

**Registered number:**  
**08279274**

**XPS FINANCING LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2020**



## **XPS Financing Limited**

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## **XPS Financing Limited**

### **Strategic report**

#### **For the year ended 31 March 2020**

The directors present their strategic report in accordance with section 414A of the Companies Act for the Company for the year ended 31 March 2020.

This strategic report sets out for stakeholders the environment in which XPS Financing 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 2020.

#### **Business review and principal activities**

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

The directors consider that the financial information on pages 6 to 16 is sufficient to allow a full understanding of the business.

The profit for the year amounted to £10.5m (2019: £11.0m).

#### **Principal operational risks and uncertainties**

The Company has systems and processes in place to enable the Board 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, the principal risks that the Board currently consider affect the Company and the steps taken to mitigate and control them are as follows:

##### *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.

##### *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 2020.

#### **Financial risk management**

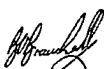
Details of the Company's financial risk management is contained in note 2 of the consolidated annual report.

#### **Performance**

The directors of XPS Pensions Group plc manage the Group's operations on a divisional basis. For this reason, the Company's directors believe that analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the development, performance or position of the business of XPS Financing Limited. Key performance indicators are reviewed monthly at a Group level, and further information can be found in the financial statements of XPS Pensions Group plc.

The results of the Company for the year are set out on page 6 and the Financial Position on page 7. The year covered by the Financial Statements is from 1 April 2019 to 31 March 2020.

On behalf of the Board



B O Bramhall  
Director

21 September 2020

Registered number:

08279274

Registered office:

Phoenix House

1 Station Hill

Reading

Berkshire

RG1 1NB

## **XPS Financing Limited**

### **Directors' report**

#### **For the year ended 31 March 2020**

The directors present their report and financial statements of the Company for the year ended 31 March 2020.

#### **Results and dividends**

The profit for the financial year amounted to £10.5m (2019: £11.0m). Net assets at the end of the period were £72,000 (2019: net liabilities of £10,000). The Company paid a dividend of £10.4m (2019: £11.0m) during the year.

#### **Ultimate controlling party**

XPS Pensions Group plc is the ultimate controlling party. The smallest and largest group in which the results of the Company are consolidated is that 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 financial statements for the year ended 31 March 2020.

#### **Shareholder structure**

The shareholder structure at 31 March 2020 was as follows:

XPS Pensions Group plc	100%
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#### **Risk management**

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

#### **Financial instruments**

Information about the Financial Instruments of the Company is given in note 13 of the Financial Statements.

#### **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:

B O Bramhall

P G Cuff

J S Bernstein

M R A Ainslie (Resigned 27 June 2019)

S Shah (Appointed 15 July 2019)

#### **Directors' indemnity**

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors and officers' liability insurance in respect of itself and its Directors and officers.

#### **Going concern**

The directors are satisfied that the Company has adequate resources in the context of the XPS Pensions Group plc to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements.

#### **Post balance sheet event**

On 31 August 2020 the Company paid an interim dividend totalling £20,900,000 to its immediate parent company, XPS Pensions Group plc.

## **XPS Financing Limited**

### **Directors' report**

#### **For the year ended 31 March 2020 (continued)**

##### **Disclosure of information to auditor**

Each person who is a director at the date of approval of this report confirms that:

So far as each director is aware, there is no relevant audit information (that is, information needed by the Company's auditor in connection with preparing their report) of which the Company's auditor is unaware. The directors have taken all the steps that they consider necessary in their duty as a director to make themselves aware of any relevant information and to establish that the Company's auditor is aware of that information.

##### **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.

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 period.

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 IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements; 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



B O Bramhall  
Director

21 September 2020

Registered number:  
08279274  
Registered office:  
Phoenix House  
1 Station Hill  
Reading  
Berkshire  
RG1 1NB

## **XPS Financing Limited**

### **Independent auditor's report to the members of XPS Financing Limited**

#### **Opinion**

We have audited the financial statements of XPS Financing Limited ("the Company") for the year ended 31 March 2020 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, 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 (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Basis for opinion**

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

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

#### **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

#### **Opinions on other matters prescribed by the Companies Act 2006**

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.

## **XPS Financing Limited**

### **Independent auditor's report to the members of XPS Financing Limited (continued)**

#### **Matters on which we are required to report by exception**

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 and 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 Directors' report, 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.

