-**	**-**	**377**	**-**	**377**
Total comprehensive income	**-**	**-**	**-**	**3,496**	**13**	**3,509**
Transactions with owners in their capacity as owners:						
Share based payments	**-**	**-**	**-**	**41**	**-**	**41**
Dividends paid	**-**	**-**	**-**	**(401)**	**-**	**(401)**
Total transactions with owners	**-**	**-**	**-**	**(360)**	**-**	**(360)**
Balance at 31 March 2023	**1,251**	**17,590**	**703**	**24,514**	**(84)**	**43,974**

The accompanying notes form part of these Financial Statements.

Company Statement of Changes in Shareholders' Equity

FOR THE YEAR ENDED 31 MARCH 2023

	Equity share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Hedge reserve £'000	Total equity £'000
Balance at 1 April 2021-restated	**1,251**	**17,590**	**5,389**	**17,975**	**(232)**	**41,973**
Profit for the year	-	-	-	245	-	245
Cash flow hedges: effective portion of changes in fair value	-	-	-	-	172	172
Amortisation of hedge reserve	-	-	-	-	3	3
Deferred tax on cash flow hedges	-	-	-	-	(40)	(40)
Total comprehensive loss	-	-	-	245	135	380
Transactions with owners in their capacity as owners:						
Share option exercise	-	-	-	(12)	-	(12)
Share based payments	-	-	-	45	-	45
Dividends paid	-	-	-	(125)	-	(125)
Total transactions with owners	-	-	-	(92)	-	(92)
Balance at 31 March 2022-restated	**1,251**	**17,590**	**5,389**	**18,128**	**(97)**	**42,261**
Profit for the year	**-**	**-**	**-**	**440**	**-**	**440**
Amortisation of hedge reserve	**-**	**-**	**-**	**-**	**13**	**13**
Total comprehensive income	**-**	**-**	**-**	**440**	**13**	**453**
Transactions with owners in their capacity as owners:						
Share based payments	**-**	**-**	**-**	**42**		**42**
Dividends paid	**-**	**-**	**-**	**(401)**	**-**	**(401)**
Total transactions with owners	**-**	**-**	**-**	**(359)**	**-**	**(359)**
Balance at 31 March 2023	**1,251**	**17,590**	**5,389**	**18,209**	**(84)**	**42,355**

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

1. Accounting policies

General information

FIH group plc (the "Company") is a public company limited by shares incorporated and domiciled in the UK.

Reporting entity

The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group"). The Parent Company financial statements present information about the Company as a separate entity and not about its Group. The consolidated financial statements of the Group for the year ended 31 March 2023 were authorised for issue in accordance with a resolution of the directors on 3 August 2023.

Basis of preparation

Both the Parent Company financial statements and the Group financial statements have been prepared in accordance with UK-adopted International Accounting Standards ("Adopted IFRS"). On publishing the Parent Company financial statements together with the Group financial statements, the Company is taking advantage of the exemption in s408 of the Companies Act 2006 not to present its individual income statement and related notes that form a part of the approved financial statements.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these consolidated financial statements.

Judgements made by the directors in the application of these accounting policies that have a significant effect on the financial statements and estimates with a significant risk of material adjustment next year are discussed in note 30.

The financial statements are presented in pounds sterling, rounded to the nearest thousand and are prepared on the historical cost basis, as modified by the revaluation of certain financial instruments held at fair value.

The cash flows between the parent Company and its subsidiaries have been classified as either financing or investing activities, depending on whether they relate to subsidiaries in a net payable or net receivable position respectively.

Going concern

The directors are responsible for preparing a going concern assessment covering a period of at least 12 months with the directors having assessed the period to 31st of March 2025 (the going concern period). The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

As at 31 March 2023 the Group had net current assets of £14.8 million, cash balances of £12.8 million and net debt of approximately £7.5 million.

Cash flow forecasts for the Group have been prepared covering the going concern period and the directors have considered downside scenarios to the base case forecasts to reflect emerging risks and uncertainties as a result of global economic conditions. The base case and sensitised forecasts indicate that the business will be cash generative over this period and that the Group will comply with its covenants and have sufficient funds to meet its liabilities as they fall due throughout the going concern period.

Consequently, the directors are confident that the Group and Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and the financial statements have therefore been prepared on a going concern basis.

Restatement

The prior year financial information for the following areas was restated as set out below.

Right of use assets

The seabed lease in PHFC contains variable rental payments which are reset every five years based on the revenue of the ferry business. This lease was previously incorrectly accounted for as one 50-year lease with all future expected payments over the period of the lease reflected in the measurement of the liability. The liability has been restated as an element of the future lease payments varies with the revenue of PHFC and should not have been reflected in the measurement of the liability. The lease liability will be remeasured in the future when variable payments become fixed. The impact of this was an increase in opening retained earnings at 1 April 2021 of £0.2 million and reductions in property, plant and equipment, and interest-bearing loans and borrowings of £0.8 million and £1.0 million respectively. The impact at 31 March 2022 was an increase in retained earnings of £0.2 million and reductions in property, plant and equipment and interest-bearing loans and borrowings of £0.4 million and £0.6 million respectively. There was no impact on profit for the year ended 31 March 2022.

Impairment of investment in Company

During the year, it was identified that the parent company's investment in Momart had been incorrectly impaired in the year ended 31 March 2020. As a result, the previously recorded impairment charge of £5.1m has been reversed at 31 March 2021. It was also noted that the parent Company's investment in Erebus Limited should have been fully impaired in a year prior to 1 April 2021. Consequently, an impairment of £2.4 million was recorded at 1 April 2021. The net impact of these adjustments was to increase investments and retained earnings by £2.7m at both 31 March 2021 and 31 March 2022. There was no impact on profit for the year ended 31 March 2022.

Hedge accounting

Following a reassessment of the criteria for applying hedge accounting after the benchmark change from LIBOR to SONIA, it was concluded that the hedging criteria were no longer met. Hedge accounting was therefore discontinued from 1 January 2022, resulting in a credit of £0.5 million to the prior year profit and loss (comprising a £0.7m credit to net finance income and a £0.2m charge to tax expense) which was previously incorrectly accounted for in the hedging reserve. The impact on both basic and diluted EPS in the year to 31 March 2022 was an increase of 4.3p.

Basis of consolidation

The consolidated financial statements comprise the financial statements of FIH group plc and its subsidiaries (the "Group"). A subsidiary is any entity FIH group plc has the power to control. Control is determined by FIH group plc's exposure or rights, to variable returns from its involvement with the subsidiary and the ability to affect those returns through its power over the subsidiary. The financial statements of subsidiaries are prepared for the same reporting period as the Parent Company. The accounting policies of subsidiaries have been changed when necessary, to align them with the policies adopted by the Group.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

All intra-company balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated in full in preparing the consolidated financial statements. Investments in subsidiaries within the Company balance sheet are stated at impaired cost.

Presentation of income statement

Due to the non-prescriptive nature under IFRS as to the format of the income statement, the format used by the Group is explained below.

Operating profit is the pre-finance profit of continuing activities and acquisitions the Group, and in order to achieve consistency and comparability, is analysed to show separately the results of normal trading performance ("underlying profit"), individually significant charges and credits, changes in the fair value of financial instruments and non-trading items. Such items arise because of their size or nature.

Notes to the Financial Statements

CONTINUED

In the year ended 31 March 2023, non-trading items were made up of £79,000 redundancy costs. In the year ended 31 March 2022, non-trading items were made up of £300,000 of people-related restructuring costs including employee redundancies and compensation payable to the former Chief Executive. Fair value movements on hedging items are included as a non-trading finance income/cost.

Foreign currencies

Transactions in foreign currencies are translated to the functional currencies of Group entities at exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated to the functional currency using the relevant rates of exchange ruling at the balance sheet date and the gains or losses thereon are included in the income statement.

Non-monetary assets and liabilities are translated using the exchange rate at the date of the initial transaction.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises purchase price and directly attributable expenses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. The estimated useful lives are as follows:

Right to use assets	5 – 50 years
Freehold buildings	20 – 50 years
Long leasehold land and buildings	50 years
Vehicles, plant and equipment	4 – 10 years
Ships	15 – 30 years

The carrying value of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the income statement in the period in which it arises. Freehold land and assets under construction are not depreciated.

Investment properties - Group

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured at cost less accumulated depreciation and impairment losses. Cost comprises purchase price and directly attributable expenses. Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each property. The investment property portfolio in the Falkland Islands consists mainly of properties built by FIC, and these and the properties purchased are depreciated over an estimated useful life of 50 years.

Investment properties - Company

The investment property in the Company consists of the Leyton site purchased in December 2018, with five warehouses which are rented to Momart. The purchase price allocated to land has not been depreciated, and the purchase price allocated to each property has been depreciated on a straight-line basis over the expected useful life, after consideration of the age and condition of each property, down to an estimated residual value of nil.

The carrying value of assets and their useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. If an indication of impairment exists, the assets are written down to their recoverable amount and the impairment is charged to the income statement in the period in which it arises. Freehold land is not depreciated.

Joint Ventures

Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the joint venture partners' unanimous consent for strategic financial and operating decisions. FIH group plc has joint control over an investee when it has exposure or rights to variable returns from its involvement with the joint venture and has the ability to affect those returns through its joint power over the entity.

Jointly controlled entities are accounted for using the equity method (equity accounted investees) and are initially recognised at cost. The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and businesses.

Acquisitions prior to 1 April 2006

In respect of acquisitions prior to transition to IFRS, goodwill is recorded on the basis of deemed cost, which represents the amount recorded under previous Generally Accepted Accounting Principles ("GAAP") as at the date of transition. Goodwill is not amortised but reviewed for impairment annually, or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired. At 31 March 2023, all goodwill arising on acquisitions prior to 1 April 2006 has either been offset against other reserves on acquisition, or written off through the income statement as an impairment in prior years.

Acquisitions on or after 1 April 2006

Goodwill on acquisition is initially measured at cost, being the excess of the cost of the business combination over the acquirer's interest in the fair value of the identifiable assets, liabilities and contingent liabilities of the acquired business. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Other intangible assets are amortised from the date they are available for use. In the year ended 31 March 2014, the directors reviewed the life of the brand name at Momart and after considerations of its strong reputation in a niche market and its history of stable earnings and cash flow, which is expected to continue into the foreseeable future, determined that its useful life is indefinite, and amortisation ceased from 1 October 2013.

Computer software

Acquired computer software is capitalised as an intangible asset on the basis of the cost incurred to acquire and bring the specific software into use. Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful life of computer software is seven years.

Impairment of non-financial assets

At each reporting date the Group assesses whether there is any indication that an asset may be impaired. Goodwill and intangible assets with indefinite lives are tested for impairment, at least annually. Where an indicator of impairment exists or the asset requires annual impairment testing, the Group makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the income statement.

