Company Registration No. 04768546

Benefex Limited

Annual Report and Consolidated Financial Statements

For the year ended 30 April 2023

Benefex
A Zellis Company

BENEFEX LIMITED
COMPANY INFORMATION

Directors	M R Macri-Waller
	J R M Petter
	A R Kinch
Secretary	Chris Fox
Company number	04768546
Registered office	Mountbatten House Grosvenor Square Southampton Hampshire SO15 2JU
Auditor	Grant Thornton UK LLP 2 Glass Wharf Bristol BS2 0EL

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BENEFEX LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2023

The Directors present their strategic report on the affairs of Benefex Limited ("the Group") for the year to 30 April 2023.

Principal activities and business review

Benefex work with customers to enhance their employees experience in benefits, recognition and communications using our award-winning employee experience platform OneHub. Our consumer-led platform enables the world's leading organisations to revolutionise their approach to employee experience across our core product offerings:

Benefits

Our sophisticated global employee benefits platform is designed to fit our customer's people, wherever they are, bringing together a wide range of both tailored and off-the-shelf benefits that are quick and easy for employees to view, understand and select. Recent development of powerful analytics and reporting enables our customer's to better understand the impact that their chosen benefits are having on their employees.

Recognition

Our fun, familiar and inclusive app enables real-time recognition that shines a light on great performance straight away, strengthens communications between teams and develops a culture of appreciation that naturally makes people become even more collaborative.

Reward

Enables organisations to turbo charge an individual recognition, delivering monetary rewards directly to the relevant employee(s). From a personal digital 'wallet' employees can instantaneously redeem from a range of hundreds of vouchers, gifts and incentives around the world.

Communications

OneHub's simple and intuitive system provides our customers with the tools needed to engage their employees with tailored, measurable, and targeted communications. Alternatively, our expert communications team are on hand to manage the creative process and maximise employee engagement in the benefit scheme launch and subsequent enrolment windows.

Discounts

Our customers can give their employees access to our exclusive savings platform. With a whole host of amazing discounts and cashback offers in areas including travel, entertainment, food, fashion, technology, insurance and many others, we can help an employee's pay go as far as possible.

Wellbeing

More and more companies are realising that actively promoting the physical and mental wellbeing of their employees has a deep positive impact on both parties. Our wellbeing content and evidence based digital wellbeing tools help employees realise better health, reduce stress levels and increase contentment.

BENEFEX LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

Broking

Our FCA regulated subsidiary, Benefex Financial Solutions, advises companies on employee benefit schemes, delivering quality, innovation and certainty for all the benefits we source as a broker. There are four main pillars to these advisory services including initial market review, annual enrolment review, underwriting, and claims assistance and support where needed.

Financial review

The key financial highlights of the group's activities are:

Financial Highlights

Reported Revenue **£44.8m** **FY22: £36.6m** Refer to Consolidated Income Statement	Revenue Growth **22.4%** **FY22: 42.4%**
Trading EBITDA **£12.8m** Operating profit before depreciation, amortisation, fair value adjustments and significant separately disclosed items (see note 4). **FY22: £7.8m**	EBITDA Margin % **28.6%** Trading EBITDA as % of Reported Revenue **FY22: 21.7%**
Operating Profit **£4.8m** **FY22: £2.2m** Refer to Consolidated Income Statement	Operating Profit Margin **10.7%** **FY22: 6.1%** Operating Profit as % of Reported Revenue
Significant separately disclosed items **£2.1m** **FY22: £2.1m** Refer to Consolidated Income Statement	Net cash from operating activities **+£7.0m** **FY22: +£5.0m** (After changes in working capital and provisions.)

Other key highlights

	Apr-23 (Apr-22)		Apr-23 (Apr-22)
Employee NPS	**+40** (+27)	Customer NPS	**+27** (+16)

BENEFEX LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

The results for the year to 30 April 2023 are set out in the consolidated income statement on page 23 The group closed the year with revenues of £44.8m (2022: £36.6m) and a trading EBITDA[1] of £12.8m (2022: £7.8m).

The growth in reported revenue is driven by underlying organic growth and a full year result from last year's completed acquisition (see below for further information). The existing core business continues to deliver a predictable, recurring revenue base, the security of which is cemented by strong customer relationships under long term contracts with contracted minimum licenced headcount.

The Group also continued to invest in the underlying business, including continued investment in our people and product, ensuring continued high-quality service to existing customers and capacity for continued business growth on a global scale.

FY22 acquisition of the Wrkit Group

Our results for the financial year include the first full year results of the Wrkit Group, following the acquisition by Benefex Limited on 7 January 2022. Wrkit, through its proprietary technology, delivers learning, wellbeing and discounts modules which combine to support employees both in and out of work. The platform is trusted by over 300 organisations to support the provision of core elements of their people strategy to more than 500,000 employees across more than 300 organisations.

Having built the market-leading offering in Ireland, the business has experienced significant growth in the UK and globally over the last few years.

To date, Wrkit and Benefex have developed a market leading partnership and bringing the entire Wrkit team and product into the Benefex business further supports our mission to help every employee have an exceptional experience, every day. By adding an employee discount offering, a behavioural-science-led wellbeing platform and learning tools to the OneHub | Home platform, the Benefex Group can help every customer solve more of their employee engagement challenges than ever before.

[1] Trading EBITDA reflects Operating profit before depreciation, amortisation, fair value adjustments and significant separately disclosed items.

Looking Forward

Focus on global employee experience

Our roadmap for the next 12 months is to continue to build out our proposition, delivery and market positioning to solve more of the problems that our customers have. By offering one global home for benefits, wellbeing, culture, engagement and communication we have embarked on the next step of the Benefex journey towards becoming a £100m revenue business.

OneHub platform development is focused on enabling further global growth across every product.

Benefex OneHub | Home platform

With the recent launch of our innovative OneHub | Home platform, enhanced employee wellness and lifestyle offerings, and our growing global reach we are excited to help our customers improve their employee engagement more than ever before. Continued focus on our Home proposition ensures that our customers can receive a personalised experience at scale via one integrated access point. Our dedicated Customer Success team members liaise closely with our customers to ensure they are extracting the greatest value from our platform, products and services and also to identify other ways that we can help those customers create an exceptional experience every day for their employees.