A further description of our responsibilities for the audit of the financial statements is located 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.



Simon Brooker (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
21 September 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

**XPS Financing Limited****Statement of Comprehensive Income****For the year ended 31 March 2020**

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
Dividend income from subsidiary company	<b>10,500</b>	11,000
Finance income	<b>397</b>	176
Finance expenses	<b>(419)</b>	(198)
<b>Profit before tax</b>	<b>10,478</b>	10,978
Income tax credit	<b>4</b>	4
<b>Profit and total comprehensive income for the year</b>	<b>10,482</b>	10,982

The notes on pages 10 to 16 form part of these financial statements.



**XPS Financing Limited****Statement of Financial Position****As at 31 March 2020****Company number:****08279274**

	Note	31 March 2020 £'000	31 March 2019 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Investments	8	<u>862</u>	<u>862</u>
		<u>862</u>	<u>862</u>
<b>Current assets</b>			
Loan due from related parties	13	<u>18,832</u>	<u>7,935</u>
Income tax receivable	10	<u>379</u>	<u>375</u>
		<u>19,211</u>	<u>8,310</u>
<b>Total assets</b>		<u>20,073</u>	<u>9,172</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Loans and borrowings	9	<u>20,001</u>	<u>9,182</u>
		<u>20,001</u>	<u>9,182</u>
<b>Total liabilities</b>		<u>20,001</u>	<u>9,182</u>
<b>Net assets/(liabilities)</b>		<u>72</u>	<u>(10)</u>
<b>Equity</b>			
<b>Equity attributable to owners of the parent</b>			
Share capital	11	<u>2</u>	<u>2</u>
Retained earnings/(accumulated deficit)	12	<u>70</u>	<u>(12)</u>
<b>Total equity</b>		<u>72</u>	<u>(10)</u>

The notes on pages 10 to 16 form part of these financial statements.

The financial statements were approved by the Board of directors on 21 September 2020 and signed on its behalf by:



S Shah  
Director  
21 September 2020

**XPS Financing Limited****Statement of Changes in Equity****For the year ended 31 March 2020**

	<b>Share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
Balance at 1 April 2018	2	6	8
Total comprehensive income for the year	–	10,982	10,982
Dividends paid	–	(11,000)	(11,000)
Total contributions by and distributions to owners	–	(11,000)	(11,000)
Balance at 31 March 2019	2	(12)	(10)
Balance at 1 April 2019	2	(12)	(10)
Profit and total comprehensive income for the year	–	10,482	10,482
Dividends paid	–	(10,400)	(10,400)
Total contributions by and distributions to owners	–	(10,400)	(10,400)
<b>Balance at 31 March 2020</b>	<b>2</b>	<b>70</b>	<b>72</b>

The notes on pages 10 to 16 form part of these financial statements.

**XPS Financing Limited**

**Statement of Cash Flows**

**For the year ended 31 March 2020**

The Company does not operate a bank account and therefore there were no cash flows during the year. All movements of funds have been dealt with through subsidiary companies.

The notes on pages 10 to 16 form part of these financial statements.

## **XPS Financing Limited**

### **Notes to the Financial Statements**

**For the year ended 31 March 2020**

#### **1 Accounting policies**

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

These separate financial statements contain information about XPS Financing Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiaries are included by full consolidation in the consolidated financial statements of its parent, XPS Pensions Group plc.

#### ***Basis of preparation and Statement of compliance with IFRS***

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The directors believe that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of the ultimate parent company XPS Pensions Group plc. The directors have received confirmation that XPS Pensions Group plc intends to support the Company for at least one year after these financial statements are signed.

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.

#### ***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 except for the measurement of certain financial instruments.

#### ***Investments in subsidiaries***

Investments in subsidiaries are carried at cost less any provisions for impairment.

#### ***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.

#### ***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.

#### ***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 directly in equity, in which case it is recognised in equity.

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.

