Registered number:
03842603

XPS PENSIONS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

XPS Pensions Limited

Contents

The directors present their strategic report in accordance with section 414A of the Companies Act for the Company for the year ended 31 March 2021.

This strategic report sets out for stakeholders the environment in which XPS Pensions Limited exists, the strategy that the Board of Directors set in the context of that environment and the resulting performance for the year ended 31 March 2021.

Business review and principal activities

The principal activity of the Company is the provision of actuarial and related consulting services to companies, pension schemes and trustees within the UK.

Pension schemes continue to operate under difficult financial conditions and that contributes to more advice being needed to enable employers and trustees to negotiate and agree funding plans.

The directors consider that the financial information on pages 10 to 38 is sufficient to allow a full understanding of the business.

The directors are pleased to report revenues of £24.5m for the period (2020: £25.1m) and operating profit of £6.9m (2020: £8.4m). The results for the year were consistent with the Directors' expectations. Revenue was down compared to the prior year as some client work was transferred to another Group subsidiary, and lower revenue was recognised on triennial valuations due to the cyclical nature of that work.

Principal operational risks and uncertainties

The Company has systems and processes in place to enable the Group Executive Committee to monitor, at its monthly meetings, risks that could impact on the Company's achievement of its business objectives. With the exception of the key financial risks which are covered in Note 2 of the financial statements, the principal risks that the board currently considers affect the Company and the steps taken to mitigate and control them are as follows.

Failure to retain key staff

The Company aims to provide a working environment that maximises staff retention. In that regard, the Company:

• encourages staff to secure professional qualifications and provides financial and other support in this endeavour;

• provides for permanent staff to participate in the benefits of share ownership of the Group;

• operates a discretionary bonus arrangement for all staff under which payments are related to both Group and individual performance;

• operates a performance development review (PDR) process for all employees; and

• provides business and technical training related to the output of the PDR process.

Loss of IT systems and data

IT strategy appropriate for the Company provides a resilient and robust infrastructure incorporating effective firewalls with data storage, network and helpdesk outsourced to third parties under contracts which include robust service level agreements.

Disaster recovery and business continuity plans have been considerably enhanced by the implementation of this IT strategy.

The Company holds a large amount of personal and client sensitive data. Confidentiality of this data is taken very seriously. Information security, controls and procedures are overseen by various business unit committees and overseen by the Board.

Complaints

The Company has a policy of written procedures and peer review intended to mitigate the possibility of errors that might lead to complaints. It is in the nature of the business that complaints are received occasionally. Any complaint is

Principal operational risks and uncertainties (continued)

taken seriously and investigated. The circumstances of the complaint are identified and if appropriate procedures will be changed or new ones put in place with the objective of preventing any re-occurrence.

Appropriate and proportionate professional indemnity insurance is maintained.

Failing to meet financial commitments

Interest payable and accruing on the debt held within the group to which the Company belongs is linked to LIBOR and consequently the Company is exposed to movements in interest rates in its finance costs.

Cash flow is assessed and tightly managed across the Group. The Board reviews cash flow performance and forecasts monthly.

Covid-19

The Company's response to the Covid-19 outbreak in the UK is disclosed in the Group annual report for the year ended 31 March 2021. The Company is an integral part of the XPS Pensions Group and the Directors are satisfied that the approach for the Group applies to the Company.

Financial risk management

Details of the Company's financial risk management is contained in note 2 of the consolidated financial statements.

Performance

The Key Performance Indicators (KPI's) of the business are as follows.

Revenue

In 2021 revenues amounted to £24.5m and represented a year on year decrease of 2%.

Profit before tax

In 2021 profit before tax amounted to £7.0m and represented a year on year decrease of 19%.

The decrease in profit is driven in part to the decrease in revenue compared to the previous year, and also an increase in costs, due to an increase in staff bonuses (awarded due to the strong financial performance of the Group), and exceptional costs arising from the Covid-19 pandemic. The results of the Company for the year are set out on page 10 and the Financial Position on page 11. The year covered by the Financial Statements is from 1 April 2020 to 31 March 2021.

Future developments

The Company is concentrating its efforts on growing its market share of the larger schemes for actuarial services. The Group's overall strategy is detailed in the XPS Pension Group plc annual report.

S172 Statement

A director of a company must act in the way they consider, in good faith, would most likely promote the long-term success of the company for the benefits of its members as a whole, taking into account the factors as listed in section 172 of the Companies Act 2006. The Directors are fully aware of their responsibilities to promote the success of the Company in accordance with section 172 of the Companies Act 2006.

The Company's engagement strategy and how feedback from stakeholders influences the Board agenda and decision-making is set out within the below table. Further details can be found within the Governance report in the Group consolidated annual report.

The Board of the Group which this Company is included in has enhanced its methods of engagement with the workforce and appointed Margaret Snowdon, OBE as the designated Employee Engagement Non-Executive Director who chairs the Employee Engagement Group.

The Company aims to work responsibly with its stakeholders and develop strong business relationships with them, including its suppliers.

Stakeholder	Board/Company engagement strategy	How feedback influences the Board agenda and decision-making
Clients	•The Company engages with clients through a client satisfaction survey, completed every two years, of which the Board reviews the results. The Board receives a monthly management report on newly won clients and clients at risk. •During the year, the Company was unable to hold its usual Annual Client Conference and drinks reception due to the Covid-19 pandemic. •The Company and the Directors participate in industry and client forums. •The Company prides itself on its excellent client care programme and continues to provide clients with training seminars and publications.	Client impact is at the centre of the business and Board decisions give significant consideration to this. Throughout the Covid-19 pandemic, the Company's engagement with and delivery for clients has been of paramount importance to both the Board and Company. Client feedback has been shared with the Board regularly throughout the pandemic.
Shareholders	• The shares of the Company are 100% owned by XPS Administration Holdings Limited. The points below relate to the shareholders of the ultimate parent company, XPS Pensions Group plc. •The Board engages with Company shareholders in many ways. Engagement methods include meetings with investors and results roadshows hosted by the Executive Directors, regular calls with investors and analysts through the Company's brokers and proxy advisers and at the Company's Annual General Meeting. •Sarah Ing is appointed as the designated Shareholder Engagement Non-Executive Director. Sarah attends the Company's results presentations to analysts and shareholders. Sarah meets or speaks to shareholders and prospective investors as well as sell side analysts.	During the AGM, roadshows and meetings, the Group Board members will listen and respond to views and will give feedback to the business as necessary. The Group Board receives updates on investor perception through the Executive Directors and the Group's brokers, this influences decision-making at Board level. During the year, the Group Remuneration Committee conducted a consultation on the 2021 Directors' Remuneration Policy, feedback resulted in the current policy remaining in place for another year. Following feedback from shareholders, the Group Board formed a Sustainability Committee during the year.
Regulators	•The Company works with the regulators by responding to requests, consultations, submitting returns as required and attending industry meetings.	Margaret Snowdon, OBE is Non-Executive Director of the Pensions Regulator and regularly updates the Board on industry developments. Discussion with regulators influences the Company's regulatory strategy and approach and business planning.
Employees / Contractors	•Margaret Snowdon, OBE is appointed as the designated Employee Engagement Non-Executive Director. Margaret is Chair of the Employee Engagement Group ('EEG'), attends the Diversity, Equality and Inclusion Group ('DEIG') and speaks at Partners' meetings. The Board receives updates after each EEG and DEIG meeting. •Employees complete an annual employee survey, the results of which are analysed in detail, shared with the Board and an action plan agreed. •An external and anonymous whistleblowing hotline is available to employees 24/7. Any reports can be escalated to the Board as required.	Employees have been at the forefront of the Company and Board's discussions and considerations throughout the year, especially in relation to the Covid-19 pandemic. Following consultation with employees and the Employee Engagement Group, the Company has announced 'My XPS, My Choice'; the trial of a new working model, empowering employees to make the choice of where they work going forwards. You can read more about this on the Company's website xpsgroup.com.