Recoverable amount is the greater of an asset's or cash-generating unit's fair value, less cost to sell or value in use. It is determined for an individual asset, unless the asset's value in use cannot be estimated and it does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses are reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Finance income and expense

Net financing costs comprise interest payable and interest receivable which are recognised in the income statement. Interest income and interest payable are recognised as a profit or loss as they accrue, using the effective interest method.

Employee share awards

The Group provides benefits to certain employees (including directors) in the form of share-based payment transactions, whereby the recipient renders service in return for shares or rights over future shares ("equity settled transactions"). The cost of these equity settled transactions with employees is measured by reference to an estimate of their fair value at the date on which they were granted using an option input pricing model taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of share options for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of share options that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with market performance vesting conditions, the grant date fair value of the share-based payments is measured to reflect such conditions and there is no true up for differences between expected and actual outcomes.

The cost of equity settled transactions is recognised, together with a corresponding increase in reserves, over the period in which the performance conditions are fulfilled, ending on the date that the option vests. Where the Company grants options over its own shares to the employees of subsidiaries, it recognises, in its individual financial statements, an increase in the cost of investment in its subsidiaries equal to the equity settled share-based payment charge recognised in its consolidated financial statements with the corresponding credit being recognised directly in equity.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. The cost of raw materials, consumables and goods for resale comprises purchase cost, on a weighted average basis and where applicable includes expenditure incurred in transportation to the Falkland Islands. Work-in-progress and finished goods cost includes direct materials and labour plus attributable overheads based on a normal level of activity. Construction-in-progress is stated at the lower of cost and net realisable value. Net realisable value is estimated at selling price in the ordinary course of business less costs of disposal.

Pensions

Defined contribution pension schemes

The Group operates defined contribution schemes at PHFC and Momart, and at FIC employees are enrolled in the Falkland Islands Pension Scheme ("FIPS"). The assets of all these schemes are held separately from those of the Group in independently administered funds. The amount charged to the income statement represents the contributions payable to the schemes in respect to the accounting period.

Defined benefit pension schemes

The Group has one pension scheme providing benefits based on final pensionable pay, which is unfunded and closed to further accrual. The Group's net obligation in respect of the defined benefit pension plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to its present value. The liability discount rate is the yield at the balance sheet date on AA credit-rated bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method.

The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are recognised immediately within profit and loss. The net interest cost on the defined benefit liability for the period is determined by applying the discount rate used to measure the defined benefit obligation at the end of the period to the net defined benefit liability at the beginning of the period. It takes into account any changes in the net defined benefit liability during the period. Re-measurements of the defined benefit pension liability are recognised in full in the period in which they arise in the statement of comprehensive income.

Trade and other receivables

Trade receivables are initially recorded at transaction price and are subsequently carried at amortised cost, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Trade and other payables

Trade and other payables are stated at their cost less payments made.

Dividends

Dividends unpaid at the balance sheet date are only recognised as liabilities at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company.

Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash balances and call deposits with an original maturity of three months or less.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less directly attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Taxation

Taxation on the profit or loss for the year comprises current and deferred tax. Current tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity, in which case it is recognised directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted, or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary timing differences are not recognised:

- Goodwill not deductible for tax purposes; and
- Initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits.
- Temporary differences related to investments in subsidiaries, to the extent that it is probable that they will not reverse in the foreseeable future.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Deferred tax is recognised at the tax rates that are expected to be applied to the temporary differences when they reverse, based on rates that have been enacted or substantially enacted by the reporting date.

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Cash-flow hedges

The effective portions of changes in the fair values of derivatives that are designated and qualify as cash-flow hedges are recognised in equity. The gain or loss to any ineffective portion is recognised immediately in the income statement. Amounts accumulated in the hedging reserve are recycled to the income statement in the periods when the hedged items will affect profit or loss.

Revenue recognition

IFRS 15 Revenue, requires revenue to be recognised under a 'five-step' approach when a customer obtains control of goods or services in line with the performance obligations identified on the contract. Under IFRS 15, revenue recognition must reflect the standard's five-step approach which requires the following:

- Identification of the contract with the customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations;
- Recognition of the revenue when (or as) each performance obligation is satisfied.

In accordance with the standard, revenue is recognised, net of discounts, VAT, Insurance Premium Tax and other sales related taxes, either at the point in time a performance obligation has been satisfied or over time as control of the asset associated with the performance obligation is transferred to the customer.

For all contracts identified, the Group determines if the arrangement with the customer creates enforceable rights and obligations. For contracts with multiple components to be delivered, such as the inbound and outbound leg of moving art exhibitions as well as delivering, handling and administration services, management applies judgement to consider whether those promised goods and services are:

- distinct – to be accounted for as separate performance obligations;
- not distinct – to be combined with other promised goods or services until a bundle is identified that is distinct; or
- part of a series of distinct goods and services that are substantially the same and have the same pattern of transfer to the customer.

At contract inception the total transaction price is identified, being the amount to which the Group expects to be entitled and to which it has present enforceable rights under the contract. Once the total transaction price is determined, the Group allocates this to the identified performance obligations in proportion to their relative standalone selling prices and revenue is then recognised when (or as) those performance obligations are satisfied.
Discounts are allocated proportionally across all performance obligations in the contract unless directly observable evidence exists that the discount relates to one or more, but not all, performance obligations.

For each performance obligation, the Group determines if revenue will be recognised over time or at a point in time. For each performance obligation to be recognised over time, the Group applies a revenue recognition method that faithfully depicts the Group's performance in transferring control of the goods or services to the customer. This decision requires assessment of the nature of the goods or services that the Group has promised to transfer to the customer.

Revenue streams of the Group

The revenues streams of the Group have been analysed and considered in turn.

Retail revenues arising from the sale of goods and recognised at the point of sale

The retail revenues in the Falkland Islands arise from the sale of goods in the retail outlets and the sale of vehicles and parts at Falklands 4x4, are recognised at the point of sale, which is usually at the till, when the goods are paid for by cash or credit or debit card. A finance lease receivable arises on the sale of goods when the Group provides finance for the purchases as the Group is considered under IFRS 16, to be a dealer lessor.

Housing revenue is generally recognised on completion of the single performance obligation of supplying a house, once the keys are handed over on legal completion. However, larger contracts such as the construction of houses for FIG are treated as long term construction contracts as detailed below.

Transportation of art

In the UK, Momart earns revenue from fine art logistical services (transport, installations or de-installations) and storage services. Revenue is recognised for logistical services completed. Momart classifies this income into either Museum Exhibitions revenue, which includes the income from UK and International museums, or Gallery Services revenue, which includes revenue earned from art galleries and auction houses. Inbound and outbound installations are treated as separate obligations. Revenue is recognised when the service is completed.

Revenues arising from the rendering of services and recognised over a period of time

Storage of art

Storage revenue is recognised according to the time in storage, as reflected in storage agreements.

Long term construction contracts

Revenue from long term construction contracts is recognised under IFRS 15 by the application of the input method on the basis that the nature of the construction contracts which the Group typically enters into is such that work performed creates or enhances an asset which the customer controls. Construction contract revenue is measured using the direct measurement of the goods or services provided to date, including materials and labour. Un-invoiced amounts are presented as contract assets and amounts invoiced in advance of delivery are presented as contract liabilities.

Where a modification is required, the Group assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied by the Group or whether it is a modification to the existing performance obligation.

Other revenues recognised over time

Other revenues recognised over time, include rental income from the rental property portfolio at FIC, which is recognised monthly as the properties are occupied, and car hire income which is recognised over the hire period.
The majority of revenues recognised immediately from the rendering of services arise from the PHFC fare income, which is taken on a daily basis for daily tickets. Season tickets are available, however the revenue earned from these is negligible as most passengers purchase daily tickets. Quarterly and monthly season tickets are recognised over the life of the ticket with a balance held in deferred income.

Other revenues arising from the rendering of services and recognised immediately include:
- Agency services provided to cruise or fishing vessels for supplying provisions, trips to and from the airport and medical evacuations;
- Third party port services;
- Car maintenance revenue, which generally arises on short term jobs;
- Penguin travel income earned from tourist tours and airport trips, which is recognised on the day of the tour or airport trip;
- Third party freight revenue, which is recognised when the ship arrives in the Falkland Islands;
- Insurance commission earned by FIC for providing insurance services in the Falkland Islands under the terms of an agency agreement with Caribbean Alliance. The insurance commission is recognised in full on inception of each policy, offset by a refund liability held within accruals, for the expected refunds over the next year calculated from a review of the historic refunded premiums.

IFRS 9 Financial instruments

Impairment

Financial assets, which include trade debtors and finance lease receivables, are held initially at cost. IFRS 9 mandates the use of an expected credit loss model to calculate impairment losses rather than an incurred loss model, and therefore it is not necessary for a credit event to have occurred before credit losses are recognised.

The Group has elected to measure loss allowances utilising probability-weighted estimates of credit losses for trade receivables at an amount equal to lifetime expected credit losses.

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IFRS 9 Financial instruments

Hedging

The Group has one open hedging relationship at 31 March 2023, which has two elements; an interest rate swap and an embedded 0% interest rate floor. This contract commenced on 9th December 2021, as a result of the banking industry moving from LIBOR to SONIA as the basis for determining interest rates. This contract replaced the previous interest swap taken out in July 2019 to hedge the £13,875,000 mortgage. This swap had an initial notional value of £13,875,000, with interest payable at the difference between 1.1766% and the LIBOR rate up until December 2021 when the LIBOR reference rate was replaced with a SONIA based equivalent. This interest rate swap notional value decreases at £125,000 per quarter over ten years until June 2029 when it will expire. The notional value of the swap at 31 March 2023 was £12,000,000 (2022: £12,500,000). The asset held in respect of this swap at the year-end was £1,559,000 (2022: £644,000). The movement in the year reflects anticipated interest rate rises over the remaining period of the swap.

IFRS 9 introduces three hedge effectiveness requirements:

IFRS 9 requires the existence of an economic relationship between the hedged item and the hedging instrument. There must be an expectation that the value of the hedging instrument and the value of the hedged item would move in the opposite direction as a result of the common underlying or hedged risk. As the LIBOR, SONIA and base rates increase, the interest payable on the loans will increase, and the interest payable on the swaps will fall.

The hedge accounting model is based on a general notion of there being an offset between the changes of the swap as the hedging instrument and those of the hedged bank loan, both of these balances will be affected by the base rate movements, so it has been concluded the offset is justifiable. The size of the hedging instrument and the hedged items must be similar for the hedge to be effective.

IFRS 16 Leases

The Group has applied IFRS 16 in accounting for leases as follows.

At inception of a contract, the Group assesses whether it is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

IFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on 'risks and rewards' in IAS 17. The Group applies the definition of a lease and related guidance set out in IFRS 16 to all lease contracts entered into or changed on or after 1 January 2019 (whether it is a lessor or a lessee in the lease contract).

