FIH group plc

("FIH" or the "Group")

Final Results

FIH, the AIM quoted international specialist services group with businesses in the Falkland Islands and the UK, is pleased to announce the Group's audited results for the year ended 31 March 2022 ("the period").

Significantly Improved Cash-Backed Profit as Trading Continues to Move Towards Pre-Pandemic Levels

Highlights

- Revenue increased by £7.7 million (24%) to £40.3 million (2021: £32.6 million) with trading continuing to head towards pre-pandemic levels.
- Pre-tax profit of £2.0 million (2021: £0.2 million).
- Underlying pre-tax profit of £2.3 million (2021: £0.1 million) despite COVID-related government support reducing to £0.5 million (2021: £1.8 million).
- Results underpinned by net cash flow from operating activities of £5.1 million.
- Underlying pre-tax profit of £1.8 million in the Falkland Islands Company ("FIC") is consistent with the year ended 31 March 2021, despite a second year without tourists.
- Momart and the Portsmouth Harbour Ferry Company ("PHFC") both delivered much improved performances as trading activity continued to recover.
    - Momart delivered an underlying pre-tax profit of £0.6 million (2021: £0.5 million loss).
    - PHFC delivered an underlying pre-tax loss of £0.1 million (2021: £1.2 million loss).
- The Group balance sheet remains strong with underlying cash as at 31 March 2022 in line with prior year at £9.6 million (after adjusting for the repayment of £5.0 million CBILS loans).
- Good progress on the £17.3 million contract, awarded to FIC in November 2021, to build 70 houses for the Falkland Islands Government ("FIG") and the UK Ministry of Defence ("MOD") and further opportunities to work with FIG and the MOD are being explored.
- The value of Momart's property in Leyton has risen substantially since acquisition.
- A final dividend of 2.0 pence per share will be proposed at the Annual General Meeting, taking the total dividend for the year to 3.0 pence per share (2021: nil).

Post Year-End

- The Falkland Islands re-opened to tourists from 4 May 2022.
- John Foster stepped down as Chief Executive on 14 April 2022 and was succeeded by Stuart Munro, who was previously the Chief Financial Officer. Progress is well advanced towards securing a replacement CFO.

Stuart Munro, Chief Executive, said:

"After a challenging two years for the Group, I'm delighted to be able to report a significant improvement in pre-tax profit. Whilst this has been driven by a welcome step towards pre-COVID levels of trading activity, it is also due to the hard work of our employees and the actions taken to reduce our cost base in the early stages of the pandemic.

The overall trading outlook remains positive. In FIC, the lifting of the ban on tourists visiting the Falkland Islands on 4 May 2022, together with a strong order book and potential opportunities for further work, all bode well for the future. As the impact of COVID hopefully continues to reduce, further improvement in activity levels is also expected at Momart and PHFC.

The improvements already delivered, together with the potential for further progress and the continuing financial strength of the Group, give me confidence for the future."

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Market Abuse Regulation (MAR) Disclosure

The information contained within this announcement is deemed by the Company to constitute inside information. Upon the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

Chairman's Statement

The last two years have been extremely challenging for the Group. It is therefore gratifying to see that the decisive action taken to address the impact of the pandemic, the hard work of our employees and a significant move back towards pre-pandemic levels of trading, have resulted in an underlying pre-tax trading profit of £2.3 million, compared to a broadly break-even result in the prior year.

I would like to take this opportunity to thank each of the Group's employees for their part in delivering such a substantial improvement.

The Falkland Islands Company ("FIC") continued to trade consistently and both Momart and The Portsmouth Harbour Ferry Company ("PHFC") delivered considerable improvements over the prior year, with Momart returning an overall underlying pre-tax profit of £0.6 million (2021: £0.5 million loss) and PHFC delivering an underlying loss of £0.1 million (2021: £1.2 million loss).

The balance sheet remains strong, with cash of £9.6 million at 31 March 2022 remaining in line with the balance at the prior year end after adjusting for the repayment of £5.0 million of CBILS loans, net bank borrowings reducing to £4.6 million (2021: £5.5 million) and net debt including lease liabilities improving to £11.7 million (2021: £13.6 million).

Dividend

Following the payment of an interim dividend of 1.0 pence per share paid in January 2022 and reflecting the continued improvement in trading since the half year, I am pleased to announce that a final dividend of 2.0 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 2022 to 3.0 pence per share (2021: nil).

Board and Governance

As part of the Board's succession planning and in line with his wishes, John Foster stepped down from his position as CEO on 14 April 2022 and was succeeded by Stuart Munro, who joined as CFO in April 2021. I would like to take this opportunity to thank John for his significant contribution to the business over the past seventeen years and to wish him well in his future endeavours. Jeremy Brade steps down at the AGM purely as a result of his long service which has been of great benefit to the Group, particularly when serving as interim Chair to handle the offers made in 2017 to acquire FIC. We thank him for his contribution and will look to appoint a replacement in due course. Additionally, progress is well advanced towards securing a CFO for the Group.

Outlook and Strategy

Group trading continues to improve as the effects of the pandemic recede. Equally importantly, FIH is in a strong financial position and has a clear plan going forward to accelerate the recovery of the businesses and generate additional value through a series of initiatives outlined in our CEO's Strategic Review.

Robin Williams
Chairman
5 July 2022

Chief Executive's Strategic Review

Overview

With trading activity continuing to head towards pre-pandemic levels, it is pleasing to report that the progress demonstrated in the Group's first half results continued in the traditionally stronger second half of the year.

Revenue of £40.3 million for the year ended 31 March 2022, an increase of 24%, resulted in a pre-tax profit of £2.0 million and an underlying pre-tax profit of £2.3 million, compared to a broadly break-even result for the year ended 31 March 2021. This included £0.5 million of COVID-related support from UK and local government, which was £1.3 million less than the prior year.

FIC, the division least affected by the pandemic, delivered an underlying pre-tax profit of £1.8 million, which was consistent with the prior year. Momart and PHFC each improved their underlying pre-tax results by £1.1 million, with Momart delivering a profit of £0.6 million and PHFC a loss of £0.1 million.

The Group results were underpinned by a net cash flow from operating activities of £5.1 million, with working capital remaining broadly in line with the prior year, despite a significant increase in trading activity. The closing cash balance of £9.6 million was in line with the balance at the prior year end, after adjusting for the repayment of £5.0 million of CBILS loans in June 2021. It also reflected £2.7 million of capital investment, some £1.2 million ahead of the prior year.

As noted previously, the Group owns the freehold of Momart's art storage warehouses in East London, which was acquired in December 2018 at a cost of £19.6 million. Indications are that the value of this property has risen substantially since acquisition.

Group Trading Results for the Year Ended 31 March 2022

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

Group revenue Year ended 31 March	**2022** **£m**	2021 £m	Change %
Falkland Islands Company	**21.6**	20.9	3.3
Momart	**15.6**	10.3	51.5
Portsmouth Harbour Ferry	**3.1**	1.4	121.4
Total revenue	**40.3**	32.6	23.6

Group underlying pre-tax profit*	**£m**	£m	£m
Falkland Islands Company**	**1.8**	1.8	-
Momart**	**0.6**	(0.5)	1.1
Portsmouth Harbour Ferry**	**(0.1)**	(1.2)	1.1
Total underlying pre-tax profit *	**2.3**	0.1	2.2
Non-trading items (see notes below)***	**(0.3)**	0.1	(0.4)
Reported profit before tax	**2.0**	0.2	1.8

* 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.

*** In the current year, non-trading items comprised £0.3 million of people-related costs including employee redundancies and compensation payable to the former Chief Executive. The net non-trading profit of £0.1 million in the prior year included £0.4 million of restructuring costs, which were offset by £0.5 million of income relating to the release of accruals where it is now probable that no future economic outflow will arise. Management consider that separate presentation of these items is appropriate to facilitate year on year comparison of performance of the Group.

Group Operating Company Performance

Falkland Islands Company

Total revenue of £21.6 million was £0.7 million ahead of the year ended 31 March 2021, with the majority of the improvement arising in Falkland Building Services ("FBS") and Support services. These improvements were offset by a reduction in Retail contribution arising from a change in sales mix and increased overheads, resulting in an underlying pre-tax profit of £1.8 million, which was in line with the prior year.

The previous year's ban on tourists visiting the Falkland Islands continued, although these restrictions were lifted on 4 May 2022, which should facilitate their return in the southern hemisphere tourist season.

FIC Operating Results

Year ended 31 March	**2022 £m**	2021 £m	Change %
Revenues			
Retail	**9.7**	9.7	-
Falklands 4x4	**2.8**	2.8	-
FBS (housing and construction)	**5.8**	5.3	9.4
Support services	**2.5**	2.3	8.7
Property rental	**0.8**	0.8	-
Total FIC revenue	**21.6**	20.9	3.3
FIC underlying operating profit	**1.9**	1.9	-
Net interest expense	**(0.1)**	(0.1)	-
FIC underlying profit before tax	**1.8**	1.8	-
FIC underlying operating profit margin	**8.7%**	9.1%	(4.4)

FIC Divisional Activity

Year on year **Retail** sales were broadly flat. A continued lack of tourist-related earnings for Falkland Islands residents, the relaxation of international restrictions allowing islanders to travel overseas, and shortages of certain products, resulted in a reduction in discretionary expenditure on home improvement and electrical items. However, this was offset by increased sales elsewhere, particularly from retail outlets that had been partially closed in the prior year.

At **Falklands 4x4,** vehicle sales and rental income both improved over the prior year, although this was offset by a reduction in servicing and spares revenues, leaving overall income largely unchanged. FIC has now been confirmed as the representative for Ineos for the sale of their Grenadier 4x4 vehicle in the Falkland Islands with first deliveries targeted for late 2022.

FBS revenue increased by 9.4% driven mainly by civils contracts for the Falkland Islands Government ("FIG"), including culvert and road capping works on West Falkland, together with road preparation works, drainage and paving at a mobile home park in Port Stanley. The order book remains strong and includes the £17.3 million contract to build a total of 70 houses for FIG and the UK Ministry of Defence ("MOD") over four years secured in November 2021 and a three-year road capping contract for roads on East Falkland for £1.1 million secured in May 2022.

Support Services income increased by £0.2 million to £2.5 million (2021: £2.3 million) due predominantly to increased shipping agency revenues, following the reopening of Stanley Harbour to fishing vessels.

Rental Properties. Further additions at a cost of £1.2 million (2021: £0.7 million) were made during the year to FIC's portfolio of domestic rental properties taking the total number of rented properties at 31 March 2022 to 83 (2021: 75) with a further 2 under construction. Average occupancy rates reduced during the year, due mainly to properties being held vacant for overseas employees and service providers ahead of their arrival in the Falkland Islands in line with immigration procedures. Notwithstanding this, revenue remained broadly in line with the prior year at £0.8 million.

At 31 March 2022, the total net book value of the portfolio excluding assets under construction (with buildings being fully depreciated over 50 years) was £7.2 million (2021: £5.8 million). The estimated market value of FIC's rental portfolio at 31 March 2022 was £10.1 million (2021: £8.5 million) an uplift of £3.0 million on book value giving an average value per property of £122,000 (2021: £113,000).

FIC Key Performance Indicators and Operational Drivers

Year ended 31 March	2018	2019	2020	2021	**2022**
Staff numbers (FTE 31 March)*	152	175	214	206	**232**
Capital expenditure £'000	389	2,348	2,685	1,060	**2,434**
Retail sales growth %	*+0.6*	*+5.7*	*+3.1*	*-3.0*	***-0.1***
Number of FIC rental properties**	49	54	65	75	**83**
Average occupancy during the year %	*89*	*84*	*89*	*93*	***86***
Number of vehicles sold	77	76	71	71	**81**
Number of 3rd party houses sold***	22	6	22	15	**11**
Illex squid catch in tonnes (000's)	75.5	57.4	57.6	106.1	**123.8**
Cruise ship passengers (000's)	59.3	62.5	72.1	Nil	**Nil**

* 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.

Momart

Revenue of £15.6 million for the year ended 31 March 2022, whilst not yet back to pre-pandemic levels, was £5.3 million (52%) ahead of the prior year, with improvements in both Museum Exhibitions and Gallery Services and a consistent level of storage income. Combined with £0.4 million of pandemic-related support from UK and local government (2021: £1.4 million), this resulted in an underlying pre-tax profit of £0.6 million (2021: £0.5 million loss).

Museum Exhibitions activity benefitted from the relaxation of COVID restrictions during the year which allowed institutions to plan a programme of events. Whilst activity levels in terms of the number of exhibitions has now returned to near pre-pandemic levels, the overall investment in exhibitions remains suppressed as institutions rely on more of their own collections, rather than extensive loans.

Commercial galleries, auction houses and private client activity also benefited from the lifting of COVID restrictions, driven mainly by the return of art fairs, which historically have been a significant part of Momart's Gallery Services business. The return of Art Basel in September (traditionally taking place in June) and Frieze London in October, contributed to a strong start to the second half of the year and both delivered record revenues as pent-up demand unwound.