Principal risks and uncertainties

The Board has overall responsibility for the Group's approach to assessing risk and the systems of internal control, and for monitoring their effectiveness in providing its shareholders with a return that is consistent with a responsible assessment and mitigation of risks. This includes reviewing financial, operational and compliance controls and risk management procedures, which themselves include the security and controls around customer and internal data. The Board has established on-going processes for identifying, evaluating, and managing the significant risks faced by the Group.

All employees are accountable for operating within these policies.

Inflation and cost-of-living crisis

High levels of inflation, and the consequential impacts on individuals facing severe cost-of-living increases, remain a pressing concern for employers. These conditions have remained consistent in the medium term, which have fuelled the demand for employers to offer effective, measurable, and long-term solutions to help support the financial, physical, and mental health of their employees.

The services and solutions we provide put us at the forefront of any discussion about addressing cost-of-living pressures and supporting employee financial wellbeing. We will continue to grow and promote our expertise and capacity to help companies expand their ability to offer benefits, discounts, training, and tools that directly support their employees, particularly those most exposed to worsening economic conditions.

In terms of cost inflation, most of our costs are employee based, so therefore broadly within our control. Any increase in our cost base is mitigated via index-linked price adjustment clauses in our customer contracts.

Cyber Security

Benefex continues to adopt a principles and objectives approach to managing risk, taking into account all threats to the business including the statutory and regulatory environment and the abuse of our products and services, ensuring our systems and controls remain robust enough to sustain resilience and effectiveness in risk mitigation.

The key risks relate to the management and processing of customer data, financial crime exposures from employment benefits processing, and supply chain risks. The business has taken actions and maintains an internal control system that brings us back to a level of risk acceptance. Benefex proactively monitors the environment and tests the adequacy of our internal systems, applying a three lines of defence model including appropriate external audit scrutiny to challenge our controllership and stewardship. Consequently, Benefex continually improves its internal control system to manage emerging threats to the business. Overall, this approach keeps the operation of our compliance programme lean, effective, proactive and sustainable.

Information security is proactively managed with a mature internal control system under the external scrutiny of our ISO certifications ISO27001, ISO27017, ISO27018 and ISO22301, as well as Cyber Essentials. We acknowledge changes in the external certifications environment and are proactively continuing to strengthen our controls keeping pace with information security vulnerabilities and financial control respectively.

Overall, risk appetite is aligned to our growth plan and is reviewed to ensure it is resilient, aligns with the concerns of our customers and is sustainable.

Section 172(1) Statement

Section 172 of the Companies Act 2006 requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing this, section 172(1) requires a director to have regard, amongst other matters, to the:

- likely consequences of any decisions in the long-term.
- interests of the company's employees.
- need to foster the company's business relationships with suppliers, customers, and others.
- impact of the company's operations on the community and environment.
- desirability of the company maintaining a reputation for high standards of business conduct; and
- need to act fairly as between members of the company.

In discharging its section 172(1) duties the Group has regard to the factors set out above. We acknowledge that every decision we make will not necessarily result in a positive outcome for all of our stakeholders and the board frequently has to make difficult decisions based on competing priorities. By considering the Group's purpose and strategic priorities in line with the matters listed above, we aim to balance those different perspectives. Our strategy is met through our business model focusing on delivering value for our stakeholders. We have outlined how we engage, create value (by focusing on what matters to the Group) and the key inputs (in what the Group is doing) that delivers this for our stakeholders.

BENEFEX LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

The Group delegates authority for day-to-day management of the Group to executive directors and then engages management teams in setting, approving, and overseeing the execution of the business strategy and related policies. The Group reviews risk and compliance, legal, pensions and health and safety matters at every Board meeting. The Group also reviews other areas over the course of the financial year including the Group's financial and operational performance; stakeholder-related matters; diversity and inclusivity; and corporate responsibility matters. This is done through the consideration and discussion of reports which are sent in advance of each board meeting and through presentations to the Board.

The impacts of the Group's activities on the Group's stakeholders (including its workforce, customers, and suppliers) are an important consideration when making relevant decisions. In general, stakeholder engagements take place at the operational and group level which is considered an efficient and effective approach.

The Group reviews information regularly to help it understand the interests and views of the Group's key stakeholders and other relevant factors when making decisions. This information was distributed in a range of different formats including reports and presentations on our financial and operational performance, non-financial KPIs, risk, environmental, social, and corporate governance matters and the outcomes of specific pieces of engagement. As a result of this, the Group has had an overview of engagement with stakeholders and other relevant factors which allows it to understand the nature of the stakeholders' concerns and to comply with our section 172 duty to promote success of the Group.

Suppliers

Our suppliers are predominantly across the categories of IT, property, and professional services.

How we engage

A preferred supplier list is in place to ensure Benefex have a compliant, ethical, and cost-effective supply base to meet business requirements. All preferred suppliers have a business owner allocated to them and are engaged in accordance with the Benefex supplier management standards including regular operational meetings, monthly / quarterly reviews, and periodic executive reviews where appropriate.

New suppliers are engaged where a preferred supplier cannot meet the business requirements appropriately. Any new supplier will be engaged through an appropriate procurement process which may include RFI, RFP or competitive tender.

What matters to them

Our supply base contains a wide range of companies with varying priorities. The effective application of our supplier management approach ensures that we understand the specific priorities of each supplier and work collaboratively to collectively achieve these. We also endeavour to ensure that payments to our suppliers are made in line with agreed terms and conditions.

What we are doing

We have a supplier assurance approach that ensures our supply base continues to adhere to the highest security, compliance, and ethical standards throughout the relationship with the group.

We are also continuing to work collaboratively with suppliers to improve standards and access innovations in the fast-changing supply markets.

Customers

Our customers are spread across all industry sectors and range from under 50 to over 50,000 employees, to whom we provide employee benefits, recognition, and communications solutions.

How we engage

Each customer has a customer success manager allocated so that regular customer success meetings can be held to discuss new opportunities on their accounts. We also give the customer's employees access to our support teams to ensure that any issues are addressed so that they have an exceptional employee benefits experience.

What matters to them

Our customers expect us to deliver exceptional employee experiences with intuitive technology which is fully integrated with their HR systems and can offer real-time data insights and reporting.

What are we doing?

We focus on innovation, improving our product offering by regularly reviewing our roadmaps to make sure we prioritise the right updates for our customers' needs. We also recognise the importance of choice and extensibility, which is why we have built OneHub | Home as an open platform that can be easily integrated with other solutions.

We take a partnership approach with all of our customers. We strive to act as an extension of our customers' teams, adopting a mindset of continuous improvement that allows us to add value above and beyond alternative providers.

