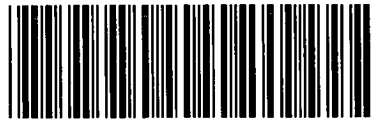


Registered number:
08279274

XPS FINANCING LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

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XPS Financing Limited

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XPS Financing Limited

Strategic report

For the year ended 31 March 2021

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 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 2021.

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 7 to 18 is sufficient to allow a full understanding of the business.

The profit for the year amounted to £20.9m (2020: £10.5m).

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, 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 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

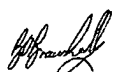
Details of the Company's financial risk management is contained in note 2 of the consolidated annual report.

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 purpose of the Company is that of a holding company. The Company made a profit after tax in the year of £20.9m (2020: £10.5m).

The results of the Company for the year are set out on page 7 and the Financial Position on page 8. The year covered by the Financial Statements is from 1 April 2020 to 31 March 2021.

On behalf of the Board



B O Bramhall
Director
17 November 2021

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 2021

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

Results and dividends

The profit for the financial year amounted to £20.9m (2020: £10.5m). Net assets at the end of the period were £85,000 (2020: £72,000). The Company paid a dividend of £20.9m (2020: £10.4m) 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 2021.

Shareholder structure

The shareholder structure at 31 March 2021 was as follows:

XPS Pensions Group plc	100%
------------------------	------

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 14 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

S Shah

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 consider that the Company is an intrinsic part of the XPS Pensions Group. As such, the going concern assessment performed for the Group as a whole applies equally to the Company. The company as an intermediate holding company for other trading entities within the group, is an intrinsic part of the wider group as it holds a number of the group's key operations. The company controls the subsidiaries that generate the profit and cash for the Group, and therefore is able to discharge this if required. Together with the indication of support from the ultimate parent and group level going concern assessment, the directors consider the company to be a going concern. Details of the going concern assessment for the Group can be found in the Group annual report and accounts.

XPS Financing Limited

Directors' report

For the year ended 31 March 2021 (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 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.

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



B O Bramhall
Director

17 November 2021

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 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 loss 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 Financing Limited ("the Company") for the year ended 31 March 2021 which comprise the 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 (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.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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.

XPS Financing Limited

Independent auditors' report to the members of XPS Financing Limited (continued)

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.

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.

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 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.

XPS Financing Limited

Independent auditors' report to the members of XPS Financing Limited (continued)

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

A42BFCDC38704BF
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 Financing Limited**Statement of Comprehensive Income****For the year ended 31 March 2021**

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Dividend income from subsidiary company	20,900	10,500
Finance income	647	397
Finance expenses	(631)	(419)
Profit before tax	<u>20,916</u>	<u>10,478</u>
Income tax (expense)/credit	7 (3)	4
Profit and total comprehensive income for the year	<u>20,913</u>	<u>10,482</u>

The notes on pages 11 to 18 form part of these financial statements.

XPS Financing Limited**Statement of Financial Position****As at 31 March 2021****Company number:****08279274**

		31 March	31 March
		2021	2020
	Note	£'000	£'000
Assets			
Non-current assets			
Investments	8	862	862
Other Financial Assets	9	<u>40,379</u>	<u>18,832</u>
		<u>41,241</u>	<u>19,694</u>
Current assets			
Income tax receivable	11	<u>376</u>	<u>379</u>
		<u>376</u>	<u>379</u>
Total assets		<u>41,617</u>	<u>20,073</u>
Liabilities			
Current liabilities			
Loans and borrowings	10	<u>41,532</u>	<u>20,001</u>
		<u>41,532</u>	<u>20,001</u>
Total liabilities		<u>41,532</u>	<u>20,001</u>
Net assets		<u>85</u>	<u>72</u>
Equity			
Equity attributable to owners of the parent			
Share capital	12	2	2
Retained earnings	13	<u>83</u>	<u>70</u>
Total equity		<u>85</u>	<u>72</u>

The notes on pages 11 to 18 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 Financing Limited**Statement of Changes in Equity****For the year ended 31 March 2021**

	Share capital £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2019	2	(12)	(10)
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)
Balance at 31 March 2020	2	70	72
Balance at 1 April 2020	2	70	72
Profit and total comprehensive income for the year	–	20,913	20,913
Dividends paid	–	(20,900)	(20,900)
Total contributions by and distributions to owners	–	(20,900)	(20,900)
Balance at 31 March 2021	2	83	85

The notes on pages 11 to 18 form part of these financial statements.

XPS Financing Limited

Statement of Cash Flows

For the year ended 31 March 2021

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 11 to 18 form part of these financial statements.

XPS Reading Limited

Notes to the financial statements

For the year ended 31 March 2021

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 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.

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 these 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 are monitored by the Directors. The Company is primarily a holding company, and as such 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.

XPS Financing Limited

Notes to the Financial Statements

For the year ended 31 March 2021 (continued)

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 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.