Storage revenues remained broadly consistent with the prior year at £2.4 million with an 84% utilisation of storage capacity (2021: 83%).

Momart Operating Results

Year ended 31 March	**2022** **£m**	2021 £m	Change %
Revenues			
Museum Exhibitions	**7.4**	4.5	64.4
Gallery Services	**5.8**	3.4	70.6
Storage	**2.4**	2.4	-
Total Momart revenue	**15.6**	10.3	51.5%
Momart underlying operating profit	**1.0**	-	-
Net Interest expense	**(0.4)**	(0.5)	20.0
Momart underlying profit / (loss) before tax	**0.6**	(0.5)	**220.0**
Momart underlying operating profit margin	**6.4%**	-	**-**

Momart Key Performance Indicators and Operational Drivers

Year ended 31 March	**2018**	**2019**	**2020**	**2021**	**2022**
Staff numbers (FTE 31 March)	136	140	133	107	**99**
Capital expenditure £'000's	228	20,034	638	540	**258**
Warehouse % fill vs capacity	72.8%	81.1%	86.9%	82.9%	**84.0%**
Exhibition order book 31 March	£4.2m	£4.6m	Note*	Note*	**£4.3m**
Momart services charged out	£10.9m	£11.5m	£10.8m	£6.5m	**£9.1m**
Revenues from overseas clients	£7.1m	£7.5m	£6.2m	£2.7m	**£5.5m**
Exhibitions sales growth	17.0%	-6.5%	-2.1%	-58.3%	**64.4%**
Gallery Services sales growth	15.2%	4.0%	-22.4%	-41.4%	**70.6%**
Storage sales growth	8.5%	-6.3%	5.8%	9.1%	**0.0%**
Total sales growth	15.5%	-2.9%	-8.7%	-45.5%	**51.5%**

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

Portsmouth Harbour Ferry Company

Passenger numbers at PHFC returned to circa 80% of pre-COVID levels over the autumn, but dipped in December following Government guidance to work from home. Recovery resumed following the lifting of guidance at the end of January, and volumes were at circa 76% of pre-pandemic levels for the month ended 31 March 2022, compared to 60% for the same period last year.

Overall passenger numbers for the year ended 31 March 2022 of 1.7 million were broadly double those of the prior year, resulting in a £1.7 million increase in revenue, an underlying operating profit of £0.2 million (2021: £0.9 million loss) and an underlying pre-tax loss of £0.1 million (2021: £1.2 million loss) after financing expense. Price increases introduced in April 2022, should further improve revenue in the current year, although this is also heavily dependent on continued recovery in passenger numbers.

As noted at the half year, a "Park & Float" scheme was introduced as a six-month trial in late June, offering a combined parking and ferry fare in order to provide people not living within walking distance of the ferry with an alternative to driving around the harbour to get to Portsmouth. This received a low level of customer uptake, which is likely to have been influenced by the operation of Portsmouth Council's own subsidised park and ride scheme on the outskirts of the city, and was discontinued in December. Investigations are ongoing as to how PHFC can work in partnership with Hampshire Council as part of the development of a fully integrated transport plan for the region.

PHFC Operating Results

Year ended 31 March	**2022 £m**	2021 £m	Change %
Revenues			
Ferry fares	**3.1**	1.4	121.4
Total PHFC revenue	**3.1**	1.4	121.4
PHFC underlying operating profit / (loss)	**0.2**	(0.9)	122.2
Pontoon lease liability & Boat loan finance expense	**(0.3)**	(0.3)	-
PHFC underlying loss before tax	**(0.1)**	(1.2)	91.7

PHFC Key Performance Indicators and Operational Drivers

Year ended 31 March	**2018**	**2019**	**2020**	**2021**	**2022**
Staff numbers (FTE at 31 March)	38	37	36	25	**26**
Capital expenditure £'000's	186	50	65	-	**52**
Ferry reliability (on time departures)	*99.8*	*99.8*	*99.8*	*99.9*	***99.9***
Number of weekday passengers '000's	1,878	1,834	1,706	613	**1,188**
% change on prior year	*-4.5*	*-2.3*	*-7.0*	*-64.1*	***93.8***
Number of weekend passengers '000's	734	722	659	195	**500**
% change on prior year	*-1.3*	*-1.6*	*-8.7*	*-70.4*	***156.4***
Total number of passengers '000's	2,612	2,556	2,365	808	**1,688**
% change on prior year	*-3.6*	*-2.1*	*-7.5*	*-65.8*	***108.9***
Revenue growth %	*1.5*	*0.4*	*-5.5*	*-65.9*	***114.2***
Average yield per passenger journey*	£1.58	£1.62	£1.69	£1.76	**£1.76**

*Total ferry fares divided by the total number of passengers

Trading Outlook

The overall trading outlook for the Group remains positive. In FIC, the expected return of tourism to the Falkland Islands, along with a strong order book and potential opportunities for further work with FIG and the MOD, all bode well for the future. Further progress is expected at Momart and PHFC, although the pace of recovery remains dependent on the rate of return of customer activity as the impact of COVID hopefully continues to recede. As trading levels continue to recover, the challenge for the Group will inevitably move to satisfying the growing demand. Decisive action was taken to reduce staff numbers and costs during the pandemic and their growth must continue to be carefully managed as activity increases, particularly given the high levels of inflation currently being experienced.

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. Good progress was made in the year ended 31 March 2022, but more remains to be done. As noted above, a key challenge will be to manage costs in line with the ongoing trading recovery.

Invest in developing the existing businesses. The Board are particularly 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, as well as on maximising returns from existing FIC land assets. The potential for additional opportunities arising from the development of the Sea Lion oil field will also 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.

Financial Review

Revenue

As trading headed back to pre-pandemic levels, Group revenue increased by £7.7 million (24%) to £40.3 million. The majority of the improvement arose in Momart and PHFC, where the effects of COVID-19 had previously been felt most severely, with revenue improving by £5.3 million and £1.7 million respectively. FIC revenue improved by £0.7 million, despite the previous year's COVID-related ban on tourists visiting the Falkland Islands continuing during the year.

Underlying Operating Profit

Underlying operating profit before net finance costs increased by £2.1 million (210%) to £3.1 million (2021: £1.0 million). This was despite grant income received under furlough schemes and other government support reducing by £1.3 million to £0.5 million (2021: £1.8 million) and reflected the revenue increases noted above.

Net Financing Costs

The Group's net financing costs of £0.8 million were broadly in line with the prior year. Two UK Government-backed CBILS loans totalling £5.0 million were repaid in June 2021, but interest payments on these loans had been covered by the UK Government and therefore this had no impact on net financing costs in the year.

Reported Pre-tax Profit

The reported pre-tax result for the year ended 31 March 2022 was a profit of £2.0 million (2021: £0.2 million). Non-trading items in the current year included £0.3 million of people related costs including employee redundancies and compensation payable to the former Chief Executive. The Group's underlying profit before tax before these non-trading items was £2.3 million (2021: £0.1 million). Non-trading items in the prior year included £0.4 million of restructuring costs and £0.5 million income from the derecognition of historic liabilities, which were previously included within accruals, but are no longer enforceable.

Taxation

Tax on current year profits has increased by £0.8 million. This is mainly due to increased profitability (£0.3 million) and the increase in UK deferred tax (£0.5 million) due to the increase in the UK corporation tax rate from 19% to 25% from 1 April 2023.

Earnings per Share

Basic and Diluted Earnings per Share ("EPS") derived from reported profits was 7.6 pence (2021: 0.1 pence). Basic and Diluted EPS derived from underlying profits was 9.5 pence (2021: 0.0 pence).

Balance Sheet

The Group's balance sheet remained strong, with total net assets growing to £40.7 million (2021: £38.9 million). Retained earnings increased by £1.1 million to £20.7 million (2021: £19.6 million) and the hedging reserve improved by £0.7 million, reflecting an increase in the fair value of hedges taken through other comprehensive income in accordance with IFRS 9.

Net Debt

Year ended 31 March	**2022**	2021	*Change*
	£m	£m	*£m*
Bank loans	**(14.2)**	(20.1)	*5.9*
Cash and cash equivalents	**9.6**	14.6	*(5.0)*
Bank loans net of cash and cash equivalents	**(4.6)**	(5.5)	*0.9*
Lease liabilities	**(7.1)**	(8.1)	*1.0*
Net debt	**(11.7)**	(13.6)	*1.9*

Bank loans reduced to £14.2 million (2021: £20.1 million) as a result of the £5.0 million CBILS loans repayment in June 2021 and scheduled loan repayments of £0.9 million. The Group's cash balances reduced by £5.0 million to £9.6 million (2021: £14.6 million) reflecting the repayment of the £5.0 million CBILS loans. Overall net debt improved by £1.9 million to £11.7 million (2021: £13.6 million).

The Group's outstanding lease liabilities totalled £7.1 million (2021: £8.1 million) with £5.2 million of the balance (2021: £5.8 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 remains unchanged from the prior year at £4.2 million following an annual impairment review which indicated that no impairment was required at Momart.

The net book value of property, plant and equipment decreased by £1.3 million to £39.1 million (2021: £40.4 million) with additions of £1.4 million being offset by depreciation charges of £2.2 million and a net reduction of £0.4 million on right of use assets following a lease modification relating to the Gosport pontoon ground rent.

At 31 March 2022, the Group had 83 (2021: 75) completed investment properties, comprising commercial and residential properties in the Falkland Islands, which are held for rental. Two properties were under construction at 31 March 2022 (2021: 7). In addition, FIC held 400 acres of land in and around Stanley, including 18 acres zoned for industrial development and 25 acres of prime mixed-use land, and a further 300 acres of undeveloped land outside Stanley.

The net book value of the investment properties and undeveloped land of £8.2 million (2021: £7.1 million) has been reviewed by the directors of FIC resident in the Falkland Islands. At 31 March 2022 the fair value of this property portfolio, including undeveloped land, was estimated at £12.5 million (2021: £11.1 million), an uplift of £4.3 million on net book value. FIC's 83 houses and flats had an estimated fair value of £10.1 million (2021: £8.5 million). The value of FIC's 700 acres of land was estimated at £2.2 million (2021: £2.2 million). The properties under construction at 31 March 2022 were valued at cost of £0.2 million (2021: £0.5 million).

Deferred tax assets relating to future pension liabilities stood at £0.7 million (2021: £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 work in progress at FIC increased by £0.8 million to £6.7 million at 31 March 2022 (2021: £5.9 million). This was mainly due to an increase in housebuilding related stock and work in progress at FIC as a result of the timing of deliveries and the phasing of the related works.

Trade and other receivables increased by £2.0 million to £7.9 million at 31 March 2022 (2021: £5.9 million) due mainly to increased sales activity in Momart towards the end of the year.

Trade and other payables increased by £3.2 million to £10.0 million at 31 March 2022 (2021: £6.8 million) reflecting increased trading activity in Momart before year end and an increase in amounts received in advance of service delivery in FIC.

At 31 March 2022, the liability due in respect of the Group's only defined benefit pension scheme, in FIC, was £2.6 million (2021: £2.8 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 2022 and there are three deferred members.

The Group's deferred tax liabilities, excluding the pension asset at 31 March 2022, were £3.9 million (2021: £3.1 million) with the increase due largely to the change in the UK Corporation tax rate from 19% to 25% effective 1st April 2023.

Cash Flows

Net cash inflow from operating activities of £5.1 million was £1.4 million more than the prior year inflow of £3.7 million. The increase was principally due to a £2.2 million increase in underlying EBITDA, which was partly offset by the working capital improvement in the prior year not being repeated in the year ended 31 March 2022. Overall, working capital remained in line with the prior year, despite the increase in trading activity.

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

Year ended 31 March	**2022** **£m**	2021 £m	Change £m
Underlying profit before tax	**2.3**	0.1	2.2
Depreciation & amortisation	**2.4**	2.3	0.1
Net interest payable	**0.8**	0.9	(0.1)
Underlying EBITDA	**5.5**	3.3	2.2
Non-trading, cash items	**-**	(0.4)	0.4
Increase in hire purchase debtors	**(0.1)**	-	(0.1)
Decrease / (increase) in working capital	**-**	1.0	(1.0)
Tax paid and other	**(0.3)**	(0.2)	(0.1)
Net cash inflow from operating activities	**5.1**	3.7	1.4
Financing and investing activities			
Capital expenditure	**(2.7)**	(1.5)	(1.2)
Disposal of fixed assets	**0.1**	-	0.1
Net bank and lease liabilities interest paid	**(0.8)**	(0.8)	-
Bank and lease liability repayments	**(6.6)**	(1.3)	(5.3)
Dividends paid	**(0.1)**	**-**	(0.1)
Bank and lease liabilities draw down	**-**	5.4	(5.4)
Net cash (outflow) / inflow from financing and investing activities	**(10.1)**	1.8	(11.9)
Net cash (outflow) / inflow	**(5.0)**	**5.5**	(10.5)
Cash balance b/fwd.	**14.6**	**9.1**	5.5
Cash balance c/fwd.	**9.6**	**14.6**	(5.0)

Financing and Investing Activities

During the year, the Group invested £2.7 million of capital expenditure, comprising £1.2 million of investment property, £1.4 million on fixed asset property, plant and equipment and £0.1 million on computer software.