(a) As a lessee

The Group:

a) Recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of the future lease payments;
b) Recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss;
c) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the consolidated statement of cash flows.

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 (which includes tablets and personal computers, small items of office furniture and telephones), the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within 'other expenses' in profit or loss.

Right-of-use assets are tested for impairment in accordance with IAS 36 as specified by IFRS16.

(b) As a lessor

In accordance with IFRS 16, leases where the Group is a lessor continue to be classified as either finance leases or operating leases and are accounted for differently.

When goods are purchased on finance, a finance lease receivable is recorded in FIC and the goods are removed from the balance sheet when the finance lease agreements are signed and instead, a receivable due from the customer is recorded, as the title of the vehicle, or other goods, such as furniture, white goods or other electrical items, are deemed to have passed to the customer at that point.

Finance lease receivables are shown in the balance sheet under current assets to the extent they are due within one year, and under non-current assets to the extent that they are due after more than one year, and are stated at the value of the net investment in the agreements. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

The FIC rental property agreements which are only ever for a maximum of 12 months, and with titles that will never pass to the customer, continue to be classified as operating leases. Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term. The rental property portfolio, which is held for leasing out under operating leases is included in investment property at cost less accumulated depreciation and impairment losses.

Standards and revisions not yet adopted in the year to 31 March 2023

No standards not yet adopted are expected to have any significant impact on the financial statements of the Group or Company.

2. Segmental Information Analysis

The Group is organised into three operating segments, and information on these segments is reported to the chief operating decision maker ('CODM') for the purposes of resource allocation and assessment of performance. The CODM has been identified as the executive directors.

The operating segments offer different products and services and are determined by business type: goods and essential services in the Falkland Islands, the provision of ferry services and art logistics and storage. Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the period to acquire property, plant and equipment and intangible assets other than goodwill and any other assets purchased through the acquisition of a business.

Notes to the Financial Statements

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2. Segmental information analysis CONTINUED

2023	General Trading (Falkland Islands) £'000	Ferry Services (Portsmouth) £'000	Art Logistics and Storage (UK) £'000	Unallocated £'000	Total £'000
Revenue	29,383	3,817	19,512	-	52,712
Segment operating profit before non-trading items	1,955	608	1,450	-	4,013
Non-trading items	-	-	(79)	-	(79)
Profit before net financing costs	1,955	608	1,371	-	3,934
Finance income	-	-	3	907	910
Finance expense	(70)	(287)	(441)	-	(798)
Segment profit before tax	1,885	321	933	907	4,046
Assets and liabilities					
Segment assets	35,933	9,519	33,889	4,877	84,218
Segment liabilities	(12,954)	(7,341)	(19,364)	(585)	(40,244)
Segment net assets	22,979	2,178	14,525	4,292	43,974
Other segment information					
Capital expenditure:					
Property, plant and equipment	1,115	205	539	-	1,859
Investment properties	10	-	-	-	10
Computer software	81	-	34	-	115
Total Capital expenditure	**1,206**	**205**	**573**	**-**	**1,984**
Depreciation and amortisation:					
Property, plant and equipment	1,192	317	256	-	1,765
Investment properties	210	-	-	-	210
Computer software	-	-	10	-	10
Right of use assets	39	101	515	-	655
Total Depreciation and Amortisation	1,441	418	781	-	2,640
Underlying profit					
Segment operating profit before non-trading items	**1,955**	**608**	**1,450**	**-**	**4,013**
Interest income	-	-	3	-	3
Interest expense	(70)	(287)	(441)	-	(798)
Underlying profit before tax	**1,885**	**321**	**1,012**	**-**	**3,218**

2022	General Trading (Falkland Islands) £'000	Ferry Services (Portsmouth) £'000	Art Logistics and Storage (UK) £'000	Unallocated £'000	Total £'000
Revenue	21,655	3,066	15,598	-	40,319
Segment operating profit before non-trading items	1,835	155	1,090	-	3,080
Non-trading items	-	-	(41)	(259)	(300)
Profit / (loss) before net financing costs	1,835	155	1,049	(259)	2,780
Finance expense	(56)	(276)	(464)	704	(92)
Segment profit / (loss) before tax	1,779	(121)	585	445	1,984
Assets and liabilities					
Segment assets	31,401	9,478	32,275	5,065	78,219
Segment liabilities	(9,582)	(7,788)	(19,045)	(979)	(37,394)
Segment net assets	21,819	1,690	13,230	4,086	40,825
Other segment information					
Capital expenditure:					
Property, plant and equipment	1,129	52	258	-	1,439
Investment properties	1,238	-	-	-	1,238
Computer software	67	-	-	-	67
Total Capital expenditure	**2,434**	**52**	**258**	**-**	**2,744**
Capital expenditure: cash	2,434	52	152	-	2,638
Capital expenditure: non-cash	-	-	106	-	106
Total Capital expenditure	**2,434**	**52**	**258**	**-**	**2,744**
Depreciation and amortisation:					
Property, plant and equipment	834	316	423	-	1,573
Investment properties	197	-	-	-	197
Computer software	-	-	21	-	21
Right of use assets	8	256	505	-	769
Total Depreciation and Amortisa-tion	1,039	572	949	-	2,560
Underlying profit / (loss)					
Segment operating profit before non-trading items	**1,835**	**155**	**1,090**	**-**	**3,080**
Interest expense	(56)	(276)	(464)	-	(796)
Underlying profit / (loss) before tax	**1,779**	**(121)**	**626**	**-**	**2,284**

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2. Segmental information analysis CONTINUED

The £4,877,000 (2022: £5,065,000) unallocated assets above include £3,307,000 (2022: £4,376,000) of cash and £1,559,000 (2022: £644,000) of derivative financial instruments and £11,000 (2022: £45,000) of trade and other receivables held in FIH group plc. (Note 19)

The £585,000 (2022: £979,000) unallocated liabilities above consist of accruals and tax balances held within FIH group plc.

3. Geographical analysis

The tables below analyse revenue and other information by geography:

2023	United Kingdom £'000	Falkland Islands £'000	Total £'000
Revenue (by source)	23,329	29,383	52,712
Assets and Liabilities:			
Non-current segment assets, excluding deferred tax	36,518	16,956	53,474
Capital expenditure: cash	778	1,206	1,984

2022	United Kingdom £'000	Falkland Islands £'000	Total £'000
Revenue (by source)	18,664	21,655	40,319
Assets and Liabilities:			
Non-current segment assets, excluding deferred tax*	35,709	17,074	52,783
Capital expenditure: cash	204	2,434	2,638

* The amounts disclosed in relation to segment assets have been restated as detailed in note 1 to the financial statements, resulting in a reduction of £0.4 million in carrying values.

4. Revenue

2023	Sale of goods recognised at a point in time £'000	Rendering of services recognised at a point in time £'000	Rendering of services provided over a period of time £'000	Total Revenue £'000
Falkland Islands				
Retail sales	9,937	-	-	9,937
Falklands 4x4 sales	2,275	294	485	3,054
FBS (housing and construction)	1,943	-	10,204	12,147
Support Services	-	2,423	827	3,250
Rental property income	-	-	995	995
FIC (Falkland Islands)	14,155	2,717	12,511	29,383
PHFC (Portsmouth)	-	3,817	-	3,817
Art logistics and storage	-	16,794	2,718	19,512
Total Revenue	**14,155**	**23,328**	**15,229**	**52,712**

2022	Sale of goods recognised at a point in time £'000	Rendering of services recognised at a point in time £'000	Rendering of services provided over a period of time £'000	Total Revenue £'000
Falkland Islands				
Retail sales	9,666	-	-	9,666
Falklands 4x4 sales	2,034	372	364	2,770
FBS (housing and construction)	1,499	-	4,298	5,797
Support Services	-	1,677	868	2,545
Rental property income	-	-	877	877
FIC (Falkland Islands)	13,199	2,049	6,407	21,655
PHFC (Portsmouth)	-	3,066	-	3,066
Art logistics and storage*	-	13,225	2,373	15,598
Total Revenue	**13,199**	**18,340**	**8,780**	**40,319**

* The amount disclosed for rendering of services recognised over a period of time relating to the prior year for the Art and Logistics Business has been restated to exclude £13.2 million which should have been included within rendering of services recognised at a point in time. The total recognised for the year has not changed.

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5. Non-trading items

	2023 £'000	2022 £'000
Profit before tax as reported	**4,046**	2,688
Non-trading items:		
Restructuring costs	**79**	300
Movement in fair value of non-effective portion of derivative financial instruments	**(907)**	(704)
Underlying profit before tax	**3,218**	2,284

Restructuring costs comprise employee redundancy costs in the current year and people-related costs, including employee redundancies and compensation payable to the former Chief Executive, in the prior year.

6. Expenses and auditor's remuneration

The following expenses / (income) have been included in the profit and loss:

	2023	2022
	£'000	£'000
Direct operating expenses of rental properties	463	465
Depreciation	2,627	2,413
Amortisation of computer software	10	21
Foreign currency loss	26	13
Expected credit loss on trade and other receiva-bles	13	114
Cost of inventories recognised as an expense	14,392	9,868
COVID-19 and other government funding	-	(500)

Auditor's remuneration

	2023 £'000	2022 £'000
Audit of these financial statements	195	66
Audit of subsidiaries' financial statements pursuant to legislation	102	179
Other assurance services	-	5
Total auditor's remuneration	**297**	250

Additional items of expenditure not covered above or within staff costs (note 7) which are recognised within operating profit for the year include legal and professional fees, insurance and recruitment costs.

7. Staff numbers and cost

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

		Number of employees Group		Number of employees Company	
		2023	2022	2023	2022
PHFC		27	27	-	-
Falkland Islands:	in Stanley	227	208	-	-
	in UK	6	6	-	-
Art logistics & storage		114	102		-
Head office		6	7	8	7
Total average staff numbers		**380**	**350**	**8**	**7**

The aggregate payroll cost of these persons was as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Wages and salaries	13,929	12,682	780	769
Share-based payments (see note 24)	41	45	46	45
Social security costs	986	821	86	90
Contributions to defined contribution plans (see note 23)	535	505	14	5
Furlough income	-	(210)	-	-
Total employment costs	**15,491**	**13,843**	**926**	**909**

In the previous year, the Group made use of support schemes from the UK Government to partially mitigate the loss of profit caused by the impact of COVID-19. The Coronavirus Job Retention Scheme ("CJRS"), the UK Government's support measure relating to employment, provided grants to cover the cost of employees who were furloughed. Amounts received under this scheme are classified as government grants and are accounted for in accordance with IAS 20 Government Grants. There were no grants in the year ended 31 March 2023. Such grants totalling £210,000 for the year ended 31 March 2022 were recognised in the Income Statement in the period in which the associated costs for which the grants are intended to compensate were incurred, and are presented as an offset against those associated costs.