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.

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 Financing Ltd's financial statements. They are not expected to have a material impact on the Company's financial statements.

Critical accounting estimates and judgements

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

XPS Financing Limited

Notes to the Financial Statements

For the year ended 31 March 2021 (continued)

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 14.

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 (2020: £3,000) are borne by a subsidiary undertaking.

5 Staff numbers and costs

The Company had no employees (2020: none) other than directors in the year to 31 March 2021. No directors (2020: none) received remuneration for their services to the company during the year. Pension contributions of £nil (2020: £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 2021 £'000	Year ended 31 March 2020 £'000
Interest income on loans to related parties	<u>647</u>	<u>397</u>
Finance income	<u>647</u>	<u>397</u>
Interest expense on loans from related parties	<u>631</u>	<u>419</u>
Finance costs	<u>631</u>	<u>419</u>

7 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/(credit)		
Group relief payable/(receivable)	<u>3</u>	<u>(4)</u>
Total current tax expense/(credit)	<u>3</u>	<u>(4)</u>

XPS Financing Limited

Notes to the Financial Statements

For the year ended 31 March 2021 (continued)

7 Income tax expense (continued)

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:

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Profit for the year	20,913	10,482
Total tax expense/(credit)	3	(4)
Profit excluding taxation	20,916	10,478
Tax using the UK corporation tax rate of 19% (2020: 19%)	3,974	1,991
Non-taxable dividend income	(3,971)	(1,995)
Total tax expense/(credit)	3	(4)

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% (2020: 19%).

8 Investments in subsidiaries

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Investments	862	862
	862	862

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 34 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 2021 (continued)

9 Other financial assets

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Non-current		
Amounts due from Group undertakings	40,379	18,832
	40,379	18,832

Intercompany receivable balances due from certain related parties in the year ended 31 March 2020 have been restated as a non-current asset of the Company, in order to better reflect the nature of the receivable in line with IAS 1. This restatement has no overall impact on the net assets of the Company.

10 Loans and borrowings

31 March 2021	Due within 1 year (current) £'000	Due between 1 & 2 years £'000	Due after 2 years £'000	Sub-total (non current) £'000	Total £'000
Amounts owed to subsidiary company	41,532	-	-	-	41,532
	41,532	-	-	-	41,532

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

11 Current income tax receivable

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Group relief receivable	376	379
	376	379

12 Share capital

	31 March 2021 £'000	31 March 2020 £'000
In issue at the beginning of the year	2	2
In issue at the end of the year	2	2

	31 March 2021 '000	31 March 2020 '000
In shares		
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.01 each	210	210

XPS Financing Limited

Notes to the Financial Statements

For the year ended 31 March 2021 (continued)

13 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

14 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:

	Carrying amount 31 March 2021 £'000	Carrying amount 31 March 2020 £'000
Loans and receivables due from related parties	Note 9 40,379	18,832

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.

	Carrying amount 31 March 2021 £'000	Carrying amount 31 March 2020 £'000
Loans and borrowings	41,532	20,001
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

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Total equity	85	72

XPS Financing Limited

Notes to the Financial Statements

For the year ended 31 March 2021 (continued)

15 Related party transactions

Interest receivable from related parties during the year

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest receivable during the period on loans with subsidiary companies	<u>647</u>	<u>397</u>

Interest payable to related parties during the year

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Interest payable during the period on loans from subsidiary companies	<u>631</u>	<u>419</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. 1.88% was applied in the year (2020: 2.68%).

Amounts receivable from related parties at the balance sheet date

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Receivable from subsidiaries	<u>40,379</u>	<u>18,832</u>

Amounts payable to related parties at the balance sheet date

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
Loans from subsidiary companies	<u>41,532</u>	<u>20,001</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

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
XPS Reading Limited	<u>20,900</u>	<u>10,500</u>

Dividend paid to parent company

	Year ended 31 March 2021 £'000	Year ended 31 March 2020 £'000
XPS Pensions Group plc	<u>20,900</u>	<u>10,400</u>

During the year the Company paid an interim dividend of £99.52 (2020: £49.52) per share totalling £20,900,000 (2020: £10,400,000) to its immediate parent, XPS Pensions Group plc.

XPS Financing Limited

Notes to the Financial Statements

For the year ended 31 March 2021 (continued)

16 Contingencies

The Company has provided security over its assets and a guarantee in relation to the repayment of syndicated banking facilities available to it. The facilities guaranteed comprise a drawn down revolving credit facility of £59 million and an undrawn revolving credit facility of £21 million at 31 March 2021. The bank borrowings are repayable in 2022 and bear interest at LIBOR plus a margin determined by the loan agreements.

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.

18 Post balance sheet event

On 12 October 2021, XPS Consulting (Reading) Limited, a 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 Financing Limited is a guarantor on the loan.