We also maintain a strong focus on compliance, ensuring that software updates to cover new legislative requirements are delivered in a timely manner.

Our IT security environment is under regular review because data protection is one of our top priorities as a provider of HR and employee benefit SaaS products.

Employees

How we engage

At Benefex we work hard to create a culture which people want to join, belong to, and where they are able to be part of a progressive organisation, which prioritises their own employee experience.

We have a comprehensive and inclusive communications and engagement strategy that includes regular all-employee business updates, monthly all-hands business performance updates, interactive internal social media channels, a social group, regular engagement surveys where results are shared, our peer-to-peer recognition platform, and our own utilisation of OneHub | Home.

What matters to them

Our employees expect us to provide a safe and healthy working environment that provides job security, recognition of achievements, opportunities for personal development and progression, and underpinned by a culture where all employees feel they can participate and play an active part.

We believe that if we focus on the employee experience of our people, underpinned by a diverse and inclusive culture, then we'll be better placed to serve the needs of our customers.

What are we doing

At Benefex we want every employee to thrive and feel fulfilled at work. We encourage all employees to learn and grow through various learning and development channels (including internal learning resources) and by taking ownership of their professional development, and support career growth through internal career paths, our management and leadership development programmes, and sponsoring employees through achieving various accreditations.

We are committed to recruiting and retaining a diverse and inclusive workforce that is representative of the customers we serve and the communities we operate in. We ensure hiring managers are educated on our diversity and inclusion principles and give them practical tools and data to support their hiring decisions and mentoring programmes to support the development and progression of all employees in Benefex - regardless of background. This includes, for example, training on neurodiversity and how we best support a neurodiverse employee population.

We offer a reward and recognition framework that brings to life our own purpose 'We believe that everyone deserves an exceptional experience at work, every day", by ensuring:

- Our minimum pay rates are in line with the Real Living Wage, and we are a Living Wage Foundation accredited employer;
- Our flexible benefits offering gives employees choice to select the right benefits for them, whether for peace for mind, such as insurance for them and their family, or to enable lifestyle choices, such as cycle to work and travel benefits;
- Our recognition platform creates an in-the-moment social way for employees to recognise their peers anytime, anywhere against our values and we also celebrate and reward employees' achievements through our monthly values-based recognition award programme.

Throughout the pandemic we have continued to ensure our employees feel connected and supported whilst working remotely We have prioritised employees' wellbeing through our flexible and supportive approach to the challenges being faced during the considerable uncertainty, including more frequent updates and Q&A sessions.

We solicit real time employee feedback via monthly employee surveys which are reviewed and responded to by the Board. Employees are able to openly ask questions at all of our regular communication forums, and we continuously utilise their feedback to improve and enhance the employee experience we provide to our people.

Shareholders

The shareholders of our direct parent, Benefex Holdings Limited, are the Zellis Group. The Zellis Group acquired Benefex with investment from Bain Capital, a global private equity firm founded in 1981, with $100 billion in assets under management.

How we engage

We engage regularly with Zellis Group, both on a formal and an informal basis, and business reviews and board meetings held at regular intervals.

BENEFEX LIMITED
STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

Bain Capital members also provide support and guidance to Group executives on a wide variety of matters including attendance at Steering Committee meetings for initiatives which are key to delivering the Group strategy.

What matters to them

That the business executes on its strategic plan, improves the underlying business and delivers sustainable returns.

What are we doing?

Regular interaction and communication with the Board ensures that the goals of Benefex, Zellis Group and Bain Capital are aligned.

Community and environment

We continue to enhance employability in our communities through partnerships with companies and organisations within the wider community. By doing this, we are seeking to address shortages of skilled staff, gender pay gap issues (published annually and available on gov.uk website), diversity and inclusivity challenges, and supply chain issues, creating a skilled future workforce which will benefit IT sector growth.

Our code of conduct and supporting policies has laid out guidance on how we conduct our business to act responsibly in the interests of customers in treating them fairly and give respect to the wider communities, protecting the environment through proactively minimising our impacts of significance on non-renewable energy. For example, we have promoted digital reporting to reduce paper consumption and wastage which leads to a reduction in our carbon impact.

We uphold human rights and commit to our modern slavery and human trafficking policy which includes maintaining oversight of our supply chains to ensure alignment with Financial Action Task Force (FATF) recommendations.

Environmental management is a focus area for the forthcoming year to enhance our practices and processes to be more proactive and conscious in reducing the burden on the planet.

Principal Decisions

Following two strategic acquisitions in the last few years, the business has been undergoing a significant transformation. We continue to evolve and enhance the product offering and have a clear roadmap to achieve this.

These projects are designed with the long-term sustainable success of the business in mind and are in line with our strategic vision of the Group.

The board is of the view that by implementing these initiatives, the interests of all stakeholders are considered appropriately and are in balance.

Board Composition

Board meetings for Benefex are held monthly throughout the year and all three directors also sit on the Zellis Board.

Gender diversity

The group maintains an equal opportunities policy and believes that everyone, irrespective of their gender, sexual orientation, race, nationality, religious belief, disability, or any personal characteristics, should be given equal opportunities for progression and reward. We have adhered to the government's disclosure requirements on gender pay gap and our latest report is available at https://gender-pay-gap.service.gov.uk/Employer/HVVDDpQi/2020.

As at 30 April 2023, the proportion of females was as follows:

	2023 Total	2023 Females	2022 Total	2022 Females
Directors	3	0%	3	0%
Executive team*	9	22%	9	22%
Average employees in the year	496	46%	458	44%

**Executive team including CEO & CFO*

Health and safety

The Group has an established health and safety policy that focuses on the ability to measure performance and to pursue continuous improvement in managing health and safety. The policy is reviewed regularly by the Health and Safety Manager.

This report was approved by the board of directors on 30 January 2024 and signed on its behalf by:

Matt Macri-Waller

M R Macri-Waller

Director

BENEFEX LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2023

The Directors present their annual report on the affairs of the Group together with the financial statements and auditor's report for the year to 30 April 2023.

In accordance with s414(C) (11) of the Companies Act, included in the Strategic Report is information relating to future developments which would otherwise be required by Schedule 7 of the 'Large and Medium Sized Companies and Groups (Accounts and Reports) Regulation 2008' to be contained in a Directors' Report.

Events after the reporting date

Details of significant events since the reporting date are contained in note 23 to the Group financial statements.

Stakeholders

Details of stakeholder engagement have been included in the s172 section in the Strategic report.