Details of audited directors' remuneration are provided in the Directors' Report, which forms part of these audited financial statements, under the heading 'Details of Directors' Remuneration and Emoluments'.

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8. Finance income and expense

	2023 £'000	2022 £'000
Movement in non-effective portion of fair value of derivative financial instruments	907	704
Bank interest receivable	3	-
Total finance income	**910**	**704**
Interest payable on bank loans	(424)	(436)
Net interest cost on the FIC defined benefit pension scheme liability	(70)	(56)
Lease liabilities finance charge	(304)	(304)
Total finance expense	**(798)**	**(796)**
Net finance income / (expense)	**112**	**(92)**

9. Taxation

Recognised in the income statement

	2023 £'000	2022 £'000
Current tax expense		
Current year	579	532
Adjustments for prior years	(99)	(25)
Current tax expense*	480	507
Deferred tax expense		
Origination and reversal of temporary differences*	413	123
Change in UK tax rate to 25%	-	523
Adjustments for prior years	31	50
Deferred tax expense (see note 17)*	**444**	**696**
Total tax expense*	**924**	**1,203**

Reconciliation of the effective tax rate

	2023 £'000	2022 £'000
Profit on ordinary activities before tax	4,046	2,688
Tax using the UK corporation tax rate of 19% (2021: 19%)	769	511
Expenses not deductible for tax purposes	85	84
Additional capital allowances – super deduction	(37)	(7)
Effect of increase in rate of deferred tax	155	555
Effect of higher tax rate overseas	20	35
Adjustments to tax charge in respect of previous periods	(68)	25
Total tax expense*	**924**	**1,203**

* Prior year amounts relating to deferred tax have been restated to align the tax impact with the changes made to fair value movements of the derivative financial instrument as detailed in note 1 to the financial statements.

Tax recognised directly and other comprehensive income

	2023 £'000	2022 £'000
Deferred tax on effective portion of changes in fair value	-	40
Movement on deferred tax asset relating to the pension scheme	176	62
Deferred tax on share options and other financial liabilities	3	(58)
Deferred tax expense recognised directly in other comprehensive income	**179**	**44**

In the UK, deferred tax has been calculated at 25% (2022: 25%).

The deferred tax assets and liabilities in FIC have been calculated at the Falkland Islands' tax rate of 26% (2022: 26%).

10. Earnings per share

The calculation of basic earnings per share is based on profits on ordinary activities after taxation, and the weighted average number of shares in issue in the period.

The calculation of diluted earnings per share is based on profits on ordinary activities after taxation and the weighted average number of shares in issue in the period, adjusted to assume the full issue of share options outstanding, to the extent that they are dilutive.

	2023 £'000	2022 £'000
Profit on ordinary activities after taxation	3,122	1,485

	2023 Number	2022 Number
Average number of shares in issue	12,519,900	12,519,900
Effect of share options	-	-
Diluted weighted average number of shares	**12,519,900**	**12,519,900**

	2023	2022
Basic earnings per share	24.9p	11.9p
Diluted earnings per share	24.9p	11.9p

To provide a comparison of earnings per share on underlying performance, the calculation below sets out basic and diluted earnings per share based on underlying profits.

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10. Earnings per share CONTINUED

Earnings per share on underlying profit

	2023 £'000	2022 £'000
Underlying profit before tax (see note 5)	3,218	2,284
Underlying taxation	(705)	(1,094)
Underlying profit	2,513	1,190
Effective tax rate	21.9%	47.9%
Weighted average number of shares in issue (from above)	12,519,900	12,519,900
Diluted weighted average number of shares (from above)	12,519,900	12,519,900
Basic earnings per share on underlying profit	20.1p	9.5p
Diluted earnings per share on underlying profit	20.1p	9.5p

11. Intangible assets

	Computer Software £'000	Brand name £'000	Goodwill £'000	Total £'000
Cost:				
At 1 Apr 2021 and 31 March 2022	631	2,823	11,576	15,030
Additions	115	-	-	115
Transfer from investment property	42	-	-	42
At 31 March 2022	**788**	**2,823**	**11,576**	**15,187**
Accumulated amortisation and impairment:				
At 1 Apr 2021	533	785	9,462	10,780
Amortisation	21	-	-	21
At 31 March 2022	554	785	9,462	10,801
Amortisation	10	-	-	10
At 31 March 2023	**564**	**785**	**9,462**	**10,811**
Net book value:				
At 1 April 2021	31	2,038	2,114	4,183
At 31 March 2022	77	2,038	2,114	4,229
At 31 March 2023	**224**	**2,038**	**2,114**	**4,376**

Amortisation and impairment charges are recognised in operating expenses in the income statement. The Momart brand name has a carrying value of £2,038,000 and is considered to be of future economic value to the Group with an estimated indefinite useful economic life. It is reviewed annually for impairment as part of the Art Logistics and Storage review.

Goodwill

Goodwill is allocated to the Group's Cash Generating Units (CGUs) which principally comprise its business segments. A segment level summary of goodwill for each cash-generating-unit is shown below:

	Art Logistics and Storage £'000	Falkland Islands £'000	Total £'000
Goodwill at 1 April 2021	2,077	37	2,114
Goodwill at 31 March 2022	2,077	37	2,114
Goodwill at 31 March 2023	**2,077**	**37**	**2,114**

Impairment

The Group tests material goodwill and indefinite lived intangible assets annually for impairment or more frequently if there are indications that goodwill and/or indefinite life assets might be impaired. An impairment test is a comparison of the carrying value of the assets of a CGU to their recoverable amounts based on the higher of a value-in-use calculation and fair value less costs to sell. Goodwill is impaired when the recoverable amount is less than the carrying value.

The Art Logistics and Storage CGU is tested for impairment annually because the only material goodwill and indefinite life assets relate to this CGU. An impairment review of the Art Logistics and Storage CGU was performed and no impairment charge was deemed necessary. The recoverable amount for this assessment was determined using the fair value less costs to sell for the Art Logistics and Storage CGU. This was underpinned by an independent valuation of the art storage warehouses in East London, which indicates a fair value well in excess of the £24.7 million carrying value of the Art Logistics and Storage CGU.

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12. Property, plant and equipment

	Group					
	Right to use assets £'000	Freehold land & buildings £'000	Long leasehold land and buildings £'000	Ships £'000	Vehicles, plant and equipment £'000	Total £'000
Cost:						
At 1 April 2021	9,633	29,554	1,009	6,877	9,586	56,659
Additions in year	232	109	53	3	1,168	1,565
Disposals	(82)	-	(3)	-	(396)	(481)
At 31 March 2022*	9,783	29,663	1,059	6,880	10,358	57,743
Additions in year	-	113	57	150	1,539	1,859
Additions (non-cash)	561	-	-	-	-	561
Disposals	-	(54)	(49)	-	(585)	(688)
Disposals (non-cash)	(120)	-	-	-	-	(120)
At 31 March 2023	**10,224**	**29,722**	**1,067**	**7,030**	**11,312**	**59,355**
Accumulated depreciation:						
At 1 April 2021	3,084	4,403	370	2,790	6,450	17,097
Charge for the year	769	371	160	243	799	2,342
Disposals	(75)	-	(3)	-	(336)	(414)
At 31 March 2022	3,778	4,774	527	3,033	6,913	19,025
Charge for the year	655	512	24	246	983	2,420
Disposals	-	(43)	(49)		(570)	(662)
Disposals (non-cash)	(105)	-	-	-	-	(105)
At 31 March 2023	**4,328**	**5,243**	**502**	**3,279**	**7,326**	**20,678**
Net book value:						
At 1 April 2021	6,549	23,928	1,862	4,087	3,136	39,562
At 31 March 2022*	6,005	24,889	532	3,847	3,445	38,718
At 31 March 2023	**5,896**	**24,479**	**565**	**3,751**	**3,986**	**38,677**

* As detailed in note 1 to the financial statements, comparative numbers for right of use assets have been restated, resulting in a reduction in net book value of £0.4 million at 31 March 2022. Certain assets previously disclosed within long leasehold land and buildings have been reclassified to freehold land and buildings to more accurately reflect the nature of the assets. As a result, the cost and accumulated depreciation of freehold land and buildings at 31 March 2022 increased by 1.9 million and £0.7 million respectively, with a corresponding reduction in long leasehold land and buildings. There was no impact on total cost, cumulative depreciation or net book value.

12. Property, plant and equipment CONTINUED

Right to use assets

	Group				
	Short leasehold lease £'000	Long leasehold Pontoon lease £'000	Momart Trucks £'000	Office Equipment £'000	Total £'000
Cost:					
At 1 April 2021*	3,136	5,090	1,389	18	9,633
Additions in year	105	126	1	-	232
Disposals	-	-	(82)	-	(82)
At 31 March 2022*	3,241	5,216	1,308	18	9,783
Additions in year	548	13	-	-	561
Disposals (non-cash)	-	(120)	-	-	(120)
At 31 March 2023	**3,789**	**5,109**	**1,308**	**18**	**10,224**
Accumulated depreciation:					
At 1 April 2021	1,669	971	429	15	3,084
Charge for the year	303	256	209	1	769
Disposals	-	-	(75)	-	(75)
At 31 March 2022*	1,972	1,227	563	16	3,778
Charge for the year	60	75	519	1	655
Disposals (non-cash)	(40)	(65)	-	-	(105)
At 31 March 2023	**1,992**	**1,237**	**519**	**17**	**4,328**
Net book value:					
At 1 April 2021	1,467	4,119	960	3	6,549
At 31 March 2022*	1,269	3,989	745	2	6,005
At 31 March 2023	**1,797**	**3,872**	**226**	**1**	**5,896**

* As detailed in note 1 to the financial statements, comparative numbers for right of use assets have been restated, resulting in a reduction in net book value of £0.4 million at 31 March 2022.

No property, plant or equipment was financed by hire purchase loans in the year to 31 March 2023.

The Company has no tangible fixed assets, other than the investment property purchased in December 2018, which is included within Investment Property (note 13).

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13. Investment properties

	Group		
	Residential and commercial property £'000	Freehold land £'000	Total £'000
Cost:			
At 1 April 2021	7,328	831	8,159
Additions in year	1,238	-	1,238
At 31 March 2022	8,566	831	9,397
Additions in year	10	-	10
Transfer to intangibles	(42)	-	(42)
At 31 March 2023	**8,534**	**831**	**9,365**
Accumulated depreciation:			
At 1 April 2021	1,036	-	1,036
Charge for the year	197	-	197
At 31 March 2022	**1,233**	**-**	**1,233**
Charge for the year	210	-	210
At 31 March 2023	**1,443**	**-**	**1,443**
Net book value:			
At 1 April 2021	6,292	831	7,123
At 31 March 2022	7,333	831	8,164
At 31 March 2023	**7,091**	**831**	**7,922**

The investment properties, held at cost, comprise land, plus residential and commercial property held for rental in the Falkland Islands.