Stakeholder	**Board/Company engagement strategy**	**How feedback influences the Board agenda and decision-making**
Employees / Contractors (continued)		The employee survey is used to identify and drive changes across the Group and adapt, improve and evolve Company culture. This year the survey results have led focus on: •Clearer guidance and transparency around performance reviews, the internal promotions process and remuneration; •Improved communication between departments; •Resourcing and work/life balance; and •Employee connection to the XPS brand and culture. A firm-wide plan was presented to the Board, and local action plans are in place as a result of the survey. The Employee Engagement Group was consulted during the review of the Directors' Remuneration Policy.
Suppliers	•The Company has a designated procurement team and an external company who engage with and carry out due diligence on its suppliers. •An annual review of existing suppliers, who provide services that are deemed as higher risk (i.e. process large amounts of our data or have access to our offices), is completed in addition to quarterly performance reviews with key suppliers. •The Board annually approves the XPS Modern Slavery Statement. •Our supplier Code of Conduct communicates what we expect from our suppliers.	The Company is committed to sourcing products ethically and sustainably, and establishing long-term, open and fair relationships with our suppliers.
Communities, Charities and environment	•This year the Group and Board enhanced their consideration of the Company's Sustainability and ESG matters by forming a Sustainability Committee, chaired by Sarah Ing (Non-Executive Director). •XPS has a community support strategy involving employees and local offices fundraise for local charities. •XPS remains partnered with the Mental Health Foundation, voted for by employees as the charity of choice annually since 2019. •The Company annually reviews energy and greenhouse gas impacts on the environment; and energy-saving opportunities and the resulting ability to reduce greenhouse gas emissions. •An annual Energy Savings Opportunities Scheme ('ESOS') verification report is completed.	The Sustainability Committee was created in the year and is working through understanding the interests of various stakeholders and developing the Group's approach to sustainability. The Committee is working to identify the key issues requiring greater focus and improvement. The Group Board receives updates from the Sustainability Committee on a regular basis. During the year, all Board members attended an externally facilitated training session on The Growing Importance of ESG.

On behalf of the Board

Patrick McZ

P C McCoy
Director

17 November 2021

Registered number:
03842603
Registered office:
Phoenix House
1 Station Hill
Reading
Berkshire
RG1 1NB

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

XPS Pensions Limited (the "Company") is a wholly owned subsidiary of XPS Holdings Limited which is part of the XPS Pensions Group plc group (the "Group").

The smallest and largest group in which the results of the company are consolidated is headed by XPS Pensions Group plc, incorporated in the UK. XPS Pensions Group plc and its subsidiary companies are listed in the notes of the XPS Pensions Group plc consolidated annual report for the year ended 31 March 2021.

Results and dividends

The directors are satisfied with the results of the company for the year and its financial position at 31 March 2021. The directors consider that the financial information on pages 10 to 38 is sufficient to allow a full understanding of the business.

The Company has made a profit before tax of £7.0m (2020: £8.4m). During the year the Company paid a dividend of £11.5m (2020: £nil).

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

J S Bernstein

B O Bramhall

P G Cuff

P C McCoy

S Shah

The Group maintains liability insurance for its directors and officers, which is a qualifying third party indemnity provision for the purposes of the Companies Act 2006.

Risk management

Details of the Company's financial risk management is contained in note 2 of the consolidated financial statements.

Future developments

Future developments are discussed in the Strategic Report on pages 1 to 4 of these financial statements.

Disclosure of information to auditors

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

Going concern

The Directors consider that the Company is an intrinsic part of the XPS Pensions Group as it holds a number of the Group's key operations. As such, the Directors consider that the going concern assessment performed for the Group as a whole does apply equally to the Company. Details of the going concern assessment can be found in the accounting policies.

Company law requires the Directors to prepare financial statements for each financial year. Under the law the Directors have prepared the financial statements in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

Statement of Directors' responsibilities

The Directors are responsible for preparing the strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

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 company and of the profit or loss of the company for that year.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;

- make judgements and accounting estimates that are reasonable and prudent;

- state whether they have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006; and

- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board

Patrick M C

P C McCoy
Director

17 November 2021

Registered number:
03842603
Registered office:
Phoenix House
1 Station Hill
Reading
Berkshire
RG1 1NB

Independent auditor's report to the members of XPS Pensions Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of XPS Pensions Limited ("the Company") for the year ended 31 March 2021 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity and the statement of cash flows, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We gained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates, and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, applicable accounting standards, the Financial Conduct Authority's regulations and the Listing Rules.

We assessed the susceptibility of the financial statements to material misstatement, including fraud and discussed among the audit engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud. We considered our knowledge of the nature of the industry, control environment and business performance including the design of the Group's remuneration policies, key drivers for Directors' remuneration and performance targets. We considered the fraud risk areas to be management override and revenue recognition.

In response to the risk of fraudulent revenue misstatement, we performed the following procedures:
• We identified the company's revenue streams and tested that the related revenue recognition policy is in accordance with the requirements of the applicable accounting standards.
• We reviewed revenue transactions to identity transactions which are outside the normal revenue cycle. We then agreed a sample of any such transactions to underlying documentation to gain an understanding of the transaction and check that the related revenue had been appropriately recognised.
• We tested a sample of revenue transactions for each material income stream by agreeing back to supporting documentation.

In response to the risk of management override, we tested the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud, we performed a detailed review of the Group's year-end adjusting entries, and assessed whether the judgements made in significant accounting estimates were indicative of potential bias. Our procedures in response to the risk of fraud in revenue recognition are set out in the Key Audit Matters section above.

Our procedures also included, but were not limited to:
• agreement of the financial statement disclosures to underlying supporting documentation;
• enquiries of management, Head of Risk, the Board and the Audit Committee concerning instances of fraud and errors, and actual and potential litigation and claims;
• enquiries of the compliance department including the Head of Compliance and Money Laundering Reporting Officer concerning instances of fraud;
• review of minutes of Board meetings throughout the year for any instances of fraud or error; and
• obtaining an understanding of the control environment in monitoring compliance with laws and Regulations.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

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

DocuSigned by:
Andrew Radford
A42BFCDC38704BE...