## XPS Financing Limited

### Notes to the Financial Statements

#### For the year ended 31 March 2020 (continued)

##### 1 Accounting policies (continued)

###### ***Changes in accounting policies - New standards, interpretations, and amendments effective from 1 April 2019***

IFRS 16 Leases is a new standard which has been adopted in the annual financial statements for the year ended 31 March 2020, however its impact has not been material on the Company. IFRS 16 has replaced IAS 17 Leases and IFRIC 4 Determining whether an arrangement contains a lease. Under IFRS 16 the Company reviewed all contracts with suppliers to determine if there were any leases assets and liabilities to be recognised. Following this review, it was determined that the Company did not have any lease assets and liabilities requiring recognition.

###### ***New standards and interpretations not yet adopted***

Details of new standards and interpretations adopted and not yet adopted are contained in the Group accounting policies. No material impact is expected in the financial statements of the Company in respect of the new standards and interpretations.

###### ***Critical accounting estimates and judgements***

Details of the Company's estimates and judgements are contained in the Group accounts.

##### 2 Financial risk management

The Company is a holding company and has limited exposure to financial risks. Details of the financial risks are contained in note 13.

##### 3 Capital risk management

The Company is a holding company and will apply the risk management policies of the Group contained in the Group's financial statements.

##### 4 Expenses and auditor's remuneration

Audit fees of £3,000 (2019: £2,300) are borne by a subsidiary undertaking.

##### 5 Staff numbers and costs

The Company had no employees (2019: none) other than directors in the year to 31 March 2020. No directors (2019: none) received remuneration for their services to the company during the year. Pension contributions of £nil (2019: £nil) were paid on behalf of the directors.

Directors were remunerated for their services to the group by a subsidiary company.

##### 6 Finance income and costs

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Interest income on loans to related parties	397	176
<b>Finance income</b>	<b>397</b>	<b>176</b>
Interest expense on loans from related parties	419	198
<b>Finance costs</b>	<b>419</b>	<b>198</b>

# **XPS Financing Limited**

## **Notes to the Financial Statements**

### **For the year ended 31 March 2020 (continued)**

#### **7 Income tax credit**

##### **Recognised in the statement of comprehensive income**

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
<b>Current tax credit</b>		
Group relief receivable	(4)	(4)
<b>Total current tax credit</b>	<b>(4)</b>	<b>(4)</b>

##### **Reconciliation of effective tax rate**

The differences between the actual tax charge for the year and the theoretical amount that would arise using the applicable weighted average tax rate are as follows:

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
<b>Profit for the year</b>	<b>10,482</b>	<b>10,982</b>
Total tax credit	(4)	(4)
Profit excluding taxation	<b>10,478</b>	<b>10,978</b>
 Tax using the UK corporation tax rate of 19% (2019: 19%)	 <b>1,991</b>	 <b>2,086</b>
Non-taxable dividend income	(1,995)	(2,090)
<b>Total tax credit</b>	<b>(4)</b>	<b>(4)</b>

The standard rate of Corporation tax in the UK was 19%. The Company's profits for this year are taxed at an effective rate of 19% (2019: 19%).

#### **8 Investments in subsidiaries**

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
Investments	<b>862</b>	<b>862</b>
	<b>862</b>	<b>862</b>

The Company holds 100% of the ordinary share capital of the following company and indirectly owns their subsidiaries.

Principal subsidiary	Company number	Country of incorporation	Principal activity	Class of shares held	Registered address
XPS Reading Limited	08279362	England and Wales	Holding company	Ordinary	Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB

All other subsidiaries disclosed in note 36 of the group accounts are indirectly owned by other group companies.

**XPS Financing Limited**

**Notes to the Financial Statements**

**For the year ended 31 March 2020 (continued)**

**9 Loans and borrowings**

<b>31 March 2020</b>	<b>Due within 1 year (current) £'000</b>	<b>Due between 1 &amp; 2 years £'000</b>	<b>Due after 2 years £'000</b>	<b>Sub-total (non current) £'000</b>	<b>Total £'000</b>
Amounts owed to subsidiary company	<b>20,001</b>	-	-	-	<b>20,001</b>
	<b>20,001</b>	-	-	-	<b>20,001</b>

<b>31 March 2019</b>	<b>Due within 1 year (current) £'000</b>	<b>Due between 1 &amp; 2 years £'000</b>	<b>Due after 2 years £'000</b>	<b>Sub-total (non current) £'000</b>	<b>Total £'000</b>
Amounts owed to subsidiary company	<b>9,182</b>	-	-	-	<b>9,182</b>
	<b>9,182</b>	-	-	-	<b>9,182</b>