13. Investment properties CONTINUED

Estimated Fair Value

	Group	
	2023 £'000	2022 £'000
Estimated fair value:		
Freehold land	2,177	2,177
Properties available for rent	10,420	10,139
Properties under construction	43	173
At 31 March	**12,640**	**12,489**
Uplift on net book value:		
Freehold land	1,346	1,346
Properties available for rent	3,286	2,979
At 31 March	**4,632**	**4,325**
Number of rental properties		
Available for rent	85	83
Under construction	-	2

A level 3 valuation technique has been applied, using a market approach to value these properties; the properties have been valued based on their expected market value by the directors.

Assets under construction

At 31 March 2023, improvements to the FIC jetty in Stanley were included in investment property assets under construction (2022: 2 housing units) with a total cost to date of £43,000 (2022: £173,000).

Company	Commercial property
Cost:	£'000
31 March 2021, 31 March 2022 and 1 April 2023	**19,642**
Accumulated depreciation:	
At 31 March 2021	478
Charge for the year	208
At 31 March 2022	686
Charge for the year	205
At 31 March 2023	**891**
Net book value:	
At 1 April 2021	19,164
At 31 March 2022	18,956
At 31 March 2023	**18,751**

The investment property in the Company consists of the five warehouses leased to Momart, the Group's art handling subsidiary, which were purchased in December 2018.

The directors have reviewed the market value of the Leyton warehouses and have used valuation reports prepared by Colliers International Property Consultants Limited. The directors consider that the market value of the property is significantly higher than book value. Further detail is given in note 11.

Notes to the Financial Statements

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14. Investment in subsidiaries

	Country of incorporation	Class of shares held	Ownership at 31 March 2023	Ownership at 31 March 2022
The Falkland Islands Company Limited (1)	UK	Ordinary shares of £1	100%	100%
		Preference shares of £10	100%	100%
The Falkland Islands Trading Company Limited (1)	UK	Ordinary shares of £1	100%	100%
Falkland Islands Shipping Limited (2) (6)	Falkland Islands	Ordinary shares of £1	100%	100%
Erebus Limited (2) (6) (7)	Falkland Islands	Ordinary shares of £1	100%	100%
		Preference shares of £1	100%	100%
South Atlantic Support Services Limited (3) (6) (7)	Falkland Islands	Ordinary shares of £1	100%	100%
Paget Limited (2) (6) (7)	Falkland Islands	Ordinary shares of £1	100%	100%
The Portsmouth Harbour Ferry Company Limited (4)	UK	Ordinary shares of £1	100%	100%
Portsea Harbour Company Limited (4) (6)	UK	Ordinary shares of £1	100%	100%
Clarence Marine Engineering Limited (4) (6)	UK	Ordinary shares of £1	100%	100%
Gosport Ferry Limited (4) (6)	UK	Ordinary shares of £1	100%	100%
Portsmouth Harbour Waterbus Company Limited (4) (6) (7)	UK	Ordinary shares of £1	100%	100%
Momart International Limited (5) (7)	UK	Ordinary shares of £1	100%	100%
Momart Limited (5) (6)	UK	Ordinary shares of £1	100%	100%
Dadart Limited (5) (6) (7)	UK	Ordinary shares of £1	100%	100%

(1) The registered office for these companies is Kenburgh Court, 133-137 South Street, Bishop's Stortford, Hertfordshire CM23 3HX.
(2) The registered office for these companies is 5 Crozier Place, Stanley, Falkland Islands FIQQ 1ZZ.
(3) South Atlantic Support Services Limited's registered office is 56 John Street, Stanley, Falkland Islands FIQQ 1ZZ.
(4) The registered office for these companies is South Street, Gosport, Hampshire, PO12 1EP.
(5) The registered office for these companies is Exchange Tower, 6th Floor, 2 Harbour Exchange Square, London E14 9GE.
(6) These investments are not held by the Company but are indirect investments held through a subsidiary of the Company.
(7) These investments have all been dormant for the current and prior year.

	Company	
	2023 £'000	2022 £'000
At 1 April	26,762	26,737
Share based payments charge capitalised into subsidiaries	(5)	25
At 31 March*	**26,757**	**26,762**

* As detailed in note 1 to the financial statements, the carrying value of investments have been restated, resulting in an increase of £2.7 million at 31 March 2022.

The amounts disclosed are net of a provision for impairment of £18 million (2022: £18 million).

15. Investment in Joint Ventures

The Group has one joint venture (South Atlantic Construction Company Limited, "SAtCO"), which was set up in June 2012 in the Falkland Islands, with Trant Construction to bid for the larger infrastructure contracts which were expected to be generated by oil activity. Both Trant Construction and the FIC contributed £50,000 of ordinary share capital. SAtCO is registered and operates in the Falkland Islands. The net assets of SAtCO are shown below:

Joint Venture's balance sheet

	2023 £'000	2022 £'000
Current assets	519	519
Liabilities due in less than one year	(1)	(1)
Net assets of SAtCO	518	518
Group share of net assets	**259**	**259**

There were no recognised gains or losses for the years ended 31 March 2023 (2022: none).
The current assets balances above include £16,000 of cash (2022: £16,000), £5,000 of other debtors (2022: £5,000) and £498,000 (2022: £498,000) of loans due from SAtCO's parent companies.

SAtCO had no contingent liabilities or capital commitments as at 31 March 2023 or 31 March 2022 and the Group had no contingent liabilities or commitments in respect of its joint venture at 31 March 2023 or 31 March 2022.

SATCO's registered office is 56 John Street, Stanley, Falkland Islands FIQQ 1ZZ

16. Finance leases receivable

As lessor, FIC has sold assets to customers on finance lease agreements. The present value of the lease payments, together with any unguaranteed residual value, is recognised as a receivable, net of allowances for expected bad debt losses.

The difference between the gross receivable and the present value of future lease payments, is recognised as unearned lease income. Lease income is recognised in revenue over the term of the lease using the sum of digits method so as to give a constant rate of return on the net investment in the leases. Lease receivables are reviewed regularly to identify any impairment.

Lease receivables arise on the sale of vehicles and consumer goods, such as furniture and electrical items, by FIC. No contingent rents have been recognised as income in the period. No residual values accrue to the benefit of the lessor.

	Group	
	2023 £'000	2022 £'000
Non-Current: Lease debtors due after more than one year	681	725
Current: Lease debtors due within one year	397	511
Total lease debtors	**1,078**	**1,236**

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The difference between the gross investment in the finance lease receivables and the present value of future lease payments due represents unearned lease income of £375,000 (2022: £310,000). The cost of assets acquired for the purpose of renting out under hire purchase agreements by the Group during the year amounted to £629,000 (2022: £960,000).

The total cash received during the year in respect of hire purchase agreements was £923,000 (2022: £985,000).

	Group	
	2023 £'000	2022 £'000
Gross investment in finance lease receivables	1,484	1,571
Unearned lease income	(375)	(310)
Bad debt provision against hire purchase leases	(31)	(25)
Present value of future lease receipts	**1,078**	**1,236**

17. Deferred tax assets and liabilities

Recognised deferred tax assets and (liabilities)

	Group	
	2023 £'000	2022 £'000
Property, plant & equipment	(3,874)	(3,537)
Intangible assets	(509)	(509)
Inventories (unrealised intragroup profits)	90	81
Other financial liabilities	54	104
Derivative financial instruments	(44)	(27)
Share-based payments	68	108
Total net deferred tax liabilities	(4,215)	(3,780)
Deferred tax asset arising on the defined benefit pension liabili-ties	482	666
Net tax liabilities	**(3,733)**	**(3,114)**

17. Deferred tax assets and liabilities CONTINUED

The deferred tax asset on the defined benefit pension scheme (see note 23) arises under the Falkland Islands tax regime and has been presented on the face of the consolidated balance sheet as a non-current asset as it is expected to be realised over a relatively long period of time. All other deferred tax assets are shown net against the non-current deferred tax liability shown in the balance sheet.

	Company	
	2023 £'000	2022 £'000
Derivative financial liabilities	(44)	(27)
Other temporary differences	(41)	15
Net tax asset / (liability)	**(85)**	**(12)**

Movement in deferred tax assets / (liabilities) in the year:

	Group			
	1 April 2022 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2023 £'000
Property, plant & equipment	(3,537)	(337)	-	(3,874)
Intangible assets	(509)		-	(509)
Inventories (unrealised intragroup profits)	81	9	-	90
Other financial liabilities	104	(47)	(3)	54
Derivative financial instruments	(27)	(61)	44	(44)
Share-based payments	108	-	(40)	68
Pension	666	(8)	(176)	482
Deferred tax movements	**(3,114)**	**(444)**	**(175)**	**(3,733)**

Unrecognised deferred tax assets

Deferred tax assets of £141,000 (2022: £44,000) in respect of capital losses have not been recognised as it is not considered probable that there will be suitable chargeable gains in the foreseeable future from which the underlying capital losses will reverse.

Movement in deferred tax assets / (liabilities) in the year:

	Company			
	1 April 2022 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2023 £'000
Derivative financial liabilities instruments	(27)	(61)	44	(44)
Other temporary differences	15	(16)	(40)	(41)
Deferred tax asset movements	**(12)**	**(77)**	**(4)**	**(85)**

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Movement in deferred tax assets / (liabilities) in the prior year:

	Group			
	1 April 2021 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2022 £'000
Property, plant & equipment	(2,938)	(599)	-	(3,537)
Intangible assets	(387)	(122)	-	(509)
Inventories	62	19	-	81
Other financial liabilities	66	31	7	104
Derivative financial instruments	44	(31)	(40)	(27)
Share-based payments	40	17	51	108
Pension	739	(11)	(62)	666
Deferred tax movements	**(2,374)**	**(696)**	**(44)**	**(3,114)**

Movement in deferred tax asset in the prior year:

	Company			
	1 April 2021 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2022 £'000
Derivative financial instruments	44	(31)	(40)	(27)
Other temporary differences	-	15	-	15
Deferred tax asset movements	**44**	**(16)**	**(40)**	**(12)**

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. It has been assumed that all material UK deferred tax elements will reverse in 2023 or later and hence all elements are calculated at 25%. Deferred tax assets and liabilities relating to the Falkland Islands have been recognised at a rate of 26%.

18. Inventories

	Group	
	2023 £'000	2022 £'000
Work in progress	225	1,033
Goods in transit	605	284
Goods held for resale and raw materials	6,046	5,423
Total Inventories	**6,876**	**6,740**

The Company has no inventories.