The £6.6 million of bank and lease liabilities repayments in the year included the £5.0 million CBILS loans repaid in June 2021. The £5.4 million of bank and lease liabilities drawn down in the prior year included £5.0 million CBILS drawn down in June 2020 and the funding of vehicles in Momart of £0.4 million.

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:

COVID-19		
Issue	**Comment**	**Impact**
The lockdown measures introduced by the UK Government to suppress COVID-19 had an unprecedented impact on the fundamental conditions of supply and demand in the Group's UK businesses.	*The impact was immediate and severe but activity is reviving since the cessation of lockdown measures.* *The economic costs were mitigated in both businesses by the use of the UK Government's furlough grant scheme.*	*Moderate (decreased from very high) and continuing to decrease*
At Momart, demand from the company's museum and gallery clients fell away as the prohibition on public gatherings effectively closed client operations completely, with the consequent cessation of Momart's art handling activities.	*Activity is increasing following the cessation of lockdown measures.*	*Moderate (decreased from very high) - and continuing to decrease*
Revised staff safety protocols and the need to use PPE for staff slowed down installations at Momart and increased the cost of operations. The impact on FIC and PHFC was minimal.	*Safe working practices were reviewed and updated in great detail with reference to UK Government guidance and in consultation with staff.* *Wherever possible, the additional costs of operating have been passed on to clients. (All competitors face a similar challenge).*	*Low – decreased as lockdown restrictions removed.*
At PHFC, the initial lockdown in 2020 saw ferry customers cease their normal daily travel to work and leisure activities, causing a 90% fall in ferry traffic.	*Passenger numbers increased as lock down measures were relaxed during the year. Government guidance to work from home, issued in December 2021, resulted in a dip in numbers, but recovery continued once this was lifted at the end of January 2022.*	*Moderate - decreased*
Longer term changes in customer behaviour may result from the pandemic: an increased reluctance to use public transport and more hybrid/working from home.	*Leisure traffic has recovered more quickly than commuter traffic, where a significant number of people are working from home for at least part of their working week. Current high costs of vehicle fuel may push people towards using public transport.*	*Low - unchanged*
Despite a successful vaccination programme, the Falkland Islands remained closed to overseas visitors in the year, which removed an important source of income for the economy.	*Restrictions on tourists visiting were lifted in May 2022, which should facilitate their return.*	*Low - decreased*

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 have become more strained in recent years. 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*
Uncertainty caused by the UK's decision to leave the European Union.	*To date, there has been little direct impact on the Group's businesses arising from Brexit and although the position has been heavily clouded by the effects of the coronavirus pandemic it seems unlikely that any material adverse effects will subsequently emerge.*	*Low – unchanged*
ECONOMIC CONDITIONS		
Risk	**Comment**	**Potential Impact**
Although the impact of COVID-19 was unprecedented, it has been matched by equally unprecedented government interventions on a global scale which has sustained economic confidence and activity.	*The trading performance of both the Group's UK companies has been severely affected by the effects of COVID-19 but UK Government economic support and the success of the vaccination programme mean that the adverse effects are being steadily reduced as the Group's businesses return to more normal levels of activity.*	*High but steadily reducing impact on UK operations*
International travel continued to be badly affected by COVID-19.	*Despite this, FIC continued to maintain its revenue and profitability in 2022. Restrictions on travel to the Falkland Islands were lifted in May 2022 which should facilitate the return of tourists.*	*Low - reduced*
Economic activity in the Falkland Islands has been subject to fluctuation, dependent upon oil sector activity.	*Oil-related activity in recent years has been minimal and the success of the Falkland Islands' economy is not predicated on the development of oil reserves.*	*Low - unchanged*
Budgets available to museums for exhibitions can fluctuate with government spending and the commercial art market exhibits cyclicality; both have a direct impact on Momart. Both these effects have been exacerbated by COVID-19.	*Activity is increasing following the cessation of lockdown measures. Impact has been mitigated by a reduction in Momart's cost base and careful cost control as activity returns.*	*Moderate – unchanged but reducing as public confidence returns.*
Inflationary pressures across all Group businesses impact the cost of wages, services and products.	*Continued focus on cost efficiency as activity returns to pre-pandemic levels. 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 - new*

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. Even with COVID-19, bad debt experience has been minimal.*	*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 in FIC* *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 – new risk.*
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*
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 does face such 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 - unchanged*
FIC has a reliance on being able to attract staff from overseas generally.	*Immigration procedures in the Falkland Islands are bureaucratic and slow, although FIG is aware and seeking to streamline the process.*	*Moderate - unchanged*
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 and constrained the growth of the businesses.*	*Moderate - new*
LAWS AND REGULATION		
Risk	**Comment**	**Potential Impact**
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*
GENERAL 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. Particular attention has been paid to updating risk assessments and safe working practices in the light of COVID-19.* *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*

Stuart Munro
Chief Executive
5 July 2022

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 also Chairman at Keystone Law Group plc. 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.

Jeremy Brade, Non-executive Director

Jeremy joined the Board in 2009, he is a director of Harwood Capital Management where he is the senior private equity partner and has worked in UK private equity for over 20 years. He has led several successful acquisitions and public-to-private transactions. Previously, Jeremy was with the Foreign and Commonwealth Office (FCO) and prior to that, he was an army officer. Using his experience of acquisitions and various corporate transactions, Jeremy brings a wealth of knowledge and expertise on restructuring, funding and transforming companies. Jeremy is a member of the Nominations, Audit and Remuneration Committees and holds a number of other non-executive directorships including one at Fulcrum Utility Services Limited.

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, Corning Natural Gas Holding Corp, Supremex Inc. (where he is Chairman), Circa Enterprises Inc., 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.

Dominic Lavelle, Non-executive Director

Dominic joined the Board on 1 December 2019; Dominic 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.

Iain Harrison, Company Secretary

Iain Harrison joined the Company in April 2019. Iain has a BSc in Mathematics from Edinburgh University and qualified as a Chartered Accountant in Scotland in 1993. He has previously worked at RBS group and Heriot Watt University and was Company Secretary at Dawson International plc from 2003-2004.

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 www.fihplc.com 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 offers to meet with all significant shareholders after the release of the half year and full year results and the Chairman is available throughout. The Chief Executive 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 consider that Mr Williams, Mr Brade, 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.

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.

Jeremy Brade's tenure, at over the suggested nine years for PLC directors, is not the determining factor in his independence, which the Board judges in relation to his contribution and depth of knowledge of the Group's operations and history. In view of his long service, Jeremy will step down from the Board at the AGM in 2022. 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, is the only full-time executive director. Robin Williams, Jeremy Brade, Robert Johnston and Dominic Lavelle 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 6 July 2021 there have been eight Board meetings. Robin Williams, Stuart Munro, Robert Johnston and Dominic Lavelle have attended all meetings. Jeremy Brade has attended eight meetings. John Foster attended six out of the seven meetings held up prior to him ceasing to be a director on 14 April 2021.

The Remuneration committee has met twice since 6 July 2021 to review executive base pay and bonus structure, as well as the issue of grants under the Long Term Incentive Plan and all members of the committee were in attendance. There have also been two Audit Committee meetings since 6 July 2021, 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 succession of the Chief Executive role and the future shape of the Board.

Board Directors

The Board comprises Robin Williams, the non-executive Chairman, Stuart Munro, the full time Chief Executive, and three other non-executive directors, Jeremy Brade, Robert Johnston and Dominic Lavelle.

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, KPMG, 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 helps keep the Board up to date on areas of new governance and liaises 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. He also liaises 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 Effectiveness

The directors have considered the effectiveness of the Board, committees and individual performance, and this was discussed by the Board in the April 2022 meeting. The Board meets formally five times a year with update Board meetings held in between these meetings as required. There is a strong flow of communication between the directors, in particular the relationship between the Chief Executive and Chairman, who have regular additional calls or meetings. The agenda for the formal meetings are set with the consultation of both the Chief Executive and Chairman, and wherever possible, papers are circulated a week in advance of the meetings, giving directors ample time to review the documentation and enabling an effective meeting. Resulting actions are tracked as matters arising and followed up at subsequent Board meetings to ensure that they have been addressed.

Board Performance Evaluation

In 2022, the Chairman conducted an effectiveness review by means of a questionnaire, with comment on the Chairman passed to Jeremy Brade as the Senior Independent Director at that time. The outcome of the appraisal is that the Board has been effective in discharging its duties during the year. The review was conducted in March 2022 and discussed at the April 2022 Board meeting, with useful conclusions in the areas of major shareholder representation on the Board, the content of briefings to the Board prior to meetings, the development of strategy and the presentation of recommendations to the Board. The frequency of meetings was reviewed as the recovery from the pandemic became more visible and the Board has put in place a more structured programme of interaction with operating management.

Robin Williams
Chairman
5 July 2022

Audit Committee Report

The Audit Committee comprises the four non-executive directors: Jeremy Brade, Robert Johnston, Dominic Lavelle 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 KPMG, 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 January 2018.

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 auditor (KPMG LLP) was appointed in 1997. The current audit engagement partner has been in place since the audit for the year ended 31 March 2021 and will step down after the audit for the year ended 31 March 2025. 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 2022, there were no non-audit fees paid to KPMG LLP (2021: £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:

Impairment Testing

The Group tests material goodwill 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, based on a value-in-use calculation, to their recoverable amounts. Impairment is necessary when the recoverable amount is less than the carrying value.

Impairment testing of the tangible assets of PHFC and the goodwill and intangible assets of Momart have been carried out in the current year with no impairment charge being deemed necessary and there being adequate headroom in the impairment assessments.

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
5 July 2022

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 2022.

Results and Dividend

As set out in the Group Income Statement, the Group profit for the year after taxation amounted to £947,000 (2021: £9,000). Basic earnings per share on underlying profits were 9.5 pence (2021: 0.0 pence).

With the Group's recovery further underpinned by the continued profit improvement in the second half of the year, the Board is pleased to announce that a final dividend of 2.0 pence per share will be recommended for approval at the Annual General Meeting. Together with the interim dividend of 1.0 pence paid on 14 January 2022, the proposed dividend will take the total dividend for the year ended 31 March 2022 to 3.0 pence per share (2021: nil).

Principal Activities

The business of the Group during the year ended 31 March 2022 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.

Directors

Stuart Munro was appointed as a director on 28 April 2021 and John Foster resigned as a director on 14 April 2022.

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 £29,000 of trade creditors at 31 March 2022 (2021: nil).

Share Capital and Substantial Interests in Shares

During the year, 4,915 shares were issued following the exercise of options. 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 5 July 2022:

	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
Quaero Capital Funds (Lux) – Argonaut	1,057,158	8.44
Martin Janser	897,324	7.17
J.F.C. Watts	797,214	6.37
Bonafide Investment Fund – Opportunities I	680,001	5.43
Christian Struck	380,000	3.04

Charitable and Political Donations

Charitable donations made by the Group during the year amounted to £16,214 (2021: £7,654), these were largely paid to local community charities in the Falkland Islands. There were no political donations in the year (2021: 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 proposing the re-appointment of KPMG LLP will be put to shareholders at the Annual General Meeting.

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 2022, 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. The details of the Group's interaction with its wider stakeholders is as follows:

Customers: 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 are also involved in marking the 40th anniversary of the Falkland Islands conflict in 2022 and maintaining its 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, away days and our well-being programme.
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

- 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.
- Incorporation of ground heat source systems into new build structures.

Momart

- 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.

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 the local government members and Gosport Borough Council.

The Momart Business Process and Compliance Manager attends quarterly industry forums, such as those Freight Transport Association, discussing difficulties faced by 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, since 1993 Momart has held a Royal Warrant from Her Majesty The Queen for work with the Royal Collection.

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, which provides a forum for exchanging 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 and the Chairman offer to meet with all significant shareholders after the release of the half year and full year results. The Chief Executive 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 with 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 19 September 2022. 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 2022 and in the preceding year is as follows:

	Salary / Fees £'000	Health insurance £'000	Compensation payment £'000	Bonus £'000	2022 Total £'000	2021 Total £'000
John Foster	222	1	259	40	522	197
Stuart Munro*	202	1	-	68	271	-
Robin Williams	60	-	-	-	60	51
Jeremy Brade	30	-	-	-	30	26
Robert Johnston	30	-	-	-	30	26
Dominic Lavelle	30	-	-	-	30	26
Total	**574**	**2**	**259**	**108**	**943**	**326**

* Appointed 28 April 2021

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 bonuses are subject to the achievement of specified corporate and personal objectives and are payable in cash.