Financial risk management objectives and policies

The Group's activities expose it to a number of financial risks including credit risk, interest rate risk and liquidity risk. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provide written principles on the use of financial derivatives to manage these risks. The Group does not use derivative financial instruments for speculative purposes.

Credit risk

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

Management has a credit policy in place and the exposure to credit risk is monitored on an on-going basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The Group does not require collateral in respect of financial assets.

At the reporting date there were no significant concentrations of credit risk.

Interest rate risk

Interest rate risk is the risk of increased net financing costs due to increases in market interest rates. The Group finances its operations and acquisitions through a mixture of retained profits, leasing and other related borrowings and equity; the Group's main interest rate risk therefore comes from its leasing and other related borrowings, which the Group borrows in Sterling and the Group has fixed interest rates in place, to assist with the risk of increasing interest rates.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

The Group participates in a cash pooling treasury arrangement with the wider Zellis group. The Group manages liquidity risk through regular cash flow forecasting and monitoring of cash flows,

BENEFEX LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

management review and regular review of working capital and costs. The wider Zellis Group regularly monitors its available headroom under its borrowing facilities.

Dividends

No dividends were declared during the year under review (2022: £nil).

Directors

The following Directors held office during the year, and to the date of signing this report, except as noted:

M R Macri-Waller

J R M Petter

A R Kinch

Director's indemnities

The Group has made qualifying third-party indemnity provisions for the benefit of its Directors during the year; these remain in force at the date of this report.

Identity of private equity firm

On 30 April 2023, The Group was a wholly owned subsidiary of Benefex Holdings Limited which is wholly owned by Zellis Holdings Limited. The Company is ultimately controlled by Bain Capital Europe Fund IV LP, a private equity fund, following its investment in September 2018. Bain Capital was established in 1984 and is one of the world's leading multi-asset alternative investment firm. Most of Bain Capital Private Equity's Managing Directors and team members have worked as strategy consultants advising companies across a wide range of industries. From this heritage, the firm has built upon the experience and ability of our professionals to assess a Group's potential, develop powerful strategies, and implement transformational change in partnership with great management teams.

Statement of compliance with the Guidelines for Disclosure and Transparency in Private Equity

For the year ended 30 April 2023, the Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

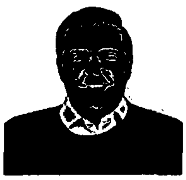
Our Board of Directors

The role of the Board

The Board is collectively responsible for the long-term success of the company operating within a structured corporate governance framework and provides entrepreneurial leadership within a prudent and effective risk management framework. The Board sets our strategic aims and they meet monthly to assess the adequacy of resources needed to meet objectives and review management performance to ensure successful delivery whilst upholding our codes of conduct, values and standards in a sustainable manner. The risk management framework supports a risk-based approach so that the Board can make high quality decisions based on a clear line of sight into the business. Through proactive engagement, the Board constructively challenges management and gives management direction to ensure performance culture drives value creation without exposure to excessive risk or value destruction, staying compliant with laws, regulations, subscribed codes and fulfilment of the statutory duties of Directors.

Overall, the Board ensures obligations to shareholders and other interested stakeholders are understood and met. To enhance governance, the Board also has an Audit and Risk Committee and thinks carefully about its governance arrangements, embracing evaluation and effectiveness with openness and transparency.

Directors' Biographies



Matt Macri-Waller
Founder and CEO, Benefex
Matt is a global thought leader in the employee experience space, specialising in how technology can help bridge the gap between companies and their employees. He is the Founder and CEO of Benefex, the award-winning global employee experience platform.

John Petter
Chief Executive Officer, Zellis Group
John is responsible for driving Zellis' vision and purpose and ensuring that we deliver on our commitments to our customers. John joined Zellis from BT, where he was the CEO of the Consumer division, helping to transform customer experience at the business. His wealth of knowledge is now a key driver of Zellis' success.

Alan Kinch
Chief Financial Officer, Zellis Group
Alan leads all aspects of financial and commercial management within the Zellis Group. Alan joined Zellis from the Group Enterprise Division of Vodafone, where he was Chief Financial Officer. Prior to this, Alan was the Chief Financial Officer of Williams Grand Prix Holdings Plc. He now brings global, multi-industry expertise to his role at Zellis.

BENEFEX LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

Green House Gas ('GHG') emissions and energy use data for period 1 May 2022 to 30 April 2023

Our performance is reflective of the changes during the reporting period following our return to offices post Covid19. This has seen our fuel emissions, as well as gas consumption at the single location where gas is used, increase. Looking forward, we shall be furthering the reach of our environmental reporting to include all scope 3 emissions in the next reporting period.

	Energy Consumption (MWh)		GHG Emissions (tCO_2e)	
	2023	2022 (restated*)	2023	2022 (restated*)
Combustion of natural gas	522.77	117.04	95.43	21.44
Scope 1 Total	**522.77**	**117.04**	**95.43**	**21.44**
Generation of purchased electricity	913.26	1,104.57	304.38	310.13
Scope 2 Total	**913.26**	**1,104.57**	**304.38**	**310.13**
Combustion of fuel in colleague vehicles and transportation provided by the company	1,775.48	436.23	442.18	107.68
Scope 3 Total	**1,775.48**	**436.23**	**442.18**	**107.68**
Grand Total	**3,211.51**	**1,657.84**	**841.99**	**439.25**
Intensity per £100,000 of Turnover	1.59	0.95	0.42	0.25

*restated to include emissions from Indian operations due to the voluntary expansion of SECR reporting beyond minimum compliance.

Conversion Factors

All conversion factors and fuel properties used in this disclosure have been taken from the 2022 "UK Government Greenhouse Gas Conversion Factors for Company Reporting" published by the Department for Business, Energy & Industrial Strategy (BEIS) and the Department for Environment, Food & Rural Affairs (DEFRA). All greenhouse gas emissions have been expressed in terms of their carbon dioxide equivalence.

Utilities

Where possible, energy consumption is expressed in megawatt-hours and has been taken from suppliers' invoices. Where this was not available the consumption has been estimated based on floor area using a kWh/m2. Location was based on kgCO2e/kWh conversion factors for the average UK grid supply have been used to calculate greenhouse gas emissions from electricity and natural gas consumption.

Transport

Colleagues driving personal or leased vehicles are reimbursed through mileage claims. The kWh/km and kgCO2e/km conversion factors from the category "Cars (by size): Average Car & Unknown Fuel" have been used to calculate greenhouse gas emissions and underlying energy use.