19. Trade and other receivables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Non-Current				
Rental deposits	-	44	-	-
Amount owed by subsidiary undertakings	-	-	10,257	10,057
Total trade and other receivables	**-**	**44**	**10,257**	**10,057**

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current				
Trade and other receivables	7,203	5,362	-	-
Rental deposits	116	88	-	-
Prepayments	1,533	1,515	11	45
Accrued income	433	982	-	-
Contract asset	904	-	-	-
Total trade and other receivables	**10,189**	**7,947**	**11**	**45**

Amounts owed by subsidiary undertakings to the Company are not secured and interest free with no fixed repayment date.

The accrued income relates to contracts where the work has been completed but had not been billed at the balance sheet date. No allowance for expected credit losses was recognised in respect of accrued income as the impact was assessed as being immaterial. The only significant changes in the accrued income balance during the year related to the recognition of revenue for work performed and the transfer of billed amounts to trade receivables.

20. Cash and cash equivalents

	Group				
	2022 £'000	Cash Flows	Interest	Other non-cash Changes	2023 £'000
Cash and cash equivalents	9,572	3,254	-	(26)	12,800
Bank loans	(14,183)	1,352	(424)	-	(13,255)
Net debt	**(4,611)**	**4,606**	**(424)**	**(26)**	**(455)**
Interest rate swap	644	-		915	1,559
Lease liabilities*	(6,536)	922	(304)	(561)	(6,479)
Derivatives and lease liabilities	**(5,892)**	**922**	**(304)**	**354**	**(4,920)**
Net debt after derivatives and lease liabilities at 31 March	**(10,503)**	**5,528**	**(728)**	**328**	**(5,375)**
Movement in financial liabilities* above					
Financing liabilities**	**(20,075)**	**2,274**	**(728)**	**354**	**(18,175)**

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	Company				
	2022 £'000	Cash Flows	Interest	Other non-cash Changes	2023 £'000
Cash and cash equivalents	4,376	(1,069)		-	3,307
Bank loans	(12,668)	890	(368)	-	(12,146)
Net debt	**(8,292)**	**(179)**	**(368)**	**-**	**(8,839)**
Interest rate swap	644	-	-	915	1,559
Net debt after derivatives at 31 March	**(7,648)**	**(179)**	**(368)**	**915**	**(7,280)**
Movement in financial liabilities above					
Financing liabilities**	**(12,024)**	**890**	**(368)**	**915**	**(10,587)**

* As detailed in note 1 to the financial statements, lease liabilities have been restated, resulting in a reduction of £0.6 million at 31 March 2022.
**The total for financing liabilities was not presented in the 2022 annual report and accounts as required by IAS 7 and the derivative instrument was also omitted from the disclosure. This has been corrected by disclosing the total for financing liabilities and including the opening balance of the derivative of £644,000, being the interest rate swap as at 31 March 2022. Other non-cash changes comprise, foreign exchange movements, fair value movements and new lease liabilities.

21. Interest-bearing loans and borrowings

This note provides information about the contractual terms of the interest-bearing loans and borrowings owed by the Group, which are stated at amortised cost. Information on the maturity of interest-bearing loans and lease liabilities and exposure to interest rate and foreign currency risk is disclosed in note 26.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Non-current liabilities				
Secured bank loans	12,316	13,235	11,617	12,139
Lease liabilities*	5,898	5,948	-	-
Total non-current interest-bearing loans and lease liabilities	**18,214**	19,183	**11,617**	12,139
Current liabilities				
Secured bank loans	939	948	529	529
Lease liabilities*	581	588	-	-
Total current interest-bearing loans and lease liabilities	**1,520**	1,536	**529**	529
Total liabilities				
Secured bank loans	13,255	14,183	12,146	12,668
Lease liabilities*	6,479	6,536	-	-
Total interest-bearing loans and lease liabilities	**19,734**	20,719	**12,146**	12,668

21. Interest-bearing loans and borrowings CONTINUED

Lease liabilities

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Less than one year	868	874	(287)	(287)	581	587
Between one and two years	779	709	(269)	(269)	510	440
Between two and five years	1,689	1,616	(725)	(733)	964	883
More than five years	9,053	9,564	(4,629)	(4,938)	4,424	4,626
Total*	**12,389**	**12,763**	**(5,910)**	**(6,227)**	**6,479**	**6,536**

* As detailed in note 1 to the financial statements, lease liabilities have been restated, resulting in a reduction of £0.6 million at 31 March 2022.

22. Trade and other payables

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Current:				
Trade payables	6,322	4,111	6	29
Contract liability	-	254	-	-
Amounts owed to subsidiary undertakings	-	-	5,269	5,085
Loan from joint venture	249	249	-	-
Other creditors, including taxation and social secu-rity	2,835	2,080	116	120
Accruals	3,950	2,962	548	615
Deferred income	362	314	-	-
Total trade and other payables	**13,718**	**9,970**	**5,939**	**5,849**

Amounts owed to subsidiary undertakings by the company are not secured, interest free and repayable on demand.

23. Employee benefits: pension plans

Defined contribution schemes

The Group operates defined contribution schemes at PHFC and Momart and current FIC employees are enrolled in the Falkland Islands Pension Scheme ("FIPS"). The assets of all these schemes are held separately from those of the Group in independently administered funds.

The pension cost charge for the year represents contributions payable by the Group to the schemes and amounted to £535,000 (2022: £505,000). The Group anticipates paying contributions amounting to £567,000 during the year ending 31 March 2024. There were outstanding contributions of £44,000 (2022: £11,000) due to pension schemes at 31 March 2023.

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The Falkland Islands Company Limited Scheme

FIC operates a defined benefit pension scheme for certain former employees. This scheme was closed to new members in 1988 and to further accrual on 31 March 2007. The scheme has no assets and payments to pensioners are made out of operating cash flows. The expected contributions for the year ended 31 March 2024 are £102,010. During the year ended 31 March 2023, 10 pensioners (2022: 11) received benefits from this scheme, and there are three deferred members at 31 March 2023 (2022: three). Benefits are payable on retirement at the normal retirement age. The weighted average duration of the expected benefit payments from the Scheme is around 12 years (2022: 14 years).

An actuarial report for IAS 19 purposes as at 31 March 2023 was prepared by a qualified independent actuary, Lane Clark and Peacock LLP. The major assumptions used in the valuation were:

	2023	2022
Rate of increase in pensions in payment and deferred pensions	2.5%	2.7%
Discount rate applied to scheme liabilities	4.8%	2.8%
Inflation assumption		3.9%
Average longevity at age 65 for male current and deferred pensioners (years) at accounting date	22.0	22.0
Average longevity at age 65 for male current and deferred pensioners (years) 20 years after accounting date	24.4	23.4

The assumptions used by the actuary are chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice. Assumptions relating to life expectancy have been based on UK mortality data on the basis that this is the best available data for the Falkland Islands.

Sensitivity Analysis

The calculation of the defined benefit liability is sensitive to the assumptions set out above. The following table summarises how the impact of the defined benefit liability at 31 March 2023 would have increased / (decreased) as a result of a change in the respective assumptions by 1.0%.

	Effect on obligation 2023	
	-1% pa £'000	+1% pa £'000
Discount rate	240	(200)
Inflation assumption	(10)	10

	Effect on obligation 2023	
	-1 year £'000	+1 year £'000
Life expectancy	(80)	80

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assume no other changes in market conditions at the accounting date.

23. Employee benefits: pension plans CONTINUED

Scheme liabilities

The present values of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at				
	2019 £'000	2020 £'000	2021 £'000	2022 £'000	2023 £'000
Present value of scheme liabilities	(2,772)	(2,604)	(2,842)	(2,562)	(1,978)
Related deferred tax assets	721	677	677	666	482
Net pension liability	**(2,051)**	**(1,927)**	**(2,165)**	**(1,896)**	**(1,496)**

Movement in deficit during the year:

	2023 £'000	2022 £'000
Deficit in scheme at beginning of the year	(2,562)	(2,842)
Pensions paid	101	99
Other finance cost	(70)	(56)
Re-measurement of the defined benefit pension liability	553	237
Deficit in scheme at the end of the year	**(1,978)**	**(2,562)**

Analysis of amounts included in other finance costs:

	2023 £'000	2022 £'000
Interest on pension scheme liabilities	**70**	**56**

Analysis of amounts recognised in statement of comprehensive income:

	2023 £'000	2022 £'000
Experience gains arising on scheme liabilities	(1)	(43)
Changes in assumptions underlying the present value of scheme liabilities	554	280
Re-measurement of the defined benefit pension liability	**553**	**237**

24. Employee benefits: share based payments

The total number of options outstanding at 31 March 2023 is 310,654 comprising (i) 3,591 nil cost options (2022: 3,591), (ii) 302,063 options (2022: 431,243) granted under the Long-Term Incentive Plan and (iii) 5,000 (2022: 5,000) share options granted with an exercise price equal to the market price on the date of grant.

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(i) Nil cost options granted to John Foster:

Date of Issue	Number	Share price at grant date pence	Fair value per share pence	Total fair value £	Earliest Exercise Date	Latest Exercise Date
17 Jun 19	3,591	316.0	301.0	10,809	17 Jun 22	17 Jun 23
Total	**3,591**			**10,809**		

Reconciliation of nil cost options:

	Number of options 2023	Number of options 2022
Outstanding at the beginning of the year	**3,591**	12,864
Options exercised during the year	-	(9,273)
Outstanding at the year end	**3,591**	**3,591**

(ii) Incentive Plan grants at an exercise price of ten pence to directors of subsidiaries and executives:

255,304 Long-term Incentive Plan grants were issued on 3 December 2021 at an exercise price of ten pence to directors of subsidiaries and executives, and expire in five years on 3 December 2026. During the year, 52,953 of these options were forfeited (2022: 34,535) and 167,816 of these options remain outstanding at 31 March 2023. None of these grants are exercisable at 31 March 2023.

133,052 Long-term Incentive Plan grants were issued on 14 July 2020 at an exercise price of ten pence to directors of subsidiaries and executives, and expire in five years on 14 July 2025. During the year, 51,434 of these options were forfeited (2022: nil) and 71,618 of these options remain outstanding at 31 March 2023. None of these grants are exercisable at 31 March 2023.

135,535 Long-term Incentive Plan grants were issued on 4 July 2019 at an exercise price of ten pence to directors of subsidiaries and executives, and expire in five years on 4 July 2024. During the year, 24,793 of these options were forfeited (2022: nil) and 62,629 options remain outstanding at 31 March 2023. None of these grants are exercisable at 31 March 2023.

There are various performance conditions attached to the Long-term Incentive Plan grants. All have a primary performance condition of the Group share price exceeding a target threshold at the vesting date, and secondary financial performance conditions specific to the relevant operating segment. All the options have a three-year vesting period.