John Foster participated in an annual performance related bonus arrangement, with the potential during the year of earning up to 100% of his salary. Any bonus is subject to the achievement of specified corporate and personal objectives and is normally split into equal parts of deferred shares and cash, with the shares requiring a service condition to remain in employment for up to three years. The bonus for the year ended 31 March 2022 is payable wholly in cash.

Given the impact of COVID-19 on the Group's finances, no bonus was paid for the year ended 31 March 2021.

None of the directors of the Company receive any pension contributions or benefit from any Group pension scheme.

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 ending 31 March 2022, 9,273 nil cost options (2021: 12,488) were exercised by him and the remaining 3,591 nil cost share options were forfeited on his resignation on 14 April 2022.

During the year, Stuart Munro was granted 55,814 LTIP share options in December 2021 at an exercise price of 10 pence. The exercise of the 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.

The directors' options extant at 31 March 2021 related to John Foster and totalled 12,864 nil cost options.

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 2022	Ordinary shares as at 31 March 2021
Robin Williams	5,625	5,625
Stuart Munro	4,400	-
John Foster	118,542	113,627
Jeremy Brade	15,022	15,022
Robert Johnston*	*3,654,053	*3,647,853
Dominic Lavelle	2,000	2,000

* Robert Johnston holds 57,500 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 3,654,053 Shares in total, representing 29.2 per cent. of the Company's 12,519,900 total voting rights.

Approved by the Board and signed on its behalf by:

Iain Harrison
Company Secretary
5 July 2022

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.

Consolidated Income Statement
FOR THE YEAR ENDED 31 MARCH 2022

Notes		Underlying 2022 £'000	Non-trading Items (Note 5) 2022 £'000	Total 2022 £'000	Underlying 2021 £'000	Non-trading Items (Note 5) 2021 £'000	Total 2021 £'000
4	**Revenue**	**40,319**	**-**	**40,319**	32,578	-	32,578
	Cost of sales	**(23,405)**	**-**	**(23,405)**	(19,437)	-	(19,437)
	Gross profit	**16,914**	**-**	**16,914**	13,141	-	13,141
6	**Operating expenses**	**(13,834)**	**(300)**	**(14,134)**	(12,115)	57	(12,058)
	Operating profit / (loss)	**3,080**	**(300)**	**2,780**	1,026	57	1,083
8	Finance expense	**(796)**	**-**	**(796)**	(881)	-	(881)
	Profit / (loss) before tax	**2,284**	**(300)**	**1,984**	145	57	202
9	Taxation	**(1,094)**	**57**	**(1,037)**	(147)	(46)	(193)
	Profit / (loss) for the year attributable to equity holders of the company	**1,190**	**(243)**	**947**	(2)	11	9
10	Earnings per share						
	Basic	**9.5p**		**7.6p**	0.0p		0.1p
	Diluted	**9.5p**		**7.6p**	0.0p		0.1p

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Comprehensive Income
FOR THE YEAR ENDED 31 MARCH 2022

		2022 £'000	2021 £'000
	Profit for the year	**947**	9
	Cash flow hedges: effective portion of changes in fair value	**878**	303
17	Deferred tax on share options and other financial liabilities	**58**	30
17	Deferred tax on effective portion of changes in fair value	**(205)**	(58)
	Items that are or may be reclassified subsequently to profit or loss	**731**	275
23	Re-measurement of the FIC defined benefit pension scheme	**237**	(272)
17	Movement on deferred tax asset relating to the pension scheme	**(62)**	71
	Items which will not ultimately be recycled to the income statement	**175**	(201)
	Total other comprehensive income	**906**	74
	Total comprehensive income	**1,853**	83

The accompanying notes form part of these Financial Statements.

Consolidated Balance Sheet
AT 31 MARCH 2022

Notes		2022 £'000	2021 £'000
	Non-current assets		
11	Intangible assets	**4,229**	4,183
12	Property, plant and equipment	**39,080**	40,361
13	Investment properties	**8,164**	7,123
15	Investment in Joint venture	**259**	259
19	Debtors due in more than one year	**44**	88
16	Hire purchase lease receivables	**725**	590
17	Deferred tax assets	**666**	739
	Derivative financial instruments	**644**	-
	Total non-current assets	**53,811**	53,343
	Current assets		
18	Inventories	**6,740**	5,871
19	Trade and other receivables	**7,947**	5,868
16	Hire purchase lease receivables	**511**	558
20	Cash and cash equivalents	**9,572**	14,556
	Total current assets	**24,770**	26,853
	TOTAL ASSETS	**78,581**	80,196
	Current liabilities		
22	Trade and other payables	**(9,970)**	(6,775)
21	Interest-bearing loans and borrowings	**(1,536)**	(3,424)
	Corporation tax payable	**(229)**	(113)
	Total current liabilities	**(11,735)**	(10,312)
	Non-current liabilities		
21	Interest-bearing loans and borrowings	**(19,713)**	(24,799)
	Derivative financial instruments	**-**	(234)
23	Employee benefits	**(2,562)**	(2,842)
17	Deferred tax liabilities	**(3,914)**	(3,113)
	Total non-current liabilities	**(26,189)**	(30,988)
	TOTAL LIABILITIES	**(37,924)**	(41,300)
	Net assets	**40,657**	38,896
25	**Capital and reserves**		
	Equity share capital	**1,251**	1,251
	Share premium account	**17,590**	17,590
	Other reserves	**703**	703
	Retained earnings	**20,672**	19,584
	Hedging reserve	**441**	(232)
	Total equity	**40,657**	38,896

These financial statements, of which the accompanying notes form part, were approved by the Board of directors on 5 July 2022 and were signed on its behalf by:

S I Munro
Director

Company Balance Sheet
AT 31 MARCH 2022

Notes		2022 £'000	2021 £'000
	Non-current assets		
13	Investment properties	**18,956**	19,164
14	Investment in subsidiaries	**23,995**	23,970
19	Loans to subsidiaries	**10,057**	10,207
17	Deferred tax	**-**	44
	Derivative financial instruments	**644**	-
	Total non-current assets	**53,652**	53,385
	Current assets		
19	Trade and other receivables	**45**	118
	Corporation tax receivable	**84**	54
20	Cash and cash equivalents	**4,376**	5,462
	Total current assets	**4,505**	5,634
	TOTAL ASSETS	**58,157**	59,019
	Current liabilities		
22	Trade and other payables	**(5,849)**	(6,391)
21	Interest-bearing loans and borrowings	**(529)**	(520)
	Total current liabilities	**(6,378)**	(6,911)
	Non-current liabilities		
21	Interest-bearing loans and borrowings	**(12,139)**	(12,668)
	Derivative financial instruments	**-**	(234)
17	Deferred tax	**(146)**	-
	Total non-current liabilities	**(12,285)**	(12,902)
	TOTAL LIABILITIES	**(18,663)**	(19,813)
	Net assets	**39,494**	39,206
25	**Capital and reserves**		
	Equity share capital	**1,251**	1,251
	Share premium account	**17,590**	17,590
	Other reserves	**5,389**	5,389
	Retained earnings	**14,823**	15,208
	Hedging reserve	**441**	(232)
	Total equity	**39,494**	39,206

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 loss for the financial year is £293,000 (2021: Profit £500,000).

These financial statements, of which the accompanying notes form part, were approved by the Board of directors on 5 July 2022 and were signed on its behalf by:

S I Munro
Director
Registered company number: 03416346

Consolidated Cash Flow Statement
FOR THE YEAR ENDED 31 MARCH 2022

Note		2022 £'000	2021 £'000
	Cash flows from operating activities		
	Profit for the year after taxation	**947**	9
	Adjusted for:		
	(i) Non-cash items:		
11	Amortisation	**21**	63
12	Depreciation: Property, plant and equipment	**2,216**	2,193
13	Depreciation: Investment properties	**197**	37
	(Gain) / Loss on disposal of fixed assets	**(9)**	53
23	Interest cost on pension scheme liabilities	**56**	64
24	Equity-settled share-based payment expenses	**45**	1
	Non-cash items adjustment	**2,526**	2,411
	(ii) Other items:		
	Exchange losses	**13**	3
	Bank interest payable	**436**	469
	Lease liability finance expense	**304**	348
	Increase in hire purchase leases receivable	**(88)**	(33)
	Corporation and deferred tax expense	**1,037**	193
	Other adjustments	**1,702**	980
	Operating cash flow before changes in working capital	**5,175**	3,400
	(Increase) / decrease in trade and other receivables	**(2,035)**	2,828
	Increase in inventories	**(869)**	(497)
	Increase / (decrease) in trade and other payables	**3,195**	(1,836)
	Changes in working capital	**291**	495
	Cash generated from operations	**5,466**	3,895
	Payments to pensioners	**(99)**	(98)
	Corporation taxes paid	**(256)**	(64)
	Net cash flow from operating activities	**5,111**	3,733
	Cash flows from investing activities		
	Purchase of property, plant and equipment	**(1,333)**	(898)
	Purchase of Intangibles	**(67)**	-
	Purchase of investment properties	**(1,238)**	(702)
	Proceeds from sale of property, plant and equipment	**76**	-
	Net cash flow from investing activities	**(2,562)**	(1,600)
	Cash flow from financing activities		
	Bank loan drawn down	**-**	5,000
	Repayment of bank loans	**(5,927)**	(624)
	Bank interest paid	**(436)**	(469)
	Hire purchase loan drawn down	**-**	389
	Repayment of lease liabilities principal	**(716)**	(649)
	Lease liabilities interest paid	**(304)**	(348)
	Cash inflow on option exercises	**-**	19
	Cash outflow on nil cost option exercise	**(12)**	-
	Dividends paid	**(125)**	-
	Net cash flow from financing activities	**(7,520)**	3,318
	Net (decrease) / increase in cash and cash equivalents	**(4,971)**	5,451
	Cash and cash equivalents at start of year	**14,556**	9,108
	Exchange losses on cash balances	**(13)**	(3)
	Cash and cash equivalents at end of year	**9,572**	14,556

The accompanying notes form part of these Financial Statements.

Company Cash Flow Statement
FOR THE YEAR ENDED 31 MARCH 2022

Notes		2022 £'000	2021 £'000
	Cash flows from operating activities		
	Holding Company (loss) / profit for the year	**(293)**	500
	Adjusted for:		
	Bank interest payable	**387**	395
	Equity-settled share-based payment expenses	**20**	2
13	Depreciation: Investment properties	**208**	209
	Corporation and deferred tax (income) / expense	**(31)**	8
	Non-cash and other items adjustment	**584**	614
	Operating cash flow before changes in working capital	**291**	1,114
	Decrease / (increase) in trade and other receivables	**73**	(88)
	Increase / (decrease) in trade and other payables	**333**	(292)
	Changes in working capital and provisions	**406**	(380)
	Cash generated from operations	**697**	734
	Corporation taxes paid	**(14)**	(64)
	Net cash flow from operating activities	**683**	670
	Cash flow from investing activities		
	Cash outflows in inter-company borrowing	**(150)**	-
	Cash inflows in inter-company borrowing	**850**	-
	Net cash flow from investing activities	**700**	-
	Cash flow from financing activities		
	Bank loan repaid	**(520)**	(262)
	Interest paid	**(387)**	(381)
	Cash outflows in inter-company borrowing	**(1,875)**	(2,569)
	Cash inflows in inter-company borrowing	**450**	2,219
	Cash inflow on option exercise	**-**	19
	Cash outflow on nil cost option exercise	**(12)**	-
	Dividends paid	**(125)**	-
	Net cash flow from financing activities	**(2,469)**	(974)
	Net decrease in cash and cash equivalents	**(1,086)**	(304)
	Cash and cash equivalents at start of year	**5,462**	5,766
	Cash and cash equivalents at end of year	**4,376**	5,462

The accompanying notes form part of these Financial Statements.

Consolidated Statement of Changes in Shareholders' Equity
FOR THE YEAR ENDED 31 MARCH 2022

	Equity share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Hedge reserve £'000	**Total equity £'000**
Balance 1 April 2020	**1,250**	**17,590**	**703**	**19,784**	**(535)**	**38,792**
Profit for the year	-	-	-	9	-	9
Cash flow hedges: effective portion of changes in fair value	-	-	-	-	303	303
Deferred tax on cash flow hedges	-	-	-	(58)	-	(58)
Deferred tax on other financial liabilities	-	-	-	30	-	30
Re-measurement of the defined benefit pension liability, net of tax	-	-	-	(201)	-	(201)
Total comprehensive loss	-	-	-	(220)	303	83
Transactions with owners in their capacity as owners:						
Share option exercise	1	-	-	19	-	20
Share based payments	-	-	-	1	-	1
Dividends paid	-	-	-	-	-	-
Total transactions with owners	1	-	-	20	-	21
Balance at 31 March 2021	**1,251**	**17,590**	**703**	**19,584**	**(232)**	**38,896**
Profit for the year	**-**	**-**	**-**	**947**	**-**	**947**
Cash flow hedges: effective portion of changes in fair value	**-**	**-**	**-**	**-**	**878**	**878**
Deferred tax on cash flow hedges	**-**	**-**	**-**	**-**	**(205)**	**(205)**
Deferred tax on share options and other financial liabilities	**-**	**-**	**-**	**58**	**-**	**58**
Re-measurement of the defined benefit pension liability, net of tax	**-**	**-**	**-**	**175**	**-**	**175**
Total comprehensive income	-	-	**-**	**1,180**	**673**	**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	**1,251**	**17,590**	**703**	**20,672**	**441**	**40,657**

The accompanying notes form part of these Financial Statements.