Andrew Radford (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London, United Kingdom
17 November 2021
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

XPS Pensions Limited

Statement of comprehensive income

For the year ended 31 March 2021

	Note	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
Revenue		**24,470**	25,056
Administrative expenses		**(17,617)**	(16,619)
Profit from operations		**6,853**	8,437
Financial income	8	**334**	271
Finance expenses	8	**(161)**	(31)
Profit before tax		**7,026**	8,677
Income tax expense	9	**(1,396)**	(1,789)
Profit and total comprehensive income for the year		**5,630**	6,888

The notes on pages 14 to 38 form part of these financial statements.

XPS Pensions Limited

Statement of financial position

For the year ended 31 March 2021

Company number:

03842603

	Note	**31 March 2021 £'000**	31 March 2020 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	**6**	19
Right-of-use assets	19	**1,344**	1,504
Intangible assets	11	**15**	10
Other financial assets	13	**8,397**	3,161
Deferred tax assets	12	**234**	216
		9,996	4,910
Current assets			
Other financial assets	13	**11,840**	9,651
Trade and other receivables	14	**7,583**	8,393
Cash and cash equivalents	15	**875**	3,998
		20,298	22,042
Total assets		**30,294**	26,952
Liabilities			
Non-current liabilities			
Lease liabilities	19	**1,331**	1,490
Provision for other liabilities and charges	18	**138**	102
		1,469	1,592
Current liabilities			
Trade and other payables	16	**4,249**	3,365
Lease liabilities	19	**160**	103
Amounts due to group undertakings	20	**7,052**	–
Current income tax liabilities	17	**2,221**	1,801
Provisions for other liabilities and charges	18	**114**	101
		13,796	5,370
Total liabilities		**15,265**	6,962
Net assets		**15,029**	19,990
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	21	**100**	100
Share premium	26	**202**	202
Retained earnings	26	**14,727**	19,688
Total equity		**15,029**	19,990

The notes on pages 14 to 38 form part of these financial statements.

The financial statements were approved by the Board of directors on 17 November 2021 and signed on its behalf by:

S Shah
Director
17 November 2021

XPS Pensions Limited

Statement of changes in equity

For the year ended 31 March 2021

	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019	100	202	11,756	12,058
Profit for the year and total comprehensive income	–	–	6,888	6,888
Share-based payment expense - equity settled from employee benefit trust	–	–	71	71
Share-based payment expense – IFRS 2 charge in respect of long-term incentives	–	–	926	926
Deferred tax movement in respect of long-term incentives	–	–	47	47
Balance at 31 March 2020	100	202	19,688	19,990
Balance at 1 April 2020	100	202	19,688	19,990
Profit for the year and total comprehensive income	–	–	5,630	5,630
Share-based payment expense - IFRS 2 charge in respect of long-term incentives (note 7)	–	–	1,072	1,072
Deferred tax movement in respect of long-term incentives (note 12)	–	–	4	4
Dividends paid	–	–	(11,500)	(11,500)
Dividend equivalents paid on exercised share options	–	–	(167)	(167)
Balance at 31 March 2021	**100**	**202**	**14,727**	**15,029**

The notes on pages 14 to 38 form part of these financial statements.

XPS Pensions Limited

Statement of cash flows

For the year ended 31 March 2021

	Note	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
Cash flows from operating activities			
Profit for the year		**5,630**	6,888
Adjustments for:			
Depreciation and amortisation	10,11,19	**180**	109
Finance income	8	**(334)**	(271)
Finance costs	8	**161**	31
Income tax expense	9	**1,396**	1,789
Share-based payment expense	7	**1,072**	926
		8,105	9,472
Decrease/(increase) in trade and other receivables	14	**811**	(332)
Increase in trade and other payables	16	**885**	93
Increase in provisions	18	**49**	–
Income tax paid		**–**	–
Net cash inflow from operating activities		**9,850**	9,233
Cash flows from investing activities			
Purchases of intangible assets	11	**(12)**	(12)
Net cash outflow from investing activities		**(12)**	(12)
Cash flows from financing activities			
Lease interest paid	19	**(52)**	–
Payment of lease liabilities	19	**(104)**	–
Dividend equivalents paid on exercise of share		**(167)**	–
Decrease in loans from group undertakings	17,20	**(5,547)**	(441)
Proceeds from loans to group undertakings	13	**(7,091)**	(6,870))
Net cash outflow from financing activities		**(12,961)**	(7,311)
Net increase/(decrease) in cash and cash equivalents		**(3,123)**	1,910
Cash and cash equivalents at start of the year		**3,998**	2,088
Cash and cash equivalents at end of year	15	**875**	3,998

The notes on pages 14 to 38 form part of these financial statements.

1 Accounting policies

XPS Pensions Limited (the "Company") is a limited company incorporated and domiciled in the UK.

Basis of preparation and Statement of compliance with IFRS

These Financial Statements have been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

The principal accounting policies adopted in the preparation of the Financial Statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

The prior year balance sheet has been restated to reclassify certain related party receivables as non-current. This restatement has no overall impact on the net assets of the Company, however management believe this better reflects the nature of the receivable in line with IAS 1 and the business strategy. Whilst balances between related parties are repayable on demand, it is considered unlikely that balances receivable from certain related parties will be settled within twelve months of the balance sheet date.

Going concern

Accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the Financial Statements. The Directors have taken notice of the Financial Reporting Council guidance 'Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks' which requires the reasons for this decision to be explained.

These financial statements have been prepared on a going concern basis as the Company has sufficient cash and cash generated from operating activities to discharge its liabilities.

The Directors of XPS Pensions Group, of which the Company is a member, prepared cash flow forecasts for a period including 12 months from the date of approval of the Group Financial Statements which show that during that period the Group is expected to generate sufficient cash from its operations to settle its liabilities as they fall due without the requirement for additional borrowings. In light of the Covid-19 pandemic in the UK, the Directors of the Group also undertook an additional assessment of the Group's ability to operate for the foreseeable future. The worst case scenarios modelled by the Directors indicated that the Group was well placed to weather the continued impact of the pandemic and has sufficient liquidity to continue to operate and to discharge its liabilities as they fall due within the foreseeable future. For the year ended 31 March 2022, the Directors have modelled a scenario at which the banking covenants would be broken, which is the point at which going concern would be threatened. The headroom between this scenario and current performance, and the budget, is significant and a decrease of this magnitude is considered to be unlikely.

In addition to the above, the Group negotiated an additional loan facility of £10 million until June 2021, and a relaxation of the Group's banking covenants. This additional facility was not required, and the Group cancelled it early (in March 2021). The Group's current revolving credit facility is due to end in December 2022. The Directors of the Group have agreed a new facility in October 2021 for £100 million with an accordion of £50 million, which runs for 4 years from October 2021, with an option to extend for a further year.

The Directors have reviewed the historical accuracy of the Group's budgeting and forecasting. The Group's financial performance in the year ended 31 March 2021 was in line with the budget demonstrating the robustness of the Group's budgeting and forecasting which underpins the going concern assessment.