Date of Issue	Number	Exercise Price pence	Share price at grant date pence	Fair value per share pence	Total fair value £	Earliest Exercise Date	Latest Exercise Date
4 Jul 19	62,629	10.0	314.0	96.8	60,616	4 Jul 22	3 Jul 24
14 Jul 20	71,618	10.0	315.0	75.0	53,714	15 Jul 23	13 Jul 25
3 Dec 21	167,816	10.0	215.0	88.0	147,678	3 Dec 24	2 Dec 26
Total	**302,063**				**262,008**		

24. Employee benefits: share based payments CONTINUED

Reconciliation of LTIPs:	Number of options 2023	Number of options 2022
Outstanding at the beginning of the year	431,243	210,474
Options granted during the year	-	255,304
Options forfeited during the year	(129,180)	(34,535)
Outstanding at the year end	**302,063**	**431,243**
Vested options exercisable at the year end	-	-
Weighted average life of outstanding options (years)	3.4	4.4

(iii) Share options with an exercise price equal to the market price on the date of grant

Date of Issue	Number	Exercise Price pence	Share price at grant date pence	Fair value per share pence	Total fair value £	Earliest Exercise Date	Latest Exercise Date
19 Jan 15	5,000	272.5	272.5	63.0	3,150	19 Jan 18	18 Jan 25
Total	**5,000**				**3,150**		

The exercise price of outstanding options at 31 March 2023 is £2.725.

Reconciliation of options with an exercise price equal to the market price on the date of grant, including the number and weighted average exercise price:

	Weighted average exercise price (£) 2023	Number of options 2023	Weighted average exercise price (£) 2022	Number of options 2022
Outstanding at the beginning of the year	2.73	5,000	2.68	58,152
Lapsed during the year	-	-	2.68	(53,152)
Outstanding at the year end	**2.73**	**5,000**	**2.73**	**5,000**
Vested options exercisable at the year end	2.73	5,000	2.73	5,000
Weighted average life of outstanding options (years)	1.8		2.8	

The fair values of the options are estimated at the date of grant using appropriate option pricing models and are charged to the profit and loss account over the vesting period of the options. All options, other than certain nil cost options, are granted with the condition that the employee remains in employment for three years.

All share options are equity settled. Share options issued without share price conditions attached have been valued using the Black-Scholes model. Share price options issued with share price conditions attached have been valued using a Monte Carlo simulation model making explicit allowance for share price targets. Inputs into the valuation models include the estimated time to maturity, the risk-free rate, expected volatility, and dividend yield. During the year ending 31 March 2023 no nil cost options were exercised over ordinary shares (2022: 9,273 at a gain of £23,183).

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	2023 £'000	2022 £'000
Total share-based payment expense recognised in the year	41	45

25. Capital and reserves

Share capital

	Ordinary Shares	
	2022	2021
In issue at the start of the year	12,519,900	12,514,985
Share capital issued during the year	-	4,915
In issue at the end of the year	**12,519,900**	**12,519,900**

	2023 £'000	2022 £'000
Allotted, called up and fully paid Ordinary shares of 10p each	**1,251**	**1,251**

By special resolution at an Annual General Meeting on 9 September 2010 the Company adopted new articles of association, principally to take account of the various changes in company law brought in by the Companies Act 2006. As a consequence, the Company no longer has an authorised share capital. The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

During the year no shares (2022: 4,915) were issued following the exercise of share options.

Other reserves

The other reserves in the Group of £703,000 at 31 March 2023 comprise £5,389,000 of merger relief which arose on the 1998 Scheme of Arrangement, when the Company issued 1 share for every 300 shares that shareholders had previously held in Anglo United plc. Immediately following this Scheme of Arrangement, the Company acquired the Falkland Islands' businesses for £8.0 million and the £4,686,000 of goodwill on this acquisition was written off against the merger relief.

25. Capital and reserves CONTINUED

Dividends

The following dividends were recognised and paid in the period:

	2022 £'000	2021 £'000
Interim 2022: 1.0 pence per qualifying ordinary share	-	125
Final 2022: 2.0 pence per qualifying ordinary share	251	-
Interim 2023: 1.2 pence per qualifying ordinary share	150	-
Total dividends recognised in the period	**401**	**125**

26. Financial instruments

(i) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date.

Interest-bearing borrowings

The fair value of interest-bearing borrowings, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the balance sheet date.

Financial Instruments categories and fair values

The fair values of financial assets and financial liabilities are not materially different to the carrying values shown in the consolidated balance sheet and Company balance sheet.

Notes to the Financial Statements

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The following table shows the carrying value, which management consider to be materially equal to fair value for each category of financial instrument:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Cash and cash equivalents	12,800	9,572	3,307	4,376
Finance lease debtors	1,078	1,236	-	-
Interest rate swap asset	1,559	644	1,559	644
Trade and other receivables	7,203	5,362	-	-
Rental deposits	116	132	-	-
Total assets exposed to credit risk	**22,756**	**16,946**	**4,866**	**5,020**
Interest rate swap liability	-	-	-	-
Total trade and other payables	(12,508)	(9,119)	(5,939)	(5,849)
Interest-bearing borrowings at amortised cost	(19,734)	(20,719)	(12,146)	(12,668)

The interest rate swaps have been valued using a level 2 methodology.

(ii) Credit Risk

Financial risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers.

Group

The Group's credit risk is primarily attributable to its trade receivables. The maximum credit exposure of the Group comprises the amounts presented in the balance sheet, which are stated net of provisions for expected credit losses. Expected credit loss provisions are based on previous experience and other evidence, including forward-looking macroeconomic information, indicative of the recoverability of future cash flows. There have been no significant changes in the estimation techniques or significant assumptions made during the reporting period. Management has credit policies in place to manage risk on an on-going basis. These include the use of customer specific credit limits.

Company

The majority of the Company's receivables are with subsidiaries. The Company does not consider these counter-parties to be a significant credit risk.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the balance sheet date was £22,085,000 (2022: £16,946,000) being the total trade receivables, finance lease debtors, interest swap, rental deposits and cash and cash equivalents in the balance sheet. The credit risk on cash balances and the interest rate swap is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

26. Financial instruments CONTINUED

The maximum exposure to credit risk for trade receivables at the balance sheet date by geographic region was:

Group	2023 £'000	2022 £'000
Falkland Islands	3,167	1,773
Europe	617	775
North America	526	254
United Kingdom	2,492	2,365
Other	401	195
Total trade receivables	**7,203**	**5,362**

The Company has no trade debtors.

Credit quality of financial assets and expected credit losses

Group	Gross 2023 £'000	Impairment 2023 £'000	Net 2023 £'000	Gross 2022 £'000	Impairment 2022 £'000	Net 2022 £'000
Not past due	5,722	-	5,747	3,736	-	3,736
Past due 0-30 days	1,013	(7)	1,006	1,020	(2)	1,018
Past due 31-120 days	204	(10)	194	491	(58)	433
More than 120 days	429	(148)	281	328	(153)	175
Total trade receivables	**7,368**	**(165)**	**7,203**	**5,575**	**(213)**	**5,362**
Finance lease debtors	**1,078**	**(31)**	**1,047**	**1,261**	**(25)**	**1,236**

The amount of finance lease receivable that is past due is immaterial and secured on asset financed.

The movement in the allowances for impairment in respect of trade receivables and finance lease receivables during the year was:

Group	2023 £'000	2022 £'000
Balance at 1 April	238	127
Impairment loss recognised	27	114
Utilisation of provision (debts written off)	(69)	(3)
Balance at 31 March	**196**	**238**
Provided against finance lease receivables	31	25
Provided against trade and other receivables	165	213
Balance at 31 March	**196**	**238**

The allowance account for trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the amounts considered irrecoverable are written off against the trade receivables directly.

No further analysis has been provided for cash and cash equivalents, trade receivables from Group companies, other receivables and other financial assets, as there is limited exposure to credit risk and expected credit losses are assessed as immaterial.

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(iii) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. At the beginning of the year the Group had outstanding bank loans of £14.2 million (2022 £20.1 million). All payments due during the year with respect to these agreements were met as they fell due.

At the start of the year, the Company had one bank loan of £12.7 million (2022 £13.2 million). All payments due during the year with respect to these agreements were met as they fell due.

The Group manages its cash balances centrally at head office and prepares rolling cash flow forecasts to ensure availability of funds.

Liquidity risk – Group

The following are the contractual maturities of financial liabilities, including estimated interest:

		Contractual cash flows				
2023	Carrying amount £'000	Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Financial liabilities						
Secured bank loans	13,255	15,274	1,348	1,404	3,047	9,475
Lease liabilities	6,479	12,977	839	779	1,688	9,671
Trade payables	6,322	6,322	6,322	-	-	-
Other creditors	1,696	1,696	1,696	-	-	-
Loan from Joint Venture	249	249	249	-	-	-
Accruals	3,950	3,950	3,950	-	-	-
Total financial liabilities	**31,951**	**40,468**	**14,404**	**2,183**	**4,735**	**19,146**

		Contractual cash flows				
2022	Carrying amount £'000	Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Financial liabilities						
Secured bank loans	14,183	16,410	1,346	1,332	3,486	10,246
Lease liabilities	7,066	13,293	874	709	1,616	10,094
Trade payables	4,111	4,111	4,111	-	-	-
Other creditors	1,797	1,797	1,797	-	-	-
Loan from joint venture	249	249	249	-	-	-
Accruals	2,962	2,962	2,962	-	-	-
Total financial liabilities	**30,368**	**38,822**	**11,339**	**2,041**	**5,102**	**20,340**

26. Financial instruments CONTINUED

Liquidity risk – Company

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the effects of netting agreements:

2023	Carrying amount £'000	Contractual cash flows Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Financial liabilities						
Secured bank loans	12,146	14,098	891	947	2,785	9,475
Trade payables	6	6	6	-	-	-
Amounts owed to subsidiary undertakings	5,269	5,269	5,269	-	-	-
Other creditors	89	89	89	-	-	-
Accruals	548	548	548	-	-	-
Total financial liabilities	**18,058**	**20,010**	**6,803**	**947**	**2,785**	**9,475**

2022	Carrying amount £'000	Contractual cash flows Total £'000	1 year or less £'000	1 to 2 years £'000	2 to 5 years £'000	5 years and over £'000
Financial liabilities						
Secured bank loans	12,668	14,825	893	879	2,807	10,246
Amounts owed to subsidiary undertakings	29	29	29	-	-	-
Interest rate swap liability	5,085	5,085	5,085	-	-	-
Other creditors	89	89	89	-	-	-
Accruals	615	615	615	-	-	-
Total financial liabilities	**18,486**	**20,643**	**6,711**	**879**	**2,807**	**10,246**

(iv) Market Risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments.

Market risk – Foreign currency risk

The Group has exposure to foreign currency risk arising from trade and other payables which are denominated in foreign currencies. The Group is not, however, exposed to any significant transactional foreign currency risk. The Group's exposure to foreign currency risk is as follows and is based on carrying amounts for monetary financial instruments.