A separate average conversion factor was used for business mileage in India which was 0.170824.

BENEFEX LIMITED
DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 APRIL 2023

Other Fuels & Emissions

Maintenance records did not contain any instances of refrigerant leaks during the reference period. No other fugitive emissions have been identified.

Going concern

The Directors have a reasonable expectation that the Group and the company have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and financial statements as detailed in note 2 of the financial statements.

Details of the future developments of the Group are explained in the strategic report.

Auditor

Each of the persons who are a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the group's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

The auditor, Grant Thornton UK LLP, has indicated their willingness to continue in office as auditor. The reappointment of the auditor will be approved by the Annual General Meeting.

Approval

This report was approved by the board of directors on 30 January 2024 and signed on its behalf by:

Matt Macri-Waller

M R Macri-Waller

Director

BENEFEX LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 30 APRIL 2023

The directors are responsible for preparing the Strategic Report, the Directors' Report and the group and parent company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and parent company and of their profit or loss for that year. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable, relevant, reliable, and prudent.
- for the group financial statements, state whether they have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, in conformity with the requirements of the Companies Act 2006.
- for the parent company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

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

By Order of the Board of Directors and signed on behalf of the Board:

Matt Macri-Waller

M R Macri-Waller

Director
30 January 2024

Independent auditor's report to the members of Benefex Limited

Opinion

We have audited the financial statements of Benefex Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2023, which comprise the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows, the company statement of financial position, the company statement of changes in equity[2] and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 April 2023 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

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

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

Other information

The other information comprises the information included in the annual report[3], other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.[4] Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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.

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

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

Matters on which we are required to report by exception

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement as set out on page 17, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

BENEFEX LIMITED
INDEPENDENT AUDITOR'S REPORT
FOR THE YEAR ENDED 30 APRIL 2023

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

- We obtained an understanding of how the Group and Parent Company is complying with significant legal and regulatory frameworks through inquires of management and discussions with in-house legal. We corroborated the results of our inquiries to board minutes and other supporting documentation;
- The Group and Parent Company is subject to many laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements. We identified international accounting standards and Companies Act 2006, along with legal legislation relating to employment, health & safety, data protection and environmental issues, as those most likely to have a material affect if non-compliance were to occur;
- We communicated relevant laws and potential fraud risks to all engagement team members and remained alert to any indicators of fraud or non-compliance with laws and regulations throughout the audit;
- We assessed the susceptibility of the Group's and Parent Company's financial statements to material misstatement, including how fraud may occur. We considered the opportunity and incentives for management to perpetrate fraud, and the potential impact on the financial statements;
- In assessing the potential risks of material misstatement, we obtained an understanding of;
  - the Group's and Parent Company's operations, including the nature of its revenue sources and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in the risks that may result in risks of material misstatement;
  - the Group's and Parent Company's key performance indicators and their propensity to influence efforts made by management to manage earnings;
  - the Group's and Parent Company's control environment including the finance system and controls which includes controls over journal postings, that the group has established to address risks identified, or that otherwise prevent, deter and detect fraud, and how senior management monitor the finance system and controls;
  - where the risk was considered to be higher, we performed audit procedures to address each identified fraud risk. Our audit procedures involved journal entry testing and undertaking substantive procedures within revenue.
  - In addition, we completed audit procedures to conclude on the compliance of disclosures within the annual report and financial statements with applicable financial reporting requirements.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- Assessment of the appropriateness of the collective competence and capabilities of the engagement team included consideration of the engagement team's;
  - understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation;

  - knowledge of the industry in which the Group and Parent Company operates; and
  - understanding of the legal and regulatory requirements specific to the Group and Parent Company.
- We did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.
- For components at which audit procedures were performed, we did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

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

Use of our report

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

Tim Lincoln
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Bristol

30 January 2024

BENEFEX LIMITED
CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 30 APRIL 2023

	Note	2023	2022
Revenue	3	44,811,419	36,563,405
Operating costs	4	(39,977,828)	(34,345,114)
Operating profit		**4,833,591**	**2,218,291**
Operating profit before amortisation of acquired intangibles and significant separately disclosed items		8,836,444	5,748,479
Amortisation of acquired intangibles	4	(1,353,075)	(1,434,854)
Fair value adjustments	32	(578,494)	0
Significant separately disclosed items	5	(2,071,284)	(2,095,334)
Operating profit		**4,833,591**	**2,218,291**
Finance costs	9	(113,776)	(65,259)
Profit/(loss) before taxation		**4,719,815**	**2,153,032**
Taxation	10	1,006,988	263,211
Profit for the period		**5,726,803**	**2,416,243**
Profit attributable to:			
Owners of the Company		5,726,803	2,416,243
		5,726,803	**2,416,243**

The notes on pages 30 to 60 are an integral part of these consolidated financial statements. All operations relating to continuing operations.

BENEFEX LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2023

	2023	2022
Profit for the period	**5,726,803**	**2,416,243**
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of foreign operations	28,886	-
Total other comprehensive income for the period net of tax	**28,886**	**-**
Total comprehensive profit for the period	**5,755,689**	**2,416,243**
Total comprehensive loss attributable to:		
Owners of the Company	5,755,689	2,416,243
	5,755,689	**2,416,243**

BENEFEX LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 APRIL 2023

	Note	2023	2022
Non-current assets			
Goodwill	11	5,607,013	5,607,013
Intangible assets	11	10,460,315	11,474,713
Property, plant and equipment	12	449,021	510,639
Right of use assets	13	1,151,261	416,311
Contract fulfilment assets	3	4,907,730	3,225,509
Deferred tax asset	16	1,367,268	526,607
		23,942,608	**21,760,792**
Current assets			
Trade and other receivables	14	16,271,921	11,425,282
Contract fulfilment assets	3	3,236,087	2,159,031
Cash and cash equivalents	15	5,499,722	2,994,551
		25,007,730	**16,578,864**
Total assets		**48,950,338**	**38,339,656**
Current liabilities			
Borrowings and other loans	21	-	93,220
Lease liabilities	13	314,686	117,662
Current tax liabilities		2,297,205	2,252,499
Trade and other payables	17	11,966,060	10,601,661
Contract liabilities	3	17,525,949	14,531,683
		32,103,900	**27,596,725**
Net current (liabilities)/assets		**(7,096,170)**	**(11,017,861)**
Non-current liabilities			
Trade and other payables		9,073	-
Lease liabilities	13	835,082	332,015
Provisions for liabilities	19	390,450	393,946
Deferred tax liability	16	266,217	484,769
Contract liabilities	3	2,748,958	2,089,887
Contingent consideration	32	1,091,819	1,693,164
		5,341,599	**4,993,781**
Total liabilities		**37,445,499**	**32,590,506**
Net assets		**11,504,839**	**5,749,150**

BENEFEX LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 APRIL 2023

	Note	2023	2022
Equity			
Share capital	18	4,505,000	4,505,000
Retained earnings		6,999,839	1,244,150
Total equity		**11,504,839**	**5,749,150**

The notes on pages 30 to 60 are an integral part of these consolidated financial statements.