As well as the work performed on a Group level outlined above, the Company's cash flows and performance against budget are monitored by the Directors. The performance of the Company has been strong and in line with expectations. The Company is a key part of the Group's strategy going forwards. The Directors of this Company are satisfied that the Company will have access to adequate resources to continue in operational existence for the foreseeable future, and therefore continue to prepare the accounts for the Company under the going concern basis.

1 Accounting policies (continued)

Functional and presentation currency

These financial statements are presented in British Pounds which is the Company's functional currency. Figures are rounded to the nearest thousand.

Measurement convention

The financial statements are prepared on the historical cost basis.

Property, plant and equipment

Property, plant and equipment are stated at historic cost less accumulated depreciation. For items acquired as part of a business combination, cost comprises the deemed fair value of those items at the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Depreciation is charged to profit and loss in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Estimated useful lives are as follows:

Office equipment	3 to 10 years
Fixtures and fittings	3 to 10 years

Intangible assets and goodwill

Goodwill represents amounts arising on acquisition, being the difference between the cost of the acquisition and the net fair value of the identifiable assets and liabilities acquired on a business combination. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Externally acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired software is valued based on replacement cost valuations where identifiable or at cost less accumulated amortisation and impairment. Internally produced software is valued at cost less accumulated amortisation and impairment.

Amortisation is charged to profit and loss in the statement of comprehensive income over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life, such as goodwill, are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. Estimated useful lives are as follows:

Goodwill	Indefinite life
Software	3 to 5 years, straight-line method

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

1 Accounting policies (continued)

Trade receivables

Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision. The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to year-end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. Any impairment required is recorded in the statement of comprehensive income within administrative expenses.

Accrued income

Unbilled work at the period end is valued at the estimated realisable value. This is the lower of the time cost and net realisable value. The time cost is determined from timesheets and hourly rates.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less 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 statement of comprehensive income over the period of the borrowings on an effective interest basis.

Trade payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

Dilapidations provisions relate to the estimated cost to put leased premises back to the required condition expected under the terms of the lease. These include provisions for wear and tear along with provisions where leasehold improvements have been made that would require reinstatement back to the original status on exit. These are uncertain in timing as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year they are shown as current.

Social security costs provisions represent estimates of the Company's National Insurance contributions liability on the cost of the Group's Performance Share Plan and Deferred Share Plan.

Provisions for liabilities and other charges have been restated for the year ended 31 March 2020 to accurately reflect the split between current and non-current provisions. Previously, all provisions had been shown as current. This amendment does not affect the total amount of the provision, and does not have any impact on the Statement of Comprehensive Income, and as such a third balance sheet has not been presented.

Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of comprehensive income as incurred.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

1 Accounting policies (continued)

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends, this is when they are declared by the directors of the Company, and in the case of final dividends, this is when approved by the ultimate parent company.

Revenue

Revenue, which excludes value added tax, represents the value of employee benefit consultancy and related business services supplied. Revenue is derived mainly from sales made in the United Kingdom. Revenue derived from outside the United Kingdom is immaterial.

Amounts recognised as revenue but not yet billed are reflected in the Statement of Financial Position as accrued income. Amounts billed in advance of work performed are deferred in the Statement of Financial Position as deferred income.

Performance obligations and timing of revenue recognition

Performance obligations in contracts with customers are typically satisfied as services are rendered. In most cases, revenue is recognised on an over time basis. This is because effort has been expended by the business on fulfilling the performance obligations in the contract and the contracts would require time and effort spent by the Company on progressing the contracts in the event of the customer cancelling the contract for any reason other than the Company's failure to perform its obligations under the contract. Invoices are in most cases raised monthly, based on time sheet data. Payments is typically due 30 days from date receipt of invoice. The services performed by the Company are actuarial consultancy and related services.

The Company has a number of customers who are on a fixed price contract. This contract covers a number of services, most of which are ongoing and therefore require no revenue recognition adjustment to the regular invoice issued to the customer. These are recognised monthly at the time of billing, as the benefit the customer receives as the work is done is largely in line with the amount billed each month.

For some fixed price customers, an element of the fixed fee includes the triennial valuation of their defined benefit pension schemes, which is a distinct performance obligation. Under IFRS 15, the Company has assessed these contracts and has determined that an adjustment is needed to recognise the revenue for the performance obligation relating to the triennial valuations in the specific periods that the work is undertaken.

For the fixed fee customers where an adjustment is required, payment is made monthly over a three year period. The revenue recognition for triennial valuations takes place of the 15 month period after the valuation date, so there can be up to 35 months variance between the date of billing and revenue recognition. Any variance between the timing of payment and the timing of revenue recognition will be recognised as either a contract asset (where the performance obligations met to date exceed the value billed from the contract to date), or as a contract liability (where the value billed to date from the contract exceeds the performance obligations met to date).

Determining the transaction price and allocating amounts to performance obligations

For the contracts where an adjustment is required, the Company has identified the element of the fixed fee that is attributable to the triennial valuation. This has been calculated based on the expected time required to perform these obligations for each specific customer. To ensure that the revenue is allocated to the relevant period, the Company has determined the timespan for the triennial valuation work, and the separate stages of this work. A percentage has been applied to each stage, based on the proportion of total effort.

Judgement is required for these contracts in determining the value attributable to the triennial valuation work, and also to the stage of completion at each reporting period. The judgements made are based on experience, and have been validated by comparison to time sheet data.

The remainder of revenue from fixed fee contracts is recognised on a monthly basis, as the services provided tend to be evenly spread over the life of the contract.

1 Accounting policies (continued)

Services provided under contracts which do not include a fixed fee are recognised at a price quoted within the contract which typically varies depending on the level of seniority of the employee providing the service.

Share-based payment expense - Performance share plan and Deferred share plan

The company operates an equity-settled, share-based compensation plan, under which the entity receives services from key management personnel in consideration for equity instruments of the XPS Pensions Group plc. The fair value of the services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the awards granted:

– including any market performance conditions (for example, an entity's share price); and

– including the impact of any service and non-market performance vesting conditions (for example, profitability and remaining a director for a specified period of time).

The Deferred Share Plans (DSPs) do not have any market performance conditions or non-market performance vesting conditions, they only have service vesting conditions. The fair value for DSPs is the share price on the date of grant.

Expenses

Non-trading and exceptional items

To assist in understanding its underlying performance, the Company has defined the following items of pre-tax income and expense as non-trading and exceptional items as they either reflect items which are exceptional in nature or size or are associated with the amortisation of acquired intangibles and share based payments. Items treated as non-trading and exceptional include:

- corporate transaction and restructuring costs;
- share-based payments; and
- the related tax effect of these items.

Any other non-recurring items are considered individually for classification as non-trading or exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Company.

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds, dividend income and foreign exchange gains and losses that are recognised in the statement of comprehensive income.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in profit and loss in the statement of comprehensive income except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised 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 on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The

1 Accounting policies (continued)

amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Leases and payments

The Company's accounting policies for leases are set out in note 19.

Identifying leases

The Company accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) there is an identified asset;

(b) the Company obtains substantially all the economic benefits from use of the asset; and

(c) the Company has the right to direct use of the asset.