Company Statement of Changes in Shareholders' Equity
FOR THE YEAR ENDED 31 MARCH 2022

	Equity share capital £'000	Share premium account £'000	Other reserves £'000	Retained earnings £'000	Hedge Reserve £'000	Total equity £'000
Balance at 1 April 2020	**1,250**	**17,590**	**5,389**	**14,765**	**(535)**	**38,459**
Profit for the year	-	-	-	500	-	500
Cash flow hedges: effective portion of changes in fair value	-	-	-	-	303	303
Deferred tax on cash flow hedges	-	-	-	(58)	-	(58)
Total comprehensive loss	-	-	-	442	303	745
Transactions with owners in their capacity as owners:						
Share option exercise	1	-	-	-	-	1
Share based payments	-	-	-	1	-	1
Total transactions with owners	1	-	-	1	-	2
Balance at 31 March 2021	**1,251**	**17,590**	**5,389**	**15,208**	**(232)**	**39,206**
Loss for the year	-	-	-	**(293)**	-	**(293)**
Cash flow hedges: effective portion of changes in fair value	-	-	-	-	**878**	**878**
Deferred tax on cash flow hedges	-	-	-	-	**(205)**	**(205)**
Total comprehensive income	-	-	-	**(293)**	**673**	**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	**1,251**	**17,590**	**5,389**	**14,823**	**441**	**39,494**

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 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 2022 were authorised for issue in accordance with a resolution of the directors on 30 June 2022.

Basis of preparation

The financial information set out above does not constitute the Group's statutory accounts for the years ended 31 March 2022 or 2021 but is derived from those accounts. Statutory accounts for the year ended 31 March 2021 have been delivered to the registrar of companies, and those for the year ended 31 March 2022 will be delivered in due course. The auditor has reported on those accounts; their reports were (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. These condensed preliminary financial statements have been prepared in accordance with the recognition and measurement requirements of UK-adopted international financial reporting standards in conformity with the requirements of the Companies Act 2006, in line with the Group's statutory accounts.

Both the Parent Company financial statements and the Group financial statements have been prepared and approved by the directors in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006 and 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.

In the current year, 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. In the prior year, this distinction between cash flows with subsidiaries was not made and all amounts were classified as financing activities. Had the cashflows been analysed separately, this would have resulted in payments of £1,700,000 and receipts of £1,600,000 being presented in investing activities, with a corresponding reduction in amounts presented as financing cash flows. The directors consider that the key cash flow metrics for the users of the Company financial statements are net cash from operating activities and the total net movement in cash and cash equivalents and as this change has no impact on either of these metrics, and no impact on the Company’s reported profit or loan covenants, the directors have concluded that the impact on the financial statements is not material and therefore the prior year presentation has not been restated.

Going concern

The directors are responsible for preparing a going concern assessment covering a period of at least 12 months from the date of approval of these financial statements (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 2022 the Group had net current assets of £13.0 million, cash balances of £9.6 million and net debt of approximately £11.7 million.

1. Accounting policies *(continued)*

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.

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. 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.

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. In the year ended 31 March 2021, non-trading items were made up of £443,000 of restructuring costs which were offset by £500,000 of income from the release of historic liabilities included in accruals.

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.

1. Accounting policies *(continued)*

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 of 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.

1. Accounting policies *(continued)*

Intangible assets

Goodwill

Goodwill arises on the acquisition of subsidiaries and businesses.

Acquisitions prior to 1 April 2006

In respect to 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 2022, 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.

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.

1. Accounting policies *(continued)*

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 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.

1. Accounting policies *(continued)*

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.

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.

1. Accounting policies *(continued)*

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. The Group applies an appropriate methodology, typically based on the expected profile of the deferral event (for example claims cost through the policy term or time elapsed).

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.

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, multi-house contracts such as the construction of houses for FIG are treated as long term construction contracts as detailed below.

Revenue from cars sold is recognised in full when the asset is physically transferred.

1. Accounting policies *(continued)*

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

Transportation and storage of art

In the UK, Momart earns revenue from moving or installations or de-installations of artwork. The revenue is invoiced when the installation or de-installation is complete, however at each month end accrued revenue is recognised for fine art exhibition logistical work undertaken, where the costs incurred and the costs to complete the transaction can be measured reliably, and the amount of revenue attributable to the stage of completion of a performance obligation is recognised on the basis of the incurred percentage of anticipated cost. This, in the opinion of the directors, is the most appropriate proxy for the stage of completion. 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, where the inbound and outbound exhibitions installations and dispersal are provided as one quote to customers, but are fulfilled up to several months apart. The allocation of revenue in the inbound installations and outbound dispersals has been reviewed. Momart operates a very transparent method of setting out prices in both quotes and invoices, allocating revenues per trips, as these are considered separate obligations.

Storage income in Momart is charged based on the actual volume occupied, at an agreed weekly rate per cubic metre. Clients can be invoiced weekly, monthly or quarterly, and income is recognised as it is accrued, on a monthly or weekly basis.

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 from which the customer benefits over time as the goods and services are provided. 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. No margin is recognised until the outcome of the contract can be estimated with reasonable certainty. Revenue in respect of variations to contracts and incentive payments is recognised when there is an enforceable right to payment and it is highly probable it will be agreed by the customer. Variation orders, claims and liquidated damages, are re-assessed at each reporting period using the expected outcome approach. If it were considered probable that total contract costs would exceed total contract revenue, the expected loss would be recognised as an expense immediately.

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.

1. Accounting policies *(continued)*

Revenues arising from the rendering of services and recognised immediately

The majority of revenues recognised immediately from the rendering of services arise from the ferry 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

Loans and receivables, which include trade debtors and hire purchase 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. A detailed review has been conducted of the five year history of impairment of the Group's financial assets, which primarily comprise its portfolio of current trade receivables at Momart and FIC, and the hire purchase debtors in FIC, these assets all have a consistent history of low levels of impairment, the inclusion of specific expected credit loss considerations did not have a material impact on transition.

Hedging

The Group has one open hedging relationship at 31 March 2022, 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 2022 was £12,500,000 (2020: £13,000,000). The asset held in respect of this swap at the year-end was £644,000 (2021: liability £234,000). 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.

1. Accounting policies *(continued)*

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.

The hire purchase receivables in FIC are reported as receivables, 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 vehicles, or other goods, such as furniture, white goods or other electrical items, are deemed to have passed to the customer at that point.

Hire purchase debtors 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 (where it constitutes land and buildings) or in property, plant and equipment (where it do not constitute land and buildings) at cost less accumulated depreciation and impairment losses.

1. Accounting policies *(continued)*

Standards and revisions not yet adopted in the year to 31 March 2022

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 Board.

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.

2. Segmental Information Analysis *(continued)*

	General Trading (Falkland Islands) £'000	Ferry Services (Portsmouth) £'000	2022 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)	-	(796)
Segment profit / (loss) before tax	1,779	(121)	585	(259)	1,984
Assets and liabilities					
Segment assets	31,401	9,840	32,275	5,065	78,581
Segment liabilities	(9,582)	(8,318)	(19,045)	(979)	(37,924)
Segment net assets	21,819	1,522	13,230	4,086	40,657
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	130	505	-	643
Total Depreciation and Amortisation	1,039	446	949	-	2,434

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**

2. Segmental Information Analysis *(continued)*

	General Trading (Falkland Islands) £'000	Ferry Services (Portsmouth) £'000	**2021** Art Logistics and Storage (UK) £'000	Unallocated £'000	Total £'000
Revenue	20,874	1,445	10,259	-	32,578
Segment operating profit / (loss) before non-trading items	1,852	(856)	30	-	1,026
Non-trading items	500	(140)	(221)	(82)	57
Profit / (loss) before net financing costs	2,352	(996)	(191)	(82)	1,083
Finance expense	(68)	(329)	(484)	-	(881)
Segment profit / (loss) before tax	2,284	(1,325)	(675)	(82)	202
Assets and liabilities					
Segment assets	29,498	11,411	33,648	5,639	80,196
Segment liabilities	(8,687)	(10,266)	(22,062)	(285)	(41,300)
Segment net assets	20,811	1,145	11,586	5,354	38,896
Other segment information					
Capital expenditure:					
Property, plant and equipment	358	-	540	-	898
Investment properties	702	-	-	-	702
Computer software	-	-	-	-	-
Total Capital expenditure	**1,060**	**-**	**540**	**-**	**1,600**
Capital expenditure: cash	1,060	**-**	151	**-**	**1,211**
Capital expenditure: non-cash	**-**	**-**	389	**-**	**389**
Total Capital expenditure	**1,060**	**-**	**540**	**-**	**1,600**
Depreciation and amortisation:					
Property, plant and equipment	787	327	461	-	1,575
Investment properties	37	-	-	-	37
Computer software	-	-	63	-	63
Right of use assets	29	124	465	-	618
Total Depreciation and Amortisation	853	451	989	-	2,293

Underlying profit / (loss)

Segment operating profit / (loss) before non-trading items	**1,852**	**(856)**	**30**	**-**	**1,026**
Interest expense	(68)	(329)	(484)	-	(881)
Underlying profit / (loss) before tax	**1,784**	**(1,185)**	**(454)**	**-**	**145**

2. Segmental Information Analysis *(continued)*

The £5,065,000 (2021: £5,639,000) unallocated assets above include £4,376,000 (2021: £5,462,000) of cash and £644,000 (2021: £177,000) of prepayments and £45,000 (2021: £nil) of trade and other receivables held in FIH group plc.

The £979,000 (2021: £285,000) 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:

		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	36,071	17,074	53,145
Capital expenditure: cash	204	2,434	2,638

		2021	
	United Kingdom £'000	Falkland Islands £'000	Total £'000
Revenue (by source)	11,704	20,874	32,578
Assets and Liabilities:			
Non-current segment assets, excluding deferred tax	36,852	15,752	52,604
Capital expenditure: cash	151	1,060	1,211

4. Revenue

2022

	Sale of goods, recognised immediately on sale £'000	Rendering of services: recognised immediately £'000	Rendering of services, provided over a period of time £'000	Total Revenue £'000
Falkland Islands				
Retail sales	9,666	-	-	9,666
Automotive sales	2,034	372	364	2,770
Housebuilding 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	-	-	15,598	15,598
Total Revenue	**13,199**	**5,115**	**22,005**	**40,319**

2021

	Sale of goods, recognised immediately on sale £'000	Rendering of services: recognised immediately £'000	Rendering of services, provided over a period of time £'000	Total Revenue £'000
Falkland Islands				
Retail sales	9,701	-	-	9,701
Automotive sales	2,016	419	321	2,756
Housebuilding and construction	2,069	-	3,276	5,345
Support Services	-	1,414	839	2,253
Rental property income	-	-	819	819
FIC (Falkland Islands)	13,786	1,833	5,255	20,874
PHFC (Portsmouth)	-	1,445	-	1,445
Art logistics and storage	-	-	10,259	10,259
Total Revenue	**13,786**	**3,278**	**15,514**	**32,578**

5. Non-trading items

	2022 £'000	2021 £'000
Profit before tax as reported	**1,984**	**202**
Non-trading items:		
Restructuring costs	**300**	443
Other credits	**-**	(500)
Underlying profit before tax	**2,284**	**145**

Restructuring costs comprise people-related costs including employee redundancies and compensation payable to the former Chief Executive. Other credits in 2021, relate to derecognition of historic liabilities, which were previously included within accruals, on the basis that the amounts are no longer enforceable.

6. Expenses and auditor's remuneration

The following expenses/ (income) have been included in the profit and loss	2022 £'000	2021 £'000
Direct operating expenses of rental properties	465	393
Depreciation	2,413	2,230
Amortisation of computer software	21	63
Foreign currency loss	13	3
Expected credit loss on trade and other receivables	114	39
Cost of inventories recognised as an expense	9,868	10,226
COVID-19 and other government funding	(500)	(1,760)

Auditor's remuneration	2022 £'000	2021 £'000
Audit of these financial statements	66	41
Audit of subsidiaries' financial statements pursuant to legislation	179	129
Tax advisory services	-	-
Other assurance services	5	5
Total auditor's remuneration	**250**	175

Amounts paid to the Company's auditors and their associates in respect of services to the Company, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis.