The financial statements of Benefex Limited (company registration number: 04768546) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Matt Macri-Waller

M R Macri-Waller

Director

30 January 2024

BENEFEX LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2023

	Share capital (Note 18)	Retained earnings	Total
As at 1 May 2021	**4,505,000**	**(1,172,093)**	**3,332,907**
Profit for the year	-	2,416,243	2,416,243
At 30 April 2022	**4,505,000**	**1,244,150**	**5,749,150**
Profit for the year	-	5,726,803	5,726,803
Exchange differences on translation of foreign operations	-	28,886	28,886
At 30 April 2023	**4,505,000**	**6,999,839**	**11,504,839**

The notes on pages 30 to 60 are an integral part of these consolidated financial statements.

BENEFEX LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 APRIL 2023

	2023	2022
Cash flows from operating activities		
Profit for the year after tax	5,726,803	2,416,243
Adjustments for:		
Amortisation of intangibles	4,529,324	2,824,956
Depreciation	757,465	678,431
Tax credit	(1,006,988)	(263,211)
Interest charge	113,776	65,259
Corporation tax paid	(99,000)	-
Tax refunded	0	124,551
Net cash from operating activities before changes in working capital and provisions	**10,021,380**	**5,846,229**
Change in contract fulfilment assets, trade and other receivables	(7,530,253)	(2,203,798)
Change in contract liabilities, trade and other payables	4,470,170	1,201,966
Change in provisions and employee benefits	(3,496)	199,524
Net cash from operating activities	**6,957,801**	**5,043,921**
Investing activities		
Expenditure of intangible assets	(3,514,927)	(2,801,853)
Net business acquisition	-	(6,175,320)
Purchases of property, plant and equipment	(282,057)	(99,799)
Net cash used in investing activities	**(3,796,984)**	**(9,076,972)**
Financing activities		
New loans from group undertakings for business acquisition	0	6,726,356
Capital element of lease payments	(448,650)	(328,007)
Interest element of lease payments	(111,798)	(54,627)
Other loans repaid	(93,220)	(152,604)
Interest on other loans repaid	(1,978)	(10,526)
Net cash from financing activities	**(655,646)**	**6,180,592**
Net increase in cash and cash equivalents	2,505,171	2,147,541
Cash and cash equivalents at beginning of period	2,994,551	847,010
Cash and cash equivalents at end of period	**5,499,722**	**2,994,551**

BENEFEX LIMITED
CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 30 APRIL 2023

Reconciliation of liabilities arising from financing activities:

£	Other loans	Lease liabilities	Total
1 May 2021	**245,718**	**669,848**	**915,566**
Cash-flows:			
- Repayment	(163,130)	(382,634)	(545,764)
- Proceeds	-	-	-
Non-cash:			
- Addition	-	107,836	107,836
- Accretion of lease interest	10,632	54,627	65,259
30 April 2022	**93,220**	**449,677**	**542,897**
1 May 2022	**93,220**	**449,677**	**542,897**
Cash-flows:			
- Repayment	(95,198)	(560,397)	(655,595)
- Proceeds	-	-	-
Non-cash:			
- Addition	-	1,148,741	1,148,741
- Accretion of lease interest	1,978	111,748	113,726
30 April 2023	**-**	**1,149,769**	**1,149,769**

1 General information

Benefex Limited ("the Company") is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act 2006 and is registered in England and Wales under the registration number 04768546. The company was incorporated on 18 May 2003. The address of the Company's registered office is Mountbatten House, Grosvenor Square, Southampton, Hampshire, SO15 2JU.

The principal activities of the Company and its subsidiaries (together, "the Group") and the nature of the Group's operations is set out in the strategic report on pages 1 to 11.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates.

2 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006.

The financial statements have been prepared on the historical cost basis with the exception of the net assets acquired on business combinations and derivative financial instruments. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

The principal accounting policies adopted are set out below.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 1 to 11.

Notwithstanding the net current liabilities of £7.1m (2022: net current liabilities £12.7m), the financial statements have been prepared on a going concern basis for the following reasons:

The directors have considered the cashflow of the group for a period of 12 months from the date of approval of these financial statements. Given that the cash generated by the Benefex group will be used to service external loans of the wider group (held in other group companies), cash available to the Benefex group to meet its obligations is impacted by the liabilities of the wider group. Accordingly, the directors manage the cash flow of the Benefex group together with the cash flow of the wider group headed by Zellis Holdings Limited and have prepared forecasts for the 12 month period from the date of approval of these financial statements for the group headed by Zellis Holdings Limited, which indicate the group is cash generative on a base and sensitised basis, taking in to account reasonable possible changes in trading performance.

Going concern of the Benefex group is thus dependent on availability of short-term funding from the wider group, if needed, and also upon the group companies not seeking repayment of the amounts currently due to the group companies, which at 30 April 2023 amounted to £6.2m (2022: £7.3m).

The group has written assurance from Zellis Holdings Limited for financial assistance to the group as it is necessary for it to continue as a going concern and to settle its liabilities as and when due for the period of at least 12 months from the date of approval of these financial statements.

Consequently, the directors are confident that the group will have sufficient funds to continue to meet its liabilities as they fall due for a period of at least 12 months from the date of signing of these financial statements. Therefore, these accounts have been prepared on a going concern basis.