The Company considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Company obtains substantially all the economic benefits from use of the asset, the Company considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Company has the right to direct use of the asset, the Company considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are pre-determined due to the nature of the asset, the Company considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Company applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

• Leases of low value assets; and

• Leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the lessee company's incremental borrowing rate on commencement of the lease is used. Other variable lease payments are expensed in the period to which they relate.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for the amount of any provision recognised where the Company is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 18).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Company revises its estimate of the term of any lease (because, for example, it re-assesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to be made over the revised term, which are discounted at a new rate. The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised, however this will use the original discount rate. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

1 Accounting policies (continued)

When the Company renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

• if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy

• in all other cases where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount

• if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Company to use an identified asset and require services to be provided to the Company by the lessor, the Company has elected to account for the entire contract as a lease, i.e. it does allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

Where a lease liability changes due to a change in lease term (for example, due to utilisation of an extension option) a new discount rate is used. This rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, of the Company's incremental borrowing rate at the date of reassessment if the interest rate implicit in the lease cannot be readily determined. The same rate is used for changes in index rates or a rate used to determine future lease payments.

Changes in accounting policies - New standards, interpretations, and amendments effective from 1 April 2020

New and amended standards and Interpretations issued by the IASB that apply for the first time in these annual financial statements (including IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (amendment - definition of material), IFRS 3 Business Combinations (amendment - definition of Business), IFRS 9 (Interest rate benchmark reform - IBOR 'phase 2'), and IFRS 16 (Covid-19-Related rent concessions)) do not impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies. The Company did not use IFRS 16 Covid-19 related rent concessions.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards, and interpretations are not effective for 2021, and therefore have not been applied in preparing XPS Pensions Limited's financial statements. They are not expected to have a material impact on the Company's Financial Statements.

Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

1 Accounting policies (continued)

Revenue recognition

Revenue is recognised once the performance obligations of the contract with the customer have been met, in line with IFRS 15. This may be at a point in time or over time according to when control passes to the customer. Dependent upon the income stream and nature of the engagement, revenue is recognised on either a time costs incurred, fixed fee or rateably over the period of providing the service basis. Revenue is billed on a monthly or quarterly basis. Services are billed in arrears. As a result of such arrangements, critical accounting judgements are made in determining the timing of revenue recognition. These relate to identifying individual performance obligations and then allocating an appropriate amount of revenue to those obligations which largely depends on the time incurred in providing the services. Management apply judgement in assessing timesheet data to ensure that revenue is allocated proportionally to effort.

Share-based payments

When share options are awarded to employees the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date, so that ultimately the cumulative amount recognised over the vesting period is based on the number of options granted. As long as all non-market vesting conditions are satisfied a charge is made, irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before the vest the increase in the fair value of the options measured immediately before and after the modifications, is also charged to the income statement over the remaining vesting period.

Provisions

Dilapidations provisions have been made for properties which the Company currently lease based upon the cost to make good the property in accordance with lease terms where applicable.

Useful lives of intangible assets

Intangible assets are amortised over their estimated useful lives with the charge recorded in administrative expenses. Useful lives are based on management's estimates of the period that the assets will generate revenue, which are periodically reviewed for continued appropriateness. Changes to estimates can result in significant variations in the carrying value and amounts charged to the income statement in specific periods.

Exceptional items

Exceptional items are recognised to the extent that they meet the definition outlined in the accounting policy above. This requires a certain amount of judgement that is applied consistently by management.

2 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Cash flow interest rate risk

Risk management policies are established for the XPS Pensions Group plc group of companies including XPS Investment Limited and the Group Audit Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

Credit risk

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

2 Financial risk management (continued)

The Company has longstanding trading relationships with a significant number of its customers. Losses have resulted infrequently in previous years.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that the Company will have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions.

Market risk

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

The Company does not engage in holding speculative financial instruments or their derivatives. Further details in relation to financial risk management are contained in note 22 to the financial statements.

Cash flow interest rate risk

The Company is exposed to cash flow interest rate risk with its corporate bank deposits, which earn interest at a variable rate.

In addition to the above, the Company currently is exposed to risk arising from the current Covid-19 outbreak in the United Kingdom. Please see note 2 to the XPS Pensions Group plc Consolidated Financial Statements for details on how the Group is managing the risk.

3 Turnover

Turnover is attributable to the principal activity of the Company and arises mainly within the United Kingdom.

4 Expenses and auditor's remuneration

Included in operating profit are the following:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Auditors' remuneration – for audit of these financial statements	**15**	15
Staff costs (note 5)	**12,479**	11,390
Depreciation and amortisation (note 10, 11, 19)	**180**	109
Recharges from Group	**989**	1,040

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Exceptional items:		
Restructuring costs	**-**	222
Other exceptional costs [1]	**231**	22
	231	244

4 Expenses and auditor's remuneration (continued)

1 Other exceptional costs of £231,000 were incurred as a result of one off impact of Covid-19 on the business. This includes an increase in holiday pay accrual due to higher carry forward of annual leave by employees of £142,000 (2020: £nil), and one off costs incurred in enabling home working for all employees (mainly IT costs) of £89,000 (2020: £22,000).The non-cash charge for the holiday pay accrual arose as the holiday cycle was disrupted by the pandemic and a higher than normal level of holiday was carried forward at the end of the holiday year in December 2020. The holiday pay accrual has been stable prior to the pandemic. It is expected that a significant proportion of the holiday pay accrual will reverse out in the year ending 31 March 2022, as the Company has changed its holiday policy in the year to align the holiday year with the accounting year and as a result there will be no cash outflow in respect of this charge. The reversal of the accrual in the next financial year will also be treated as an exceptional credit. Due to its one off nature, the size of the holiday pay accrual in the year ended 31 March 2021 as well as the corresponding reversal in the next financial year, it is deemed appropriate to disclose the amount separately from the underlying business performance.

5 Staff numbers and costs

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

	Year ended 31 March 2021 Number of employees	Year ended 31 March 2020 Number of employees
The average monthly number of people employed by the Company (including directors) during the year, analysed by category, was:	**119**	128

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Wages and salaries	**9,576**	8,837
Social security costs	**1,063**	967
Defined contribution pension cost	**559**	584
Other long-term employee benefits	**40**	42
Share-based payment expense (note 7)	**1,241**	960
	12,479	11,390

5 Staff numbers and costs (continued)

No directors received remuneration for their services to the company during the year (2020: £nil).

Pension contributions of £nil (2020: £nil) were paid on behalf of the directors.

6 Employee benefits

Defined contribution plan

The Company operates a defined contribution pension plan. The total expense relating to this plan in the year was £559,000 (2020: £626,000).

7 Share-based payment costs

XPS Pensions Group operates a number of equity-settled share based remuneration schemes for employees: Performance Share Plans (PSP) for executive directors and other key senior personnel, Deferred Share Plans (DSP) for key senior personnel from July 2020, and a Save As You Earn scheme which all employees are eligible to participate in, the only vesting condition being that the individual remains an employee of the Group over the savings period.