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	
		2022	2021	2022	2021
PHFC		27	31	-	-
Falkland Islands:	in Stanley	208	189	-	-
	in UK	6	7	-	-
Art logistics & storage		102	99	-	-
Head office		7	7	7	7
Total average staff numbers		**350**	**333**	**7**	**7**

The aggregate payroll cost of these persons was as follows:

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Wages and salaries	12,472	11,752	769	471
Share-based payments (see note 24)	45	1	45	1
Social security costs	821	821	90	59
Contributions to defined contribution plans (see note 23)	505	498	5	10
Total employment costs	**13,843**	**13,072**	**909**	**541**

During the 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. Such grants totalling £210,000 for the year ended 31 March 2022 (2021: £1,760,000), are recognised in the Income Statement in the period in which the associated costs for which the grants are intended to compensate are 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'.

8. Finance expense

	2022 £'000	2021 £'000
Interest payable on bank loans	(436)	(469)
Net interest cost on the FIC defined benefit pension scheme liability	(56)	(64)
Lease liabilities finance charge	(304)	(348)
Total finance expense	**(796)**	**(881)**

9. Taxation

Recognised in the income statement

	2022 £'000	2021 £'000
Current tax expense / (credit)		
Current year	397	(52)
Adjustments for prior years	(25)	-
Current tax expense / (credit)	372	(52)
Deferred tax expense		
Origination and reversal of temporary differences	92	258
Change in UK tax rate to 25%	523	(12)
Adjustments for prior years	50	(1)
Deferred tax expense (see note 17)	**665**	**245**
Total tax expense	**1,037**	**193**

Reconciliation of the effective tax rate

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	1,984	202
Tax using the UK corporation tax rate of 19% *(2021: 19%)*	377	39
Expenses not deductible for tax purposes	84	56
Additional capital allowances – super deduction	(7)	-
Effect of increase in rate of deferred tax	523	-
Effect of higher tax rate overseas	35	99
Adjustments to tax charge in respect of previous periods	25	(1)
Total tax expense	**1,037**	**193**

Tax recognised directly and other comprehensive income

	2022 £'000	2021 £'000
Deferred tax on effective portion of changes in fair value	205	58
Movement on deferred tax asset relating to the pension scheme	62	(71)
Deferred tax on share options and other financial liabilities	(58)	(30)
Deferred tax expense / (credit) recognised directly in other comprehensive income	209	(43)

In the UK, deferred tax has been calculated at 25% (2021: 19%).

The deferred tax assets and liabilities in FIC have been calculated at the Falkland Islands' tax rate of 26% (2021:26%).

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.

	2022 £'000	2021 £'000
Profit on ordinary activities after taxation	947	9

	2022 Number	2021 Number
Average number of shares in issue	12,518,567	12,470,827
Maximum dilution with regards to share options	-	281,490
Diluted weighted average number of shares	**12,518,567**	**12,752,317**

	2022	2021
Basic earnings per share	7.6p	0.1p
Diluted earnings per share	7.6p	0.1p

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.

Earnings per share on underlying profit	2022 £'000	2021 £'000
Underlying profit before tax (see note 5)	2,284	145
Underlying taxation	(1,094)	(147)
Underlying profit / (loss) after tax	1,190	(2)
Effective tax rate	*47.9%*	*-101.4%*
Weighted average number of shares in issue (from above)	12,518,567	12,470,827
Diluted weighted average number of shares (from above)	12,518,567	12,752,317
Basic earnings per share on underlying profit	9.5p	0.0p
Diluted earnings per share on underlying profit	9.5p	0.0p

11. Intangible assets

	Computer Software £'000	Brand name £'000	Goodwill £'000	Total £'000
Cost:				
At 1 Apr 2020 and 31 March 2021	564	2,823	11,576	14,963
Additions	67	-	-	67
At 31 March 2022	**631**	**2,823**	**11,576**	**15,030**
Accumulated amortisation and impairment:				
At 1 Apr 2020	470	785	9,462	10,717
Amortisation	63	-	-	63
At 31 March 2021	533	785	9,462	10,780
Amortisation	21	-	-	21
At 31 March 2022	**554**	**785**	**9,462**	**10,801**
Net book value:				
At 1 April 2020	94	2,038	2,114	4,246
At 31 March 2021	31	2,038	2,114	4,183
At 31 March 2022	**77**	**2,038**	**2,114**	**4,229**

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 2020	2,077	37	2,114
Goodwill at 31 March 2021	2,077	37	2,114
Goodwill at 31 March 2022	**2,077**	**37**	**2,114**

Impairment

The Group tests material goodwill 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, based on the higher of a value-in-use calculation and fair value less costs to sell, to their recoverable amounts. Goodwill is impaired when the recoverable amount is less than the carrying value.

During the year ended 31 March 2020, following the review for impairment, the goodwill of the Ferry Services CGU was deemed to be fully impaired as passenger numbers had fallen significantly due to COVID-19 and working practices, and therefore commuter transport services, were likely to be affected beyond the short term. The Art Logistics and Storage CGU also impaired its goodwill by £3.5 million as revenue had fallen significantly due to COVID-19 and art logistics services were likely to be affected beyond the short term. Following these impairments in 2020, the only material goodwill and indefinite life assets remaining at 31 March 2022 relate to the Art Logistics and Storage CGU. No further impairment charge was deemed necessary following the review for impairment in the year ended 31 March 2022.

11. Intangible assets *(continued)*

Given the continued uncertainty as a result of COVID-19 and the possible longer-term impact on passenger numbers impacting the Ferry Services CGU, the directors consider that there is a potential indicator of impairment of right of use assets and ships associated with this CGU (see note 12). An impairment review has therefore been performed for the Ferry Services CGU in addition to the Art Logistics and Storage CGU and no impairment charge was deemed necessary.

For the Ferry Services CGU, the recoverable amount was determined by reference to value-in-use, but for the Art Logistics and Storage CGU, the recoverable amount was determined by fair value less costs to sell, after having performed value-in-use calculations using the assumptions described below. Fair value less costs to sell for the Art Logistics and Storage CGU is 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.

As part of testing goodwill and indefinite life intangibles for impairment, forecast operating cash flows for the five years ending 31 March 2023-2027 and then to perpetuity have been used to assess the value-in-use of the Art Logistics and Storage CGU. For testing right of use assets and ships associated with the Ferry Services CGU, a thirty-nine year model has been used, including forecast operating cash flows for the five years ending 31 March 2023-2027, with high level assumptions applied after the fifth year. These forecasts represent the best estimate of future performance of the CGUs based on past performance and expectations for the market development of the CGU. A thirty-nine year model has been considered to be appropriate for the Ferry Services CGU, as this is the life of the lease associated with the right of use asset.

A number of key assumptions are used for impairment testing. These key assumptions are made by management reflecting past experience combined with their knowledge as to future performance and relevant external sources of information.

Discount rates

Within impairment testing models, the cash flows of the Art Logistics and Storage CGU have been discounted using a pre-tax discount rate of 15.2% (2021: 14.2%), and the cash flows of the Ferry Services CGU have been discounted using a pre-tax discount rate of 9.9% (2021: 9.7%). Management have determined that each rate is appropriate as the risk adjustment applied within the discount rate reflects the risks inherent to each CGU, based on the industry and geographical location it is based within.

Long term growth rates

Long term growth rates of 2% (2021: 2%) have been used for the Art Logistics and Storage CGU as part of the impairment testing model. As noted above, a thirty-nine year model has been used to assess the Ferry Services CGU. For the period following the five year forecast, high level assumptions based on historic experience have been applied, including a gradual decline in passenger numbers which is mitigated by fare increases.

Sensitivity to changes in assumptions

Using a discounted cash flow methodology necessarily involves making estimates and assumptions regarding growth, operating margins, tax rates, appropriate discount rates, capital expenditure levels and working capital requirements. These estimates will likely differ from future actual results of operations and cash flows, and it is possible that these differences could materially impact the forecast cashflows. However, for both the Ferry Services CGU and the Momart CGU, the directors do not consider that there are different reasonably possible outcomes that would lead to a material impairment.

12. Property, plant and equipment

	Group					
	Right of 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 2020	10,415	27,698	2,711	6,877	10,111	57,812
Additions in year	389	-	204	-	305	898
Disposals	(28)	(50)	-	-	(830)	(908)
At 31 March 2021	10,776	27,648	2,915	6,877	9,586	57,802
Additions in year	106	109	53	3	1,168	1,439
Disposals	(82)	-	(3)	-	(396)	(481)
Additions (non-cash)	489	-	-	-	-	489
Disposals (non-cash)	(1,144)	-	-	-	-	(1,144)
At 31 March 2022	**10,145**	**27,757**	**2,965**	**6,880**	**10,358**	**58,105**
Accumulated depreciation:						
At 1 April 2020	2,832	3,332	817	2,548	6,571	16,100
Charge for the year	618	388	236	242	709	2,193
Disposals	(22)	-	-	-	(830)	(852)
At 31 March 2021	3,428	3,720	1,053	2,790	6,450	17,441
Charge for the year	643	371	160	243	799	2,216
Disposals	(75)	-	(3)	-	(336)	(414)
Disposals (non-cash)	(218)	-	-	-	-	(218)
At 31 March 2022	**3,778**	**4,091**	**1,210**	**3,033**	**6,913**	**19,025**
Net book value:						
At 1 April 2020	7,583	24,366	1,894	4,329	3,540	41,712
At 31 March 2021	7,348	23,928	1,862	4,087	3,136	40,361
At 31 March 2022	**6,367**	**23,666**	**1,755**	**3,847**	**3,445**	**39,080**

12. Property, plant and equipment *(continued)*

Right of use assets

	Group				
	Short leasehold lease £'000	Long leasehold Pontoon lease £'000	Momart Trucks £'000	Office Equipment £'000	Total £'000
Cost:					
At 1 April 2020	3,136	6,233	1,028	18	10,415
Additions in year	-	-	389	-	389
Disposals	-	-	(28)	-	(28)
At 31 March 2021	3,136	6,233	1,389	18	10,776
Additions in year	105	-	1	-	106
Disposals	-	-	(82)	-	(82)
Additions (non-cash)	-	489	-	-	489
Disposals (non-cash)	-	(1,144)	-	-	(1,144)
At 31 March 2022	**3,241**	**5,578**	**1,308**	**18**	**10,145**
Accumulated depreciation:					
At 1 April 2020	1,366	1,191	269	6	2,832
Charge for the year	303	124	182	9	618
Disposals	-	-	(22)	-	(22)
At 31 March 2021	1,669	1,315	429	15	3,428
Charge for the year	303	130	209	1	643
Disposals	-	-	(75)	-	(75)
Disposals (non-cash)	-	(218)	-	-	(218)
At 31 March 2022	**1,972**	**1,227**	**563**	**16**	**3,778**
Net book value:					
At 1 April 2020	1,770	5,042	759	12	7,583
At 31 March 2021	1,467	4,918	960	3	7,348
At 31 March 2022	**1,269**	**4,351**	**745**	**2**	**6,367**

No property, plant or equipment was financed by hire purchase loans in the year to 31 March 2022. During the year to 31 March 2021, Momart acquired two trucks financed by two hire purchase loans totalling £389,000.

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

13. Investment properties

	Group		
	Residential and commercial property £'000	Freehold land £'000	Total £'000
Cost:			
At 1 April 2020	6,675	782	7,457
Additions in year	653	49	702
At 31 March 2021	7,328	831	8,159
Additions in year	1,238	-	1,238
At 31 March 2022	**8,566**	**831**	**9,397**
Accumulated depreciation:			
At 1 April 2020	999	-	999
Charge for the year	37	-	37
At 31 March 2021	**1,036**	**-**	**1,036**
Charge for the year	197	-	197
At 31 March 2022	**1,233**	**-**	**1,233**
Net book value:			
At 1 April 2020	5,676	782	6,458
At 31 March 2021	6,292	831	7,123
At 31 March 2022	**7,333**	**831**	**8,164**

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

Estimated Fair Value

	Group	
	2022 £'000	2021 £'000
Estimated fair value:		
Freehold land	2,177	2,177
Properties available for rent	10,139	8,470
Properties under construction	173	472
At 31 March	**12,489**	**11,119**
Uplift on net book value:		
Freehold land	1,346	1,346
Properties available for rent	2,979	2,650
Properties under construction	-	-
At 31 March	**4,325**	**3,996**
Number of rental properties		
Available for rent	83	75
Under construction	2	7
Undeveloped freehold land (acres)	**700**	**700**

13. Investment properties *(continued)*

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 after review by the directors of FIC who are resident in the Falkland Islands and who are considered to have the relevant knowledge and experience to undertake the valuation after consideration of current market prices in the Falkland Islands.