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Group 2023	EUR £'000	USD £'000	Other £'000	Total Balance sheet exposure £'000	GBP £'000	Total £'000
Cash and cash equivalents	107	219	15	341	12,459	12,800
Trade payables and other payables	(485)	(645)	(661)	(1,791)	(11,927)	(13,718)
Balance sheet exposure	**(378)**	**(426)**	**(646)**	**(1,450)**	**532**	**(918)**

Group 2022	EUR £'000	USD £'000	Other £'000	Total Balance sheet exposure £'000	GBP £'000	Total £'000
Cash and cash equivalents	126	117	40	283	9,289	9,572
Trade payables and other payables	(635)	(479)	(312)	(1,426)	(8,544)	(9,970)
Balance sheet exposure	**(509)**	**(362)**	**(272)**	**(1,143)**	**745**	**(398)**

The Company has no exposure to foreign currency risk.

Sensitivity analysis

Group

A 10% weakening of the following currencies against pound sterling at 31 March 2023 would have increased/(decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and had been applied to risk exposures existing at that date. This analysis assumes that all other variables, in particular other exchange rates and interest rates remain constant and is performed on the same basis for year ended 31 March 2022.

	Equity		Profit or Loss	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
EUR	38	51	38	51
USD	43	36	43	36

A 10% strengthening of the above currencies against pound sterling at 31 March 2023 would have the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

26. Financial instruments CONTINUED

Market risk – interest rate risk

At the balance sheet date, the interest rate profile for the Group's interest-bearing financial instruments was:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fixed rate financial instruments				
Leases receivable	1,078	1,236	-	-
Bank loans	(407)	(508)	-	-
Lease liabilities	(6,479)	(6,536)	-	-
Total fixed rate financial instruments	**(5,808)**	**(5,808)**	**-**	**-**
Variable rate financial instruments				
Effect of Interest rate swap	1,559	-	-	-
Bank loans	(12,848)	(13,675)	(12,146)	(12,668)
Total Variable rate financial instruments	**(11,289)**	**(13,675)**	**(12,146)**	**(12,668)**

At 31 March 2023, the Group had four bank loans:

(i) £12.1 million (2022: £12.7 million) ten-year loan, which was drawn down on 28 June 2019, with interest charged at the compounded daily SONIA rate plus 1.8693%;
(ii) £0.6 million (2022: £0.8 million) repayable over ten years until May 2025, secured against the newest vessel in PHFC, with interest charged at 2.6% above the bank of England base rate;;
(iii) £0.1 million (2022: £0.2 million) repayable over ten years until May 2025, secured against freehold property held in PHFC, with interest charged at 1.75% above the Bank of England base rate;
(iv) £0.4 million (2022: £0.5 million) drawn down by Momart, interest has been fixed on this loan at 2.73% for the full ten years until December 2026.

The interest payable on the £12.1 million ten-year loan has been hedged by one interest swap, taken out on 30 December 2021 with an initial notional value of £12.625 million, with interest payable at the difference between 1.1766% and the compounded daily SONIA rate plus 0.1193%. This interest rate swap notional value decreases at £125,000 per quarter over five years until June 2024, and then at £150,000 per quarter for a further five years until June 2029 when the outstanding bullet payment of £8,525,000 is likely to be refinanced. The notional value of the swap at 31 March 2023 is £12.0 million (2022: £12.5 million).

Lease liabilities

At 31 March 2023, the Group had the following lease liabilities:

(i) £5.1 million lease liabilities payable to Gosport Borough Council; £4.5 million for the Gosport pontoon and £0.6 million for the ground rent on the pontoon. Both of these leases run until June 2061 and finance charges accrue on these liabilities at a weighted average rate of 4.51%.
(ii) £1.4 million of property rental leases, including two warehouses rented by Momart and the Momart and Bishops Stortford head offices, which run for between 3 to 6 years as at 31 March 2023. The weighted average interest rate of these rental liabilities is 3.25%.
(iii) £0.5 million of lease liabilities taken out to finance trucks by hire purchase leases at Momart. The weighted average interest rate of these truck liabilities is 3.08%.

The total blended average interest rate on the Group's lease liabilities is 4.2 % per annum.

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Interest rate sensitivity analysis

An increase of 100 basis points in interest rates at the balance sheet date would have increased / (decreased) equity and profit or loss by the amounts shown below. This calculation assumes that the change occurred at the balance sheet date and has been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remain constant and considers the effect of financial instruments with variable interest rates and financial instruments at fair value through profit or loss or available-for-sale with fixed interest rates. The analysis is performed on the same basis for 31 March 2022.

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Equity				
Interest rate swap liability	121	127	121	127
Variable rate financial liabilities	(128)	(137)	(121)	(127)
Profit or Loss				
Interest rate swap liability	121	127	121	127
Variable rate financial liabilities	(128)	(137)	(121)	(127)

(v) Capital Management

The Group's objectives when managing capital, which comprises equity and reserves at 31 March 2023 of £43,806,000 (2022: £40,657,000) are to safeguard its ability to continue as a going concern, so that it can continue to provide returns to shareholders and benefits to our other stakeholders.

27. Operating leases

Leases as lessor

The Group leases out its investment properties, which consist of 75 houses and flats and ten mobile homes in the Falkland Islands, these are leased to staff, fishing agency representatives and other short-term visitors to the Islands. These lease agreements generally have an initial notice period of six months, and beyond the six months initial tenancy, one month's notice can be given by either party, therefore future minimum lease payments under non-cancellable leases receivable are not material.

The Company had no operating lease commitments. However, as a result of the purchase of the five warehouses at Leyton, the Company had the following non-cancellable operating lease rentals receivable:

Company	2023 £'000	2022 £'000
Less than one year	1,097	974
Between one and five years	4,389	3,897
More than five years	17,831	16,805
	23,317	**21,676**

28. Capital commitments

At 31 March 2023, the Group had entered into the following contractual commitments:

- £427,000 in Momart comprising £292,000 for enhancements to existing vehicles, £111,000 for two new vehicles, and £23,000 for IT upgrades.
- £92,000 in PHFC for infrastructure replacement.
- £42,000 in FIC for the new retail sales system.

At 31 March 2022, the Group had entered into the following contractual commitments:

- £385,000 at Momart comprising £272,000 for two new vehicles, £79,000 for an HGV trailer and other enhancements to existing vehicles and £34,000 for climate control systems.
- £270,000 in FIC comprising £190,000 for a new retail sales system and £80,000 for a warehouse office.

29. Related parties

The Group has a related party relationship with its subsidiaries (see note 14) and with its directors and executive officers.

Directors of the Company and their immediate relatives controlled 30.3% (2022: 30.3%) of the voting shares of the Company at 31 March 2023.

The compensation of key management personnel, which includes the FIH group plc directors and the managing directors of the subsidiaries, is as follows:

	Group		Company	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Key management emoluments including social security costs	1,010	1,317	600	943
Company contributions to defined contribution pension plans	47	41	9	-
Share-related awards	41	45	46	20
Total key management personnel compensation	**1,098**	**1,403**	**655**	**963**

At 31 March 2023, the Group's joint venture, SAtCO, has debtors of £498,000 due from its parent companies.

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On 2 May 2017, KJ Ironside, the Managing Director of FIC, purchased a property which had been built on approximately 510 square metres of land owned by FIC. FIC provided a loan of £65,000 to Mr Ironside to purchase the freehold of this land. The loan is to be repaid in full in the event of the sale of the property, Mr Ironside ceasing to hold any permits or licenses required by law in respect of his ownership or occupation of the property, him ceasing to be employed by FIC at any time before his 65th birthday (unless due to ill health) or his death. £650 of interest is payable each year by Mr Ironside to FIC in respect of this loan.

FIH group plc key transactions with subsidiary entities:

Group	2023 £'000	2022 £'000
FIC		
Loan from subsidiary	10,257	10,057
Management fees charged annually	635	635
Momart		
Loan to subsidiary	(1,815)	(1,630)
Management fees charged annually	120	120
PHFC		
Loan to subsidiary	(2,555)	(2,555)
Management fees charged annually	240	240

30. Accounting estimates

The preparation of financial statements in conformity with adopted IFRS requires management to make judgements, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of the judgements as to asset and liability carrying values which are not readily apparent from other sources. Actual results may vary from these estimates, and are taken into account in periodic reviews of the application of such estimates and assumptions. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of revision and future periods if the revision affects both current and future periods.

Defined benefit pension liabilities

At 31 March 2023, 11 pensioners were receiving payments from the FIC defined benefit pension scheme, and there are three deferred members. A significant degree of estimation is involved in predicting the ultimate benefits payment to these pensioners using actuarial assumptions to value the defined benefit pension liability (see note 23). Management have selected these assumptions from a range of possible options following consultations with independent actuarial advisers. There is a range of assumptions that may be appropriate, particularly when considering the projection of life expectancy post-retirement, which is a key demographic assumption, and has been based on UK mortality data, if the life expectancy assumption was one more year than the assumptions used, this would result in an increase of £80,000 in the liability. Selecting a different assumption could significantly increase or decrease the IAS19 value of the Scheme's liabilities. The projections of life expectancy make no explicit allowance for specific individual risks, such as the possible impact of climate change or a major medical breakthrough, the projections used reflect the aggregate impact of the many possible factors driving changes in future mortality rates.

The figures are prepared on the basis that both the FIC pension scheme and FIC are ongoing. If the scheme were to be wound up, the position would differ, and would almost certainly indicate a much larger deficit.

Inventory provisions

The Group makes provisions in relation to inventory value, where the net realisable value of an item is expected to be lower than its cost, due to obsolescence. Historically, the calculation of inventory provisions has entailed the use of estimates and judgements combined with mechanistic calculations and extrapolations reflecting inventory ageing and stock turn. During the year ended 31 March 2023, inventory provisions increased to £1,100,000 (2022: £1,089,000). Inventory greater than 12 months old and with no sales in the twelve months before 31 March 2023 is provided against in full. If this provision was reduced to 50% of the gross inventory value, the provision would reduce by circa £174,000 2022: £169,000). If this provision was extended to cover all inventory greater than six months old with no sales in the twelve months before 31 March 2023, the provision would increase by £117,000 (2022: £94,000).

Long term construction contracts

Significant estimation is involved in determining the revenue and profit to be recognised on long term contracts. This includes determining percentage of completion at the balance sheet date by estimating the total expected costs to complete each contract along with their future profitability. These estimates directly influence the revenue and profit that can be recognised on such contracts.

Directors and Company Information

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Non-executive Chairman

Stuart Munro
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Reuben Shamu
Chief Financial Officer

Robert Johnston
Non-executive Director

Dominic Lavelle
Non-executive Director

Holger Schröder
Non-executive Director

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