The company participates in a PSP for key senior staff which relates to annual awards over shares that vest subject to certain performance conditions, measured over a three-year period. The fair value of awards granted during the year was determined using certain assumptions around vesting. This scheme was replaced in July 2020 with a DSP, the only vesting criteria for the DSP is a service criteria. The fair value of awards under this scheme was determined using the share price on the date of grant.

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Performance Share Plan awards, Deferred Share Plan awards and SAYE scheme	**1,072**	926
Social security costs on Performance Share Plan awards and Deferred Share Plan awards	**169**	34
	1,241	960

The Staff DSP options granted during the year had no performance criteria, other than a service condition. Therefore, the fair value of this awards was the market value of shares on the date of the award.

The fair value of Staff PSP options granted during the prior period were calculated using the Monte Carlo valuation method. The inputs to the model were as follows:

	Year ended 31 March 2020
Weighted average exercise price of options issued during the period (pence)	**0.05**
Dividend yield (%)	**0%**

No SAYE options were granted during the period. The inputs to the model in the prior year (using the Black-Scholes valuation method) were as follows:

	Year ended 31 March 2020
Weighted average exercise price of options issued during the period (pence)	**78.0**
Expected volatility (%)	**32%**
Expected life beyond vesting date (years)	**3.35**
Risk free rate (%)	**0.42%**
Dividend yield (%)	**5.60%**

7 Share-based payment costs (continued)

For the year ended 31 March 2021, the volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over the last three years. As the Group floated in 2017, for the year ended 31 March 2020, the approach was to use historical volatility of other similar entities to determine a proxy for the Group's volatility. The constituents of the FTSE Small Cap Index at the date of grant were used for this purpose for both PSP and SAYE grants.

As at 31 March 2021 1,600,449 Staff PSP options had been granted and remained outstanding in respect of the Groups ordinary shares of 0.05p each, at an exercise price of 0.05p per share, 790,671 Staff DSP options had been granted and remained outstanding in respect of the Groups ordinary shares of 0.05p each, at an exercise price of 0.05p per share, and 30,691 SAYE options had been granted and remained outstanding, at an exercise price of 147.2p per share, and 666,428 SAYE options had been granted and remained outstanding, at an exercise price of 78p per share

		2021 Weighted average exercise price (pence)	**2021 Number**	2020 Weighted average exercise price (pence)	2020 Number
Staff PSP	Outstanding at 1 April	**0.05**	**2,454,572**	0.05	1,671,551
	Granted during the year	–	–	0.05	947,486
	Forfeited during the year	**0.05**	**(234,561)**	0.05	(128,999)
	Exercised during the year	**0.05**	**(598,611)**	0.05	(30,289)
	Cancelled during the year	**0.05**	**(20,951)**	0.05	(5,177)
	Outstanding at 31 March	**0.05**	**1,600,449**	0.05	2,454,572
Staff DSP	Outstanding at 1 April	–	–	–	–
	Granted during the year	**0.05**	**796,851**	–	–
	Forfeited during the year	**0.05**	**(6,180)**	–	–
	Outstanding at 31 March	**0.05**	**790,671**	–	–
SAYE	Outstanding at 1 April	**80.78**	**763,116**	147.20	389,084
	Granted during the year	–	–	78.00	737,040
	Forfeited during the year	**78.00**	**(35,998)**	78.00	(12,228)
	Cancelled during the year	**78.00**	**(29,999)**	146.29	(350,780)
	Outstanding at 31 March	**81.04**	**697,119**	80.78	763,116

7 Share-based payment costs (continued)

The exercise price of options outstanding at 31 March 2021 ranged between £0.0005 (i.e. the nominal value of an ordinary share) in the case of the PSP's and DSP's and £1.472 in the case of the SAYE scheme (2020: £0.0005 to £1.472). Their weighted average contractual life was 3 years (2020: 3 years).

Of the total number of options outstanding at 31 March 2021, 261,344 (2020: Nil) had vested and were exercisable.

The weighted average fair value of each option granted during the year was £1.15 (2020 £1.34).

8 Finance income and expense

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest income on loans to related parties	**334**	271
Finance income	**334**	271
Interest expense on loans from related parties	**108**	–
Interest on leases	**53**	31
Finance costs	**161**	31

9 Income tax expense

Recognised in the statement of comprehensive income

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Current tax expense		
Current year	**1,454**	1,829
Adjustment in respect of prior period	**(44)**	(21)
Total current tax expense	**1,410**	1,808
Deferred tax credit		
Origination and reversal of temporary differences	**(14)**	(19)
Total income tax expense	**1,396**	1,789

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Profit for the year	**5,630**	6,888
Total tax expense	**1,396**	1,789
Profit excluding taxation	**7,026**	8,677
Tax using the UK corporation tax rate of 19% (2020: 19%)	**1,335**	1,649
Relief on exercise of share options	**(134)**	–
Fixed Asset differences	**(1)**	–
Non-deductible expenses	**236**	17
Adjustment in respect of prior period	**(44)**	(21)
Amounts charged directly to equity or otherwise transferred	**4**	47
Effect of tax rate change	**–**	97
Total tax expense	**1,396**	1,789

9 Income tax expense (continued)

The standard rate of Corporation tax in the UK was 19% (2020: 19%). Deferred tax liabilities have been measured at the enacted rate of 19% at 31 March 2021 (2020: 19%). The Chancellor has confirmed an increase in corporation tax from 19% to 25% in the March 2021 budget, which is to take effect from 1 April 2023. As this rate was substantively enacted post year end, no adjustment has been made to the deferred tax values in these financial statements. This will however affect deferred tax rates in future years.

10 Property, plant and equipment

	Office equipment £'000	**Fixtures and fittings £'000**	**Total £'000**
Cost			
Balance at 1 April 2020	34	10	**44**
Additions	–	–	–
Balance at 31 March 2021	**34**	**10**	**44**
Accumulated depreciation			
Balance at 1 April 2020	18	7	**25**
Depreciation charge for the year	12	1	**13**
Balance at 31 March 2021	**30**	**8**	**38**
Net book value			
Balance at 1 April 2020	16	3	**19**
Balance at 31 March 2021	**4**	**2**	**6**

	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost			
Balance at 1 April 2019	34	10	44
Additions	–	–	–
Balance at 31 March 2020	34	10	44
Accumulated depreciation			
Balance at 1 April 2019	7	4	11
Depreciation charge for the year	11	3	14
Balance at 31 March 2020	18	7	25
Net book value			
Balance at 1 April 2019	27	6	33
Balance at 31 March 2020	16	3	19

11 Intangible assets

	Goodwill £'000	**Software £'000**	**Total £'000**
Cost			
Balance at 1 April 2020	220	12	**232**
Additions	–	12	**12**
Balance at 31 March 2021	**220**	**24**	**244**
Accumulated amortisation			
Balance at 1 April 2020	220	2	**222**
Amortisation for the year	–	7	**7**
Balance at 31 March 2021	**220**	**9**	**229**
Net book value			
Balance at 1 April 2020	–	10	10
Balance at 31 March 2021	–	**15**	**15**