Non-GAAP performance measures

The board have presented 'Proforma Trading EBITDA' as an adjusted profit measure in the Strategic report. They believe that this measure provides additional useful information for the shareholders on the underlying performance of the business. These measures are consistent with how the business performance is monitored internally and is in line with the debt covenant compliance calculations. The proforma trading EBITDA is not a recognised performance measure under adopted IFRS and may not be directly comparable with measures used by other companies. The adjustments made to operating losses have the effect of excluding significant separately disclosed items. These are predominantly transformational in nature outside normal business as usual ('BAU') activities and distort the understanding of the underlying performance for the year and comparability between periods.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) for the year ended 30 April 2023. Control is achieved when the Company:

- has the power over the investee;
- is exposed, or has rights, to variable return from its involvement with the investee; and
- has the ability to use its power to affects its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

The Company considers all relevant facts and circumstances

- in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:
- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and

- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, the results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amount of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, the gain or loss on disposal recognised in profit or loss is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), less liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 Financial Instruments, when applicable, the costs on initial recognition of an investment in an associate or a joint venture.

Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non- controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously-held interests in the acquired entity is remeasured to its acquisition date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Intangible assets

Goodwill

Goodwill is initially recognised and measured as set out in the Business Combinations section above.

Goodwill is not amortised but is reviewed for impairment at least annually. For the purpose of impairment testing, goodwill is allocated to each of the Group's cash-generating units expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired.

If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent period.

On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Other intangible assets excluding goodwill

Acquired intangibles and purchased software are stated at cost less accumulated amortisation and impairment losses.

New intangibles recognised under IFRS 3 relating to customer contracts and relationships, existing technologies and trade names are amortised straight-line over a useful economic life of 3-5 years.

Amounts capitalised under purchased software are amortised straight-line over 5 years.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the year in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if all of the following conditions have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the year in which it is incurred. These internally-generated assets are amortised straight-line over 4 years.

Subsequent measurement

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately

Impairment excluding deferred tax assets

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in estimates used to determine the recoverable amount.

Revenue

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a good or service to a customer. Revenue is presented net of value added tax (VAT), rebates and discounts and after eliminating intragroup sales.

Turnover from services delivered represents the fair value of services provided to external customers and is recognised as contract activity progresses or over the period of time covered by contractual payments for ongoing services. The group follows the 5 steps of IFRS 15 in identifying a contract, identifying performance obligations in that contract, determining the transaction price, allocating this transaction price to the performance obligations and then recognising revenue. On all of the group's contracts with customers, a single performance obligation was identified in respect of providing access to the group's technology, with revenue being recognised over the time the customer benefited from that service.

Amounts invoiced in advance are included in creditors as deferred income. Turnover which has been recognised but not invoiced is included in other debtors as accrued income.

Turnover from regulated income of the group's subsidiary, Benefex Financial Solutions Limited represents the value of commissions receivable and other fees earned. Credit is taken for commissions by reference to the renewal date or when a contract for new business commences. Provision is made for the estimated cost of any commissions which according to the terms of business may become refundable, due to cancellation, over a specific period.

The group's revenues are earned mainly from the following services:

Benefex Limited

- Implementation
- Subscription Fees
- Renewals
- Change requests
- Communication

Benefex Financial Solutions Limited

- Commission
- Other fees earned

The Group recognises revenue based on 5 basic principles described in IFRS15:

1. Identify the contract with a customer;

The Group enters in to written contracts with its customers, and work does not commence until both parties have approved the contract and therefore have committed to the terms and conditions therein.

Within these contracts the payment terms and conditions for the services being performed are explicitly noted as well as each party's rights with regards to these services. The contract will also note down billing requirements under the contract, such as milestone billing, annual billing in advance, etc.

2. Identify all the individual performance obligations within the contract;

A performance obligation is a contractual agreement to transfer agreed goods or services to a customer. An obligation is deemed fulfilled when the customer can utilise the delivered goods or services. Fulfilment is typically at the point when supplied technology can be utilised for its intended purpose or when a service has been completed (e.g. running an outsource payroll).

A single customer contract may contain multiple separately identifiable performance obligations. Where such obligations are defined, they will be dealt with as a separate delivery event, and the associated transaction price will be apportioned appropriately.

The Group also enters into contracts with customers for installation, customisation, maintenance or other technical services or consultancy on third party software. Each promise under these contracts is a separate performance obligation and revenue is recognised for such contracts on time and material basis. Timing of payments tends to be similar to timing of revenue.

Where the separate obligations are not defined, then unless deemed to be material, the contract will be treated as one performance obligation.

3. Determine the transaction price;

The transaction price for the contract is determined as the sum of fixed consideration, other variable items, less an estimate of volume discounts if any. Other variable items such as higher/ lower employee numbers for PEPM charge (per employee per month amount charged to customer), credits for service level, third party penalties or inflationary increases are taken in the month they are received or incurred. Termination fees are taken at a point in time when the termination is complete.

There are no financing components, non-cash considerations or any considerations payable to the customer within the Group's customer contracts.

4. Allocate the price to the performance obligations;

Our contracts include a quoted price for many different elements within the contracts.

The Group's process for pricing elements within the contracts is generally based on either the standalone selling price of specific service offerings or is based on an estimate of the price of those services, and therefore the contractual prices are indicative of the standalone selling prices.

5. Recognise revenue as the performance obligations are fulfilled.

Implementation: As software / service implementation activity does not deliver a performance obligation to the customer, all customer payments / receivables and corresponding internal operational costs related to implementations are deferred to the Statement of financial position until delivery. The release of deferred implementation revenue and costs will be recognised on a straight-line basis over the life of the contract (from delivery). The adjusted monthly revenue from the provision of services will be recognised each month that we provide the service for a performance obligation.

Benefits and recognition software and brokering services; Recognised over the time the customer benefits from the service.

Costs on contracts with customers

An asset is recognised for incremental costs to obtain a contract, where the Group expects to recover the costs.

An asset is recognised for costs to fulfil contracts if the following criteria are met:

- the costs are directly related to a contract;
- the costs generate or enhance the Group's resources used in satisfying performance obligations in the future; and
- the costs are expected to be recovered.

The nature of costs that are eligible include direct labour and associated cost, sub-contractor costs, contract management and materials. Other costs such as general & administration, wasted resources and expenses that relate to satisfied performance obligations are all recognised as expenses.

The asset is amortised over the period that the benefit will be transferred to the customer. Assets are assessed for impairment.

Provisions

Contract Losses

A provision for contract losses is recognised on onerous contracts that are expected to make net losses for the remainder of the contract term, after taking into consideration impairment of contract fulfilment assets.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Loans and receivables

Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities and equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised as the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially recorded at fair value which is the proceeds received, net of direct issue costs. Subsequent to initial recognition, interest-bearing bank loans and overdrafts are stated net of issue costs, which are amortised over the period of the debt.