**10 Current income tax receivable**

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
Group relief receivable	<b>379</b>	<b>375</b>
	<b>379</b>	<b>375</b>

**11 Share capital**

	<b>31 March 2020 £'000</b>	<b>31 March 2019 £'000</b>
In issue at the beginning of the year	<b>2</b>	<b>2</b>
<b>In issue at the end of the year</b>	<b>2</b>	<b>2</b>

	<b>31 March 2020 '000</b>	<b>31 March 2019 '000</b>
In shares		
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.01 each	<b>210</b>	<b>210</b>

**12 Reserves**

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

<i>Reserve</i>	<i>Description and purpose</i>
Retained earnings	All net gains and losses recognised through the statement of comprehensive income

## XPS Financing Limited

### Notes to the Financial Statements

#### For the year ended 31 March 2020 (continued)

#### 13 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:

	<b>Carrying amount</b>	<b>Carrying amount</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Loans and receivables due from related parties	Note 14 <b>18,832</b>	<b>7,935</b>

##### *Liquidity risk*

Liquidity risk arises from the Company's ability to service its finance charges and principal repayments on its debt instruments. It is the risk the Company will encounter difficulty in meeting its financial obligations as they fall due. The Company manages this risk as the only liabilities of the Company are intercompany balances, which are not called.

	<b>Carrying amount</b>	<b>Carrying amount</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Loans and borrowings	<b>20,001</b>	<b>9,182</b>

Other payables and loans and borrowings are repayable on demand.

##### *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 policies for managing capital are 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 the financial statements of XPS Pensions Group plc.

##### *Management of capital*

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Total equity	<b>72</b>	<b>(10)</b>

#### 14 Related party transactions

##### *Interest receivable from related parties during the year*

	<b>Year ended</b>	<b>Year ended</b>
	<b>31 March</b>	<b>31 March</b>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable during the period on loans with subsidiary companies	<b>397</b>	<b>176</b>



**XPS Financing Limited****Notes to the Financial Statements****For the year ended 31 March 2020 (continued)****14 Related party transactions (continued)***Interest payable to related parties during the year*

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
Interest payable during the period on loans from subsidiary companies	<u>419</u>	<u>198</u>

Related party loans with subsidiary companies are repayable on demand and accrue interest at a rate in line with the group's bank borrowing rate. 2.68% was applied in the year (2019: 2.34%).

*Amounts receivable from related parties at the balance sheet date*

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
Receivable from subsidiaries	<u>18,832</u>	<u>7,935</u>

*Amounts payable to related parties at the balance sheet date*

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
Loans from subsidiary companies	<u>20,001</u>	<u>9,182</u>

All transactions with related parties are made in the ordinary course of business and balances outstanding at the reporting date are unsecured.

*Dividends received from subsidiary companies*

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
XPS Reading Limited	<u>10,500</u>	<u>11,000</u>

*Dividend paid to parent company*

	<b>Year ended 31 March 2020 £'000</b>	<b>Year ended 31 March 2019 £'000</b>
XPS Pensions Group plc	<u>10,400</u>	<u>11,000</u>

During the year the Company paid an interim dividend of £49.52 (2019: £52.38) per share totalling £10,400,000 (2019: £11,000,000) to its immediate parent, XPS Pensions Group plc.

**15 Contingencies**

The Company has provided security over its assets and a guarantee in relation to the repayment of syndicated banking facilities available to a fellow group company, XPS Consulting (Reading) Limited. At 31 March 2020 the Group had drawn down £70,500,000 (2019: £57,250,000) of its £80,000,000 Revolving Credit Facility. The Revolving Credit Facility available to the Group was increased to £90,000,000 in June 2020. The bank borrowings are repayable in 2022 and bear interest at LIBOR plus a margin determined by the loan agreements.

## **XPS Financing Limited**

### **Notes to the Financial Statements**

#### **For the year ended 31 March 2020 (continued)**

**16 Post balance sheet event**

On 31 August 2020 the Company paid an interim dividend totalling £20,900,000 to its immediate parent company, XPS Pensions Group plc.

**17 Ultimate parent company and controlling party**

The Company is a wholly owned subsidiary of XPS Pensions Group plc, a company incorporated in the UK. XPS Pensions Group plc is the ultimate parent company, and the 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.