	Goodwill £'000	Software £'000	Total £'000
Cost			
Balance at 1 April 2019	220	–	220
Additions	–	12	12
Balance at 31 March 2020	220	12	232
Accumulated amortisation			
Balance at 1 April 2019	220	-	220
Amortisation for the year	–	2	2
Balance at 31 March 2020	220	2	222
Net book value			
Balance at 1 April 2019	–	–	–
Balance at 31 March 2020	–	10	10

12 Deferred income tax

Deferred tax assets are attributable to the following:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Property, plant and equipment	**13**	15
Short term timing differences	**221**	201
Net deferred tax assets	**234**	216

12 Deferred income tax (continued)

Movement in deferred tax during the current year:

	Balance at 1 April 2020	Recognised in income	Recognised in equity	31 March 2021	31 March 2021 Assets	31 March 2021 Liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	(15)	2	–	(13)	13	–
Short term timing differences	(201)	(16)	(4)	(221)	221	–
	(216)	(14)	(4)	(234)	234	–

Movement in deferred tax during the prior periods:

	Balance at 1 April 2019	Recognised in income	Recognised in equity	31 March 2020	31 March 2020 Assets	31 March 2020 Liabilities
	£'000	£'000	£'000	£'000	£'000	£'000
Property, plant and equipment	(21)	6	–	(15)	15	–
Short term timing differences	(129)	(25)	(47)	(201)	201	–
	(150)	(19)	(47)	(216)	216	–

13 Other financial assets

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Non current		
Amounts due from group undertakings	8,397	3,161
	8,397	3,161
Current		
Amounts due from group undertakings	11,840	9,651
	11,840	9,651

14 Trade and other receivables

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Trade receivables	**4,476**	4,656
Prepayments and accrued income	**2,795**	3,277
Contract assets	**299**	460
Other debtors	**13**	–
	7,583	8,393

31 March 2021	Current	Past due 0-30 days	Past due 31-90 days	Past due more than 90 days	Total £'000
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	2,818	918	428	422	4,586
Loss provision	–	–	–	–	–
Amendment for specific bad debt provision	–	–	–	110	110
Total	–	–	–	110	110

31 March 2020	Current	Past due 0-30 days	Past due 31-90 days	Past due more than 90 days	Total £'000
Expected loss rate	0%	0%	0%	34%	
Gross carrying amount	2,233	1,375	557	620	4,785
Loss provision	–	–	–	81	81
Amendments for specific bad debt provision	–	–	–	48	48
Total	–	–	–	129	129

At 31 March 2021 trade receivables are shown net of an allowance for doubtful debts of £110,142 (2020: £128,704). Write-offs during the year were £nil (2020: £nil), reversals were £61,833 (2020: £86,341) and new provisions were £43,271 (2020: £130,053).

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the UK.

Of the March 2020 contract asset balance of £459,944, £370,537 was invoiced in the year. The 31 March 2021 contract asset balance is expected to be billed in the year ending 31 March 2022 (£273,173), and the year ending 31 March 2023 (£25,495). The 31 March 2020 contract asset balance was to be billed in the years ending 31 March 2021 (£370,537), 31 March 2022 (£87,415) and 31 March 2023 (£1,991).

15 Cash and cash equivalents

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Cash and cash equivalents per statement of financial position	**875**	3,998
Cash and cash equivalents per statement of cash flows	**875**	3,998

The balance comprises solely of cash at bank and on hand.

16 Trade and other payables

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Trade payables	**144**	327
Other payables	**138**	-
Accruals and deferred income	**1,669**	950
Contract liabilities	**429**	408
Taxation and social security	**1,869**	1,680
	4,249	3,365

Of the March 2020 contract liability balance of £408,297, £218,648 was recognised in revenue in the year. Of the 31 March 2019 contract liability balance of £378,263, £300,000 was recognised in revenue in the year ended 31 March 2020.

17 Current income tax liabilities

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Tax payable	**2,221**	1,801
	2,221	1,801

18 Provision for other liabilities and charges

	Social security costs on Performance Share Plan	**Dilapidations**	**Total**
	£'000	**£'000**	**£'000**
Current			
Balance at 1 April 2020	**146**	**57**	**203**
Provisions made during the year	**132**	**–**	**132**
Provisions used during the year	**(83)**	**–**	**(83)**
Balance at 31 March 2021	**195**	**57**	**252**
Due within one year or less	114	–	114
Due after more than one year	81	57	138
	195	**57**	**252**

	Social security costs on Performance Share Plan	Dilapidations	Total
	£'000	£'000	£'000
Current			
Balance at 1 April 2019	94	109	203
Provisions made during the year	52	57	109
Provisions released unused during the year	–	(109)	(109)
Balance at 31 March 2020	146	57	203
Due within one year or less	101	–	101
Due after more than one year	45	57	102
	146	57	203

Social security costs (National Insurance) are payable on gains made by employees on exercise of share options granted to them. The eventual liability to National Insurance is dependent on:

- The market price of the company's shares at the date of exercise;

- The number of options that will be exercised; and

- The prevailing rate of National Insurance at the date of exercise.

Dilapidations relate to the estimate cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised within the depreciation of the right-of-use asset over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease. The dilapidations provision will be utilised at the end of the lease of the asset to which it relates.

Provisions for liabilities and other charges have been restated for the year ended 31 March 2020 to accurately reflect the split between current and non-current provisions. Previously, all provisions had been shown as current.

19 Leases

Nature of leasing activities (in the capacity as lessee)

The Company leases a property in the UK. The rent for this property can be reviewed and may be reset periodically to market rental rates. The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

31 March 2021	**Lease contracts Number**	**Fixed payments %**	**Variable payments %**	**Sensitivity £'000**
Property leases with periodic uplifts to market rentals	**1**	–	**100**	± 52

31 March 2020	**Lease contracts Number**	**Fixed payments %**	**Variable payments %**	**Sensitivity £'000**
Property leases with periodic uplifts to market rentals	1	–	**100**	± 51

The Company sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Company will consider whether the absence of a break clause would expose the Company to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term; and
- whether the location represents a new area of operations for the Company.

At 31 March 2021 the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because it was considered reasonably certain that the Company would not exercise its right to break the lease. Total lease payments of £1,036,035 (2020 – £1,036,035) are potentially avoidable were the Company to exercise break clauses at the earliest opportunity.

Right-of-use assets

	Land and Buildings £'000
At 1 April 2020	**1,504**
Amortisation	**(160)**
At 31 March 2021	**1,344**

Right-of-use assets	Land and buildings £'000
At 1 April 2019	–
Additions	1,597
Amortisation	(93)
At 31 March 2020	1,504

19 Leases (continued)

Lease liabilities

	Land and buildings
	£'000
At 1 April 2020	**1,593**
Interest expense	**53**
Lease payments	**(155)**
At 31 March 2021	**1,491**

Lease liabilities

	Land and buildings
	£'000
At 1 April 2019	–
Additions	1,562
Interest expense	31
At 31 March 2020	1,593

The maturity of the lease liabilities are as follows:

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Up to 3 months	**39**	–
Between 3 and 12 months	**121**	103
Between 1 and 2 years	**165**	159
Between 2 and 5 years	**528**	512
More than 5 years	**638**	819
	1,491	1,593

20 Other interest bearing loans and borrowings

	31 March 2021	31 March 2020
	£'000	£'000
Amounts due to group undertakings	**7,052**	–
	7,052	–

21 Share capital

	31 March 2021	31 March 2020
	£	£
Authorised		
50,000,000 "A" ordinary shares of 1p each	**500,000**	500,000

21 Share capital (continued)

The value of the 4 "B" ordinary shares of £0.01 each is less than £1.