Rental income

During the year to 31 March 2022, the Group received rental income of £877,000 (2021: £819,000) from its investment properties.

Assets under construction

At 31 March 2022, 2 investment properties were under construction (2021: 7) with a total cost to date of £173,000 (2021: £472,000).

Company	Commercial property £'000
Cost:	
At 1 April 2020, 31 March 2021 and 31 March 2022	**19,642**
Accumulated depreciation:	
At 1 April 2020	269
Charge for the year	209
At 31 March 2021	478
Charge for the year	208
At 31 March 2022	**686**
Net book value:	
At 1 April 2020	19,373
At 31 March 2021	19,164
At 31 March 2022	**18,956**

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.

14. Investment in subsidiaries

	Country of incorporation	Class of shares held	Ownership at 31 March 2022	Ownership at 31 March 2021
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.

14. Investment in subsidiaries *(continued)*

	Company 2022 £'000	2021 £'000
At 1 April	23,970	23,989
Share based payments charge capitalised into subsidiaries	25	(19)
At 31 March	**23,995**	23,970

The directors note that the net assets of the Company balance sheet of £39.5 million exceed the market capitalisation of the Group which was circa £29.4 million at the balance sheet date and that this is a potential indicator of impairment of the investments in subsidiaries. An impairment review has therefore been performed as at 31 March 2022 using assumptions consistent with those used for testing impairment of goodwill, indefinite life assets, right of use assets and ships as described in note 11. In making their assessment of impairment of investments in subsidiaries, the directors have also considered the cash flows associated with the Falkland Islands CGU, using forecast operating cash flows for the two years ending 31 March 2023-2024 and then to perpetuity with a growth rate of 2%, discounted at a pre-tax rate of 16.8%. No scenarios have been identified in the current year leading to reasonably possible changes in estimates that would lead to a material impairment of the Company's investments in subsidiaries at 31 March 2022.

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	2022 £'000	2021 £'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 2022 (2021: none).

The current assets balances above include £16,000 of cash (2021: £17,000), £5,000 of other debtors (2021: £5,000) and £498,000 (2021: £498,000) of loans due from SAtCO's parent companies.

SAtCO had no contingent liabilities or capital commitments as at 31 March 2022 or 31 March 2021 and the Group had no contingent liabilities or commitments in respect of its joint venture at 31 March 2022 or 31 March 2021.

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

16. Leases receivable

As lessor, FIC has sold assets to customers as hire purchase leases. 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 interest income 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 customer 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.

16. Leases receivable *(continued)*

		Group 2022 £'000	2021 £'000
Non-Current:	Lease debtors due after more than one year	725	590
Current:	Lease debtors due within one year	511	558
Total lease debtors		**1,236**	**1,148**

The difference between the gross investment in the hire purchase leases and the present value of future lease payments due represents unearned lease income of £310,000 (2021: £147,000). The cost of assets acquired for the purpose of renting out under hire purchase agreements by the Group during the year amounted to £960,000 (2021: £825,000).

The total cash received during the year in respect of hire purchase agreements was £985,000 (2021: £1,163,000).

	Group 2022 £'000	2021 £'000
Gross investment in hire purchase leases	1,571	1,319
Unearned lease income	(310)	(147)
Bad debt provision against hire purchase leases	(25)	(24)
Present value of future lease receipts	**1,236**	**1,148**
Present value of future lease payments due:		
Within one year	511	558
Within two to five years	725	590
Present value of future lease receipts	**1,236**	**1,148**

17. Deferred tax assets and liabilities

Recognised deferred tax assets and (liabilities)	Group 2022 £'000	2021 £'000
Property, plant & equipment	(3,537)	(2,938)
Intangible assets	(509)	(387)
Inventories (unrealised intragroup profits)	81	62
Other financial liabilities	104	66
Derivative financial instruments	(161)	44
Share-based payments	108	40
Total net deferred tax liabilities	(3,914)	(3,113)
Deferred tax asset arising on the defined benefit pension liabilities	666	739
Net tax liabilities	**(3,248)**	**(2,374)**

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.

17. Deferred tax assets and liabilities *(continued)*

	Company	
	2022	2021
	£'000	£'000
Other temporary differences	(146)	44
Net tax (liability) / asset	**(146)**	**44**

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

	Group			
	1 April 2021	Recognised in income	Recognised in equity	31 March 2022
	£'000	£'000	£'000	£'000
Property, plant & equipment	(2,938)	(599)	-	(3,537)
Intangible assets	(387)	(122)	-	(509)
Inventories (unrealised intragroup profits)	62	19	-	81
Other financial liabilities	66	31	7	104
Derivative financial instruments	44	-	(205)	(161)
Share-based payments	40	17	51	108
Pension	739	(11)	(62)	666
Deferred tax movements	(2,374)	(665)	(209)	(3,248)

Unrecognised deferred tax assets

Deferred tax assets of £44,000 (2021: £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 2021	Recognised in income	Recognised in equity	31 March 2022
	£'000	£'000	£'000	£'000
Derivative financial liabilities instruments	44	-	(205)	(161)
Other temporary differences	-	15	-	15
Deferred tax asset movements	**44**	**15**	**(205)**	**(146)**

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

	Group			
	1 April 2020	Recognised in income	Recognised in equity	31 March 2021
	£'000	£'000	£'000	£'000
Property, plant & equipment	(2,713)	(225)	-	(2,938)
Intangible assets	(387)	-	-	(387)
Inventories	32	30	-	62
Other financial liabilities	48	(12)	30	66
Derivative financial instruments	102	-	(58)	44
Share-based payments	41	(1)	-	40
Tax losses	28	(28)	-	-
Pension	677	(9)	71	739
Deferred tax movements	(2,172)	(245)	43	(2,374)

17. Deferred tax assets and liabilities *(continued)*

Movement in deferred tax asset in the prior year:	Company			
	1 April 2020 £'000	Recognised in income £'000	Recognised in equity £'000	31 March 2021 £'000
Derivative financial instruments	102	--	(58)	44
Other temporary differences	19	(19)	-	-
Deferred tax asset movements	**121**	**(19)**	**(58)**	**44**

The UK deferred tax liability as at 31 March 2021 was calculated at 19%. 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	
	2022 £'000	2021 £'000
Work in progress	1,033	691
Goods in transit	284	972
Goods held for resale	5,423	4,208
Total Inventories	**6,740**	**5,871**

Goods in transit are retail goods in transit to the Falkland Islands.

The Company has no inventories.

19. Trade and other receivables

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Non-Current				
Rental deposits	44	88	-	-
Amount owed by subsidiary undertakings	-	-	10,057	10,207
Total trade and other receivables	**44**	**88**	**10,057**	**10,207**

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Current				
Trade and other receivables	5,362	3,472	-	-
Rental deposits	88	-	-	-
Prepayments	1,515	1,087	45	118
Accrued income	982	1,309	-	-
Total trade and other receivables	**7,947**	**5,868**	**45**	**118**

Amounts owed by subsidiary undertakings to the Company are interest free with no fixed repayment date.

19. Trade and other receivables *(continued)*

The accrued income primarily 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		Company	
	2022	2021	2022	2020
	£'000	£'000	£'000	£'000
Cash and other cash equivalents in the balance sheet	**9,572**	14,556	**4,376**	5,462

	Group		Company	
Year ended 31 March	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Net (decrease) / increase in cash and cash equivalents	**(4,971)**	5,451	**(1,086)**	(304)
Exchange losses	**(13)**	(3)	**-**	-
Net (decrease) / increase in cash and cash equivalents after exchange gains	**(4,984)**	5,448	**(1,086)**	(304)
Bank loan draw downs	**-**	(5,000)	**-**	-
Bank loan repayments	**5,927**	624	**520**	262
Lease modifications: non-cash	**331**	-	**-**	-
Lease liabilities drawdown: cash	**-**	(389)	**-**	-
Lease liabilities repayments	**716**	649	**-**	-
Decrease / (increase) in interesting bearing loans and borrowings	**6,974**	(4,116)	**520**	262
Net decrease / (increase) in debt	**1,990**	1,332	**(566)**	(42)
Net debt brought forward	**(13,667)**	(14,999)	**(7,726)**	(7,684)
Net debt at 31 March	**(11,677)**	(13,667)	**(8,292)**	(7,726)

Net debt

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash balances	9,572	14,556	4,376	5,462
less: Total interest-bearing loans and borrowings	(21,249)	(28,223)	(12,668)	(13,188)
Net debt	**(11,677)**	**(13,667)**	**(8,292)**	**(7,726)**

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. For more information regarding the maturity of the interest-bearing loans and lease liabilities and about the Group's and the Company's exposure to interest rate and foreign currency risk, see note 26.

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Non-current liabilities				
Secured bank loans	13,235	17,313	12,139	12,668
Lease liabilities	6,478	7,486	-	-
Total non-current interest-bearing loans and lease liabilities	**19,713**	24,799	**12,139**	12,668
Current liabilities				
Secured bank loans	948	2,797	529	520
Lease liabilities	588	627	-	-
Total current interest-bearing loans and lease liabilities	**1,536**	3,424	**529**	520
Total liabilities				
Secured bank loans	14,183	20,110	12,668	13,188
Lease liabilities	7,066	8,113	-	-
Total interest-bearing loans and lease liabilities	**21,249**	28,223	**12,668**	**13,188**

Lease liabilities

	Future minimum lease payments		Interest		Present value of minimum lease payments	
	2022	2021	2022	2021	2022	2021
	£'000	£'000	£'000	£'000	£'000	£'000
Less than one year	874	955	287	337	588	618
Between one and two years	709	853	269	317	439	536
Between two and five years	1,616	1,952	733	869	883	1,083
More than five years	10,094	11,727	4,938	5,851	5,156	5,876
Total	**13,293**	**15,487**	**6,227**	**7,374**	**7,066**	**8,113**

22. Trade and other payables

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Current				
Trade payables	4,111	3,025	29	-
Contract liability	254	-	-	-
Amounts owed to subsidiary undertakings	-	-	5,085	5,960
Loan from joint venture	249	249	-	-
Other creditors, including taxation and social security	2,080	1,435	120	231
Accruals	2,962	1,843	615	200
Deferred income	314	223	-	-
Total trade and other payables	**9,970**	**6,775**	**5,849**	**6,391**

Amounts owed to subsidiary undertakings by the company are interest free with no fixed repayment date.

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 £505,000 (2021: £498,000). The Group anticipates paying contributions amounting to £525,000 during the year ending 31 March 2023. There were outstanding contributions of £11,000 (2021: £39,000) due to pension schemes at 31 March 2022.

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 2023 are £100,000. During the year ended 31 March 2022, 11 pensioners (2021: 11) received benefits from this scheme, and there are three deferred members at 31 March 2022 (2021: 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 14 years (2021: 15 years).

An actuarial report for IAS 19 purposes as at 31 March 2022 was prepared by a qualified independent actuary, Lane Clark and Peacock LLP. The major assumptions used in the valuation were:

	2022	2021
Rate of increase in pensions in payment and deferred pensions	2.7%	2.5%
Discount rate applied to scheme liabilities	2.8%	2.0%
Inflation assumption	3.9%	3.4%
Average longevity at age 65 for male current and deferred pensioners (years) at accounting date	22.0	21.9
Average longevity at age 65 for male current and deferred pensioners (years) 20 years after accounting date	23.4	23.3

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 2022 would have increased / (decreased) as a result of a change in the respective assumptions by 1.0%.

	Effect on Obligation	
	2022	
	-1% pa	+1% pa
	£’000	£’000
Discount rate	380	(310)
Inflation assumption	(30)	15
	-1 year	+1 year
	£’000	£’000
Life expectancy	(120)	125

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		
	2018 £'000	2019 £'000	2020 £'000	2021 £'000	2022 £'000
Present value of scheme liabilities	(2,839)	(2,772)	(2,604)	(2,842)	(2,562)
Related deferred tax assets	738	721	677	677	666
Net pension liability	**(2,101)**	**(2,051)**	**(1,927)**	**(2,165)**	**(1,896)**

Movement in deficit during the year:	2022 £'000	2021 £'000
Deficit in scheme at beginning of the year	(2,842)	(2,604)
Pensions paid	99	98
Other finance cost	(56)	(64)
Re-measurement of the defined benefit pension liability	237	(272)
Deficit in scheme at the end of the year	**(2,562)**	**(2,842)**

Analysis of amounts included in other finance costs:	2022 £'000	2021 £'000
Interest on pension scheme liabilities	**56**	**64**

Analysis of amounts recognised in statement of comprehensive income:	2022 £'000	2021 £'000
Experience gains arising on scheme liabilities	(43)	(21)
Changes in assumptions underlying the present value of scheme liabilities	280	(251)
Re-measurement of the defined benefit pension liability	**237**	**(272)**

24. Employee benefits: share based payments

The total number of options outstanding at 31 March 2022 is 439,834 including (i) 3,591 nil cost options (2021: 12,864), (ii) 431,243 options (2021: 210,474) granted under the Long Term Incentive Plan and (iii) 5,000 (2021: 58,152) Share options granted with an exercise price equal to the market price on the date of grant.