	31 March 2021	31 March 2020
	£	£
Issued and fully paid		
10,000,000 "A" ordinary shares of 1p each	**100,000**	100,000

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.

22 Financial Instruments

The fair values and the carrying values of financial assets and liabilities are the same.

Credit risk

The maximum exposure to credit risk at the reporting date was:

	Note	**Carrying amount 31 March 2021 £'000**	Carrying amount 31 March 2020 £'000
Other financial assets	13	**20,237**	12,812
Trade and other receivables	14	**7,583**	8,393
Cash and cash equivalents	15	**875**	3,998
		28,695	25,203

Credit risk mitigation

For cash, cash equivalents and derivative financial instruments, only banks and financial institutions with a minimum rating of A are accepted.

The ageing of trade receivables at the reporting date was:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Not past due	**2,818**	2,233
Past due 0-30 days	**918**	1,375
Past due 31-90 days	**428**	557
Past due more than 90 days	**422**	620
	4,586	4,785

22 Financial Instruments (continued)

None of those trade receivables that are neither past due nor impaired have had their terms renegotiated.

Based on historic performance of these contracts, and taking the expected credit loss (ECL) into consideration, the company has made an impairment allowance of £110,142 (2020: £128,704) in respect of trade receivables.

Liquidity risk

The maximum exposure to liquidity risk at the reporting date was:

	Note	**Carrying amount 31 March 2021**	Carrying amount 31 March 2020
		£'000	£'000
Trade and other payables	16	**4,249**	3,365

All trade and other payables are expected to be paid in 6 months or less.

Capital risk management

As part of the XPS Pensions Group, the Company is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Total capital for the Company comprises total equity.

The policy for managing capital is to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts in the short and medium term that the company ensures are achievable. The process for managing capital are regular reviews of financial data to ensure that the company is tracking the targets set and to reforecast as necessary based on the most up to date information. This then contributes to the XPS Pensions Group's forecast which ensures future covenant test points are met. The XPS Pensions Group continue to meet these test points and they have been achieved over the last 12 months. Further information can be found within financial statements of XPS Pensions Group plc.

Management of capital

	Year ended 31 March 2021	Year ended 31 March 2020
	£'000	£'000
Total equity	**15,029**	19,990

23 Contingencies

The Company has provided security over its assets and a guarantee in relation to the repayment of syndicated banking facilities available to its intermediate holding companies, XPS Consulting (Reading) Limited and XPS Reading Limited. The facilities guaranteed comprise a drawn revolving credit facility of £59,000,000 (2020: £70,500,000) and a further undrawn rolling facility loan in the amount of £21,000,000 (2020: £9,500,000). The revolving credit facility available to the Group was increased to £90,000,000 in June 2020, as a response to the Covid -19 pandemic. This additional £10,000,000 facility was not required and was therefore cancelled in March 2021. The bank borrowings are repayable in 2022 and bear interest at LIBOR plus a margin determined by the loan agreements.

24 Related party transactions

Services provided to related parties during the year

	Year ended 31 March 2020 £'000
PSFM Limited	5
PS Independent Trustees Limited	14
Punter Southall Group Limited	(5)
Punter Southall Governance Services Limited	5
	19

During the year the Company provided services of £nil (2020: £19,201) to related parties. All companies listed above are part of the Punter Southall Group Limited group. They are no longer related parties of the Company as Jonathan Punter, Chief Executive of the Punter Southall Group, resigned as a Non-Executive Director of XPS Pensions Group in September 2019, therefore no amounts are disclosed for the year ended 31 March 2021.

Administrative expenses recharged from related parties during the year

	Year ended 31 March 2020 £'000
Punter Southall Group Limited	345
	345

During the year the Company paid administration costs of £nil (2020: £344,521) to related parties. The company listed above is part of the Punter Southall Group Limited group. It is no longer a related party of the Company as Jonathan Punter, Chief Executive of the Punter Southall Group, resigned as a Non-Executive Director of XPS Pensions Group in September 2019, therefore no amounts are disclosed for the year ended 31 March 2021.

Interest payable to related parties during the year

	Note	**Year ended 31 March 2021 £'000**	Year ended 31 March 2020 £'000
To other group companies	8	**108**	–
		108	–

Interest receivable from related parties during the year

	Note	**Year ended 31 March 2020 £'000**	Year ended 31 March 2020 £'000
From other group companies	8	**334**	271
		334	271

24 Related party transactions(continued)

Balances receivable from/(owed to):

	Note	**Year ended 31 March 2021**	Year ended 31 March 2020
		£'000	£'000
Intercompany loan due from other group companies	13	**20,237**	12,812
Punter Southall Group Limited		–	(14)
Punter Southall Governance Services Limited		–	5
PSFM Limited		–	(2)
Intercompany loan due to other group companies	20	**(7,052)**	–
		13,185	12,801

All transactions with related parties are made in the ordinary course of business and balances outstanding at the reporting date are unsecured. The Punter Southall Group companies are no longer related parties of the Company as Jonathan Punter, Chief Executive of the Punter Southall Group, resigned as a Non-Executive Director of XPS Pensions Group in September 2019, therefore no amounts are disclosed for the year ended 31 March 2021. Loans are repayable on demand and accrue interest at a rate in line with the group's bank borrowing rate. 1.88% was applied in the year (2020: 2.68%).

Dividends payable to related parties during the year

During the year the Company paid dividend of £11.5m (2020: £nil) to its immediate parent, XPS Holdings Limited.

25 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of XPS Holdings Limited, a company incorporated in the UK. XPS Pensions Group plc is the ultimate parent company incorporated in the UK. The Directors do not consider XPS Pensions Group plc has an ultimate controlling party.

The smallest and largest group in which the results of the Company are consolidated is that of XPS Pensions Group plc. The consolidated financial statements of XPS Pensions Group plc are available to the public and may be obtained from Phoenix House, 1 Station Hill, Reading, Berks RG1 1NB.

26 Reserves

The following describes the nature and purpose of each reserve within equity:

Reserve	*Description and purpose*
Share premium	Amount subscribed for share capital in excess of nominal value
Retained earnings	All net gains and losses recognised through the statement of comprehensive income

27 Post balance sheet event

On 12 October 2021, XPS Consulting (Reading) Limited, a fellow Group subsidiary, entered into a new Revolving Facility Agreement for £100 million with an accordion of £50 million. This facility has a 4 year term starting in October 2021, with an option to extend for a further year and interest is calculated at a margin above SONIA, subject to a net leverage test. XPS Pensions Limited is a guarantor on the loan.