(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**		

24. Employee benefits: share based payments *(continued)*

Reconciliation of nil cost options:	Number of options 2022	Number of options 2021
Outstanding at the beginning of the year	**12,864**	25,352
Options exercised during the year	(9,273)	(12,488)
Outstanding at the year end	**3,591**	**12,864**
Vested options exercisable at the year end	-	-
Weighted average life of outstanding options (years)	-	1.8

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

255,304 Long term Incentive Plan grants were issued on 3 December 2021 at an exercise price of ten pence to local directors and executives, and expire in five years on 3 December 2026. During the year, 34,535 of these options were forfeited and all of the balance of these options remain outstanding at 31 March 2022. None of these grants are exercisable at 31 March 2022.

133,052 Long term Incentive Plan grants were issued on 14 July 2020 at an exercise price of ten pence to local directors and executives, and expire in five years on 14 July 2025. During the year, none of these options were forfeited (2021:10,000) and 123,052 of these options remain outstanding at 31 March 2022. None of these grants are exercisable at 31 March 2022.

135,535 Long term Incentive Plan grants were issued on 4 July 2019 at an exercise price of ten pence to local directors and executives, and expire in five years on 4 July 2024. During the year, none of these options were forfeited (2021:48,113) and 87,422 options remain outstanding at 31 March 2022. None of these grants are exercisable at 31 March 2022.

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.

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	87,422	10.0	314.0	96.8	84,612	4 Jul 22	3 Jul 24
14 Jul 20	123,052	10.0	315.0	75.0	92,289	15 Jul 23	13 Jul 25
3 Dec 21	220,769	10.0	215.0	88.0	194,277	3 Dec 24	2 Dec 26
Total	**431,243**				**371,178**		

Reconciliation of LTIPs:	Number of options 2022	Number of options 2021
Outstanding at the beginning of the year	210,474	234,734
Options granted during the year	255,304	133,052
Options forfeited during the year	(34,535)	(102,651)
Options lapsed in year	-	(54,661)
Outstanding at the year end	**431,243**	**210,474**
Vested options exercisable at the year end	-	-
Weighted average life of outstanding options (years)	4.4	3.9

24. Employee benefits: share based payments *(continued)*

(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 2022 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 (£) 2022	Number of options 2022	Weighted average exercise price (£) 2021	Number of options 2021
Outstanding at the beginning of the year	2.68	58,152	2.85	96,914
Options exercised during the year	-	-	2.68	(3,848)
Forfeited during the year	-	-	3.09	(27,172)
Lapsed during the year	2.68	(53,152)	3.43	(7,742)
Outstanding at the year end	**2.73**	**5,000**	**2.68**	**58,152**
Vested options exercisable at the year end	2.73	5,000	2.68	58,152
Weighted average life of outstanding options (years)	2.8		1.0	

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 granted to John Foster, 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 2022, 9,273 nil cost options (2021: 12,488) were exercised over ordinary shares by John Foster at a gain of £23,183 (2021: £40,586). In the year to 31 March 2021, employees around the Group exercised 3,848 other share options at a gain of £2,375.

	2022 £'000	2021 £'000
Total share-based payment expense recognised in the year	45	1

25. Capital and reserves

Share capital

	Ordinary Shares	
	2022	2021
In issue at the start of the year	12,514,985	12,504,519
Share capital issued during the year	4,915	10,466
In issue at the end of the year	**12,519,900**	**12,514,985**

	2022 £'000	2021 £'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 4,915 shares (2021: 10,466) were issued following the exercise of share options.

On 8 July 2021, John Foster exercised 9,273 nil cost options, 4,358 options were cancelled to settle the employee tax liabilities and 4,915 shares were issued as new share capital for which the nominal value was paid in full. A total cash outflow of £10,896 was paid on the exercise of these options to settle the tax obligations arising.

For more information on share options see note 24.

Other reserves

The other reserves in the Group of £703,000 at 31 March 2022 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.

Dividends

The following dividends were recognised and paid in the period:

	2022 £'000	2021 £'000
Final: nil pence (2021: nil pence) per qualifying ordinary share	-	-
Interim: 1 pence (2021: nil pence) per qualifying ordinary share	125	-
Total dividends recognised in the period	**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.

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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents	9,572	14,556	4,376	5,462
Hire purchase debtors	1,236	1,148	-	-
Interest rate swap asset	644	-	644	-
Trade and other receivables	5,362	3,472	-	60
Rental deposits	132	-	-	-
Total assets exposed to credit risk	**16,946**	**19,176**	**5,020**	**5,522**
Interest rate swap liability	-	(234)	-	(234)
Total trade and other payables	(9,119)	(6,775)	(5,849)	(6,391)
Interest-bearing borrowings at amortised cost	(21,249)	(28,223)	(12,668)	(13,188)

The interest rate swaps have been valued using a level 2 methodology. All other financial instruments are based on level 3 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-

26. Financial instruments *(continued)*

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 £16,946,000 (2021: £19,176,000) being the total trade receivables, hire purchase 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.

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

	Group	
	2022 £'000	2021 £'000
Falkland Islands	1,773	712
Europe	775	237
North America	254	166
United Kingdom	2,365	2,184
Other	195	173
Total trade receivables	**5,362**	**3,472**

The Company has no trade debtors.

Credit quality of financial assets and expected credit losses

Group	Gross 2022 £'000	Impairment 2022 £'000	Net 2022 £'000	Gross 2021 £'000	Impairment 2021 £'000	Net 2021 £'000
Not past due	3,736	-	3,736	2,880	(6)	2,874
Past due 0-30 days	1,020	(2)	1,018	447	(8)	439
Past due 31-120 days	491	(58)	433	184	(36)	148
More than 120 days	328	(153)	175	64	(53)	11
Total trade receivables	**5,575**	**(213)**	**5,362**	**3,575**	**(103)**	**3,472**
Hire purchase debtors	**1,261**	**(25)**	**1,236**	**1,172**	**(24)**	**1,148**

The amount of hire purchase debt that is past due is immaterial.

26. Financial instruments *(continued)*

The movement in the allowances for impairment in respect of trade receivables and hire purchase debtors during the year was:

	Group 2022 £'000	Group 2021 £'000
Balance at 1 April	127	183
Impairment loss recognised	114	39
Utilisation of provision (debts written off)	(3)	(95)
Balance at 31 March	**238**	**127**
Provided against hire purchase debtors	25	24
Provided against trade and other receivables	213	103
Balance at 31 March	**238**	**127**

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.

(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 period the Group had outstanding bank loans of £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 £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				
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)*

2021	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	20,110	23,141	3,355	3,926	4,430	11,430
Lease liabilities	8,113	15,487	955	853	1,952	11,727
Trade payables	3,025	3,025	3,025	-	-	-
Interest rate swap liability	234	1,044	147	141	391	365
Other creditors	1,076	1,076	1,076	-	-	-
Accruals	1,843	1,843	1,843	-	-	-
Total financial liabilities	**34,401**	**45,616**	**10,401**	**4,920**	**6,773**	**23,522**

Liquidity risk – Company

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

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
Trade payables	29	29	29	-	-	-
Amounts owed to subsidiary undertakings	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**

2021	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	13,188	15,934	914	899	2,777	11,344
Amounts owed to subsidiary undertakings	5,960	5,960	5,960	-	-	-
Interest rate swap liability	234	1,044	147	141	391	365
Other creditors	207	207	207	-	-	-
Accruals	200	200	200	-	-	-
Total financial liabilities	**19,789**	**23,345**	**7,428**	**1,040**	**3,168**	**11,709**

26. Financial instruments *(continued)*

(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.

Group

2022	EUR	USD	Other	Total Balance sheet exposure	GBP	Total
	£'000	£'000	£'000	£'000	£'000	£'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)**

2021	EUR	USD	Other	Total Balance sheet exposure	GBP	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cash and cash equivalents	59	40	10	109	14,447	14,556
Trade payables and other payables	(280)	(144)	(31)	(455)	(6,320)	(6,775)
Balance sheet exposure	**(221)**	**(104)**	**(21)**	**(346)**	**8,127**	**7,781**

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 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 2021.

	Equity		Profit or Loss	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
EUR	51	22	51	22
USD	36	10	36	10

A 10% strengthening of the above currencies against pound sterling at 31 March 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	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Fixed rate financial instruments				
Leases receivable	1,236	1,148	-	-
Bank loans	(508)	(607)	-	-
Lease liabilities	(7,066)	(8,113)	-	-
Total Fixed rate financial instruments	**(6,338)**	**(7,572)**	**-**	**-**
Variable rate financial instruments				
Effect of Interest rate swap	-	(234)	-	(234)
Bank loans	(13,675)	(19,503)	(12,668)	(13,188)
Total Variable rate financial instruments	**(13,675)**	**(19,737)**	**(12,668)**	**(13,422)**

At 31 March 2022, the Group had four bank loans:

(i) £12.7 million (2021: £13.2 million) ten-year loan, which was drawn down on 28 June 2019, with interest charged at the compounded daily SONIA rate plus 1.8693% (2021: LIBOR plus 1.75%);
(ii) £0.8 million (2021: £1.1 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) £0.2 million (2021: £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) £0.5 million (2021: £0.6 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 £12.7 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 2022 is £12.5 million (2021: £13.0 million). As both the ten-year loan and the interest swap were moved to SONIA at the same point in time and are economically equivalent, there has been no material in-year accounting impact as a result of the change.

Lease liabilities

At 31 March 2022, the Group had the following lease liabilities:

(i) £5.2 million lease liabilities payable to Gosport Borough Council; £4.5 million for the Gosport pontoon and £0.7 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) £1.2 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 2022. The weighted average interest rate of these rental liabilities is 3.25%.
(iii) £0.7 million of lease liabilities taken out to finance trucks by hire purchase leases at Momart, £0.3 million of this balance arises on two leases drawn down towards the end of the year ended 31 March 2021. 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.

26. Financial instruments *(continued)*

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 2021.

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Equity				
Interest rate swap liability	127	130	127	130
Variable rate financial liabilities	(137)	(195)	(127)	(132)
Profit or Loss				
Interest rate swap liability	127	130	127	130
Variable rate financial liabilities	(137)	(195)	(127)	(132)

(v) Capital Management

The Group's objectives when managing capital, which comprises equity and reserves at 31 March 2022 of £40,657,000 (2021: £38,896,000) 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 73 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	
	2022 £'000	2021 £'000
Less than one year	974	919
Between one and five years	3,897	3,675
More than five years	16,805	16,753
	21,676	**21,347**

28. Capital commitments

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

- £385,000 in 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.

At 31 March 2021, the Group had entered into contractual commitments of £21,000 for a spray booth and vehicle exhaust systems at Momart.

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% (2021: 30.2%) of the voting shares of the Company at 31 March 2022.

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

	Group		Company	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Key management emoluments including social security costs	2,092	1,610	795	366
Company contributions to defined contribution pension plans	83	74	-	-
Share-related awards	45	1	20	20
Total key management personnel compensation	**2,220**	**1,685**	**815**	**386**

At 31 March 2022, the Group's joint venture, SAtCO, has debtors of £498,000 due from its parent companies.

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.

During the year, FIC entered into a contract with Pat Clunie, the FIC Finance director to build him a house on normal commercial arm's length terms. The house is due to be completed in the year ended 31 March 2023, at which point it will be sold to Mr Clunie. The property is currently being constructed on FIC land and on completion of the build, FIC will provide a loan of £30,000 to Mr Clunie 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 Clunie 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. £300 of interest is payable each year by Mr Clunie to FIC in respect of this loan.

During the year, FIC paid £4,160 (2021: £104,430) to JK Contracting in respect of work performed at arm's length for company. The proprietor of JK Contracting is the son-in-law of R Smith who was a director of FIC.

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 2022, 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 £125,000 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.

Impairment testing

Impairment tests have been undertaken with respect to intangible assets (see note 11 for further details), with detailed reviews of probable medium to long-term detailed forecasts of each of the businesses in the Group. No impairment of goodwill was deemed necessary in the current or prior year.

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 2022, inventory provisions increased to £1,089,000 (2021: £999,000). Inventory greater than 12 months old and with no sales in the twelve months before 31 March 2022 is provided against in full. If this provision was reduced to 50% of the gross inventory value, the provision would reduce by circa £169,000 (2021: £150,000). If this provision was extended to cover all inventory greater than six months old with no sales in the twelve months before 31 March 2022, the provision would increase by £94,000 (2021: £74,000).

Company Information

Directors

Robin Williams	*Non-executive Chairman*
Stuart Munro	*Chief Executive Officer*
Jeremy Brade	*Non-executive Director*
Robert Johnston	*Non-executive Director*
Dominic Lavelle	*Non-executive Director*

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