Finance charges are accounted for on an accruals basis to the income statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Share capital

Ordinary shares

Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is recognised so as to write off the cost of assets over their useful lives, using the straight-line method, on the following basis:

Fixtures, fittings and office equipment	2-10 years
Leasehold improvements	Life of the lease

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. The gain or loss arising on the disposal or scrappage of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short term leases and leases of low value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Leases (continued)

Right-of-use assets

The group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Building	2 - 10 years
Equipment	1 - 4 years
Other	1 - 4 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Leases - Estimating the incremental borrowing rate

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as

Leases (continued)

market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Finance costs

Finance costs comprise interest payable, interest on the defined benefit pension plan obligations and expected return on pension scheme assets (together referred to as net pension finance expense), and amortisation of issue costs on borrowings by adjusting the effective interest rate ('EIR') of the borrowings.

Interest payable is recognised in the income statement as it accrues, using the effective interest method.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the group supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the

Taxation (continued)

reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a Discounted Cash Flow ('DCF') model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to goodwill and other intangibles with indefinite useful lives recognised by the Group.

The recoverable amounts of the CGUs are determined from value-in-use calculations which use discounted cash flows from approved budgets and five-year forecasts and extrapolated cash flows for the periods beyond these using estimated long-term growth rates.

The key assumptions are:

- Long term average growth rates are used to extrapolate cash flows. Growth rates are determined with reference to internal approved budgets and forecasts;
- Discount rates are specific to the CGU and reflect the individual nature and specific risks relating to the market in which it operates;

Impairment of non-financial assets (continued)

- Gross margins are based on past performance and management's expectations of market development. No improvements to margins beyond periods covered by approved budgets and forecasts have been assumed.

The Directors are required to review the goodwill at least annually for impairment of the carrying value as compared to the recoverable amount. The pre-tax discount rate used is 2%. These have remained the same from prior financial year.

The surplus headroom above the carrying value of goodwill at 30 April 2023 was satisfactory.

Retirement benefit costs

The Group operates various defined contribution pension schemes. The assets of the schemes are held separately from those of the Group in independently administered funds. The amounts charged to the income statement represent the contributions payable to the schemes in respect of the accounting period.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received if the entity settles the obligation and the amount of the receivable can be measured reliably.

Property provisions

A property provision is recognised when the expected benefits to be derived from the property are lower than the unavoidable cost of meeting the contractual obligations on that property.

Critical accounting judgements

In the application of the Group's accounting policies, which are described above, the directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical accounting judgements (continued)

The following sets out the key assumptions concerning the future and key sources of estimation and uncertainty at the reporting date that may cause material adjustment to the carrying amounts of assets or liabilities within the next financial year.

Revenue recognition

The application of IFRS 15 requires the group to make judgements that affect the determination of the amount and timing of revenue from contracts with customers. These include:

- Determining distinct services
- Determining the timing of satisfaction of performance obligations
- Determining the contract term

Recognition of internally generated intangible assets from development

Under IFRS, internally generated intangible assets from the development phase are recognised if certain conditions are met. These conditions include the technical feasibility, intention to complete, the ability to use or sell the asset under development and the demonstration of how the asset will generate probable future economic benefits. The cost of a recognised internally generated intangible asset comprises all directly attributable cost necessary to make the asset capable of being used as intended by management. In contrast, all expenditures arising from the research phase are expensed as incurred.

We believe that the determination whether internally generated intangible assets from development are to be recognised as intangible assets requires significant judgement, particularly in the following areas:

- The determination whether activities should be considered research activities or development activities;
- The determination whether the conditions for recognising an intangible asset are met requires assumptions about future market conditions, customer demand and other developments;
- The term 'technical feasibility' is not defined in IFRS, and therefore the determination whether completing an asset is technically feasible requires a company-specific and necessary judgemental approach;
- The determination of the future ability to use or sell the intangible asset arising from the development and the determination of probability of future benefits from sale or use, and
- The determination whether a cost is directly or indirectly attributable to an intangible asset and whether a cost is necessary for completing a development.

Key sources of estimation uncertainty

Fair value measurement on a business combination

The measurement of fair values on a business combination requires the recognition and measurement of the identifiable assets, liabilities and contingent liabilities. The key judgements involved are the identification and valuation of intangible assets which require the estimation of future cash flows and the selection of a suitable discount rate.

Fair value measurement on acquisition of subsidiary

Management applies judgement in accounting for acquisitions, including identifying assets arising from the application of IFRS 3 Business combinations, undertaking purchase price allocation exercises to allocate value between assets acquired, including the allocation between intangible assets and goodwill, and where relevant valuing contingent consideration. Key judgements are made in respect of discount rates, growth rates, royalty rates and the estimated life of intangibles.

3 Revenue

An analysis of the group's revenue is as follows:

	2023	2022
Continuing operations		
Provision of employee benefit solutions	30,091,837	24,250,621
Broking related income	12,115,921	11,855,199
Employee engagement, wellbeing and discounts	2,603,661	457,585
	44,811,419	**36,563,405**

	2023	2022
Revenue by geographical location		
United Kingdom	38,454,518	34,071,383
Europe	4,000,570	1,486,562
United States of America	1,541,959	552,909
Rest of the world	814,372	452,551
	44,811,419	**36,563,405**

	2023	2022
Deferred income / costs to contract fulfilment assets & liabilities		
Contract fulfilment assets - current	3,236,087	2,159,031
Contract fulfilment assets - non-current	4,907,730	3,225,509
Contract liabilities - current	(17,525,949)	(14,531,683)
Contract liabilities - non-current	(2,748,958)	(2,089,887)
Net contract liabilities	**(12,131,090)**	**(11,237,030)**

Significant judgements in relation to revenue recognition have been disclosed in note 2.

Contract fulfilment assets are costs to fulfil contracts. The nature of costs that are eligible include direct labour and associated costs, sub-contractor costs, contract management and materials. Other costs such as general & administration, wasted resources and expenses that relate to satisfied performance obligations are all recognised as expenses.

Under the contracts, Benefex is entitled to bill the customer during the implementation phase, but revenue is not recognised until performance obligations are satisfied; hence contract liabilities are recognised for amounts billed during the implementation phase.

	2023	2022
Revenue recognised in relation to contract liabilities		
Revenue recognised that was included in the contract liability balance at the beginning of the year	13,823,270	10,345,479

No revenue has been recognised from performance obligations satisfied in previous periods.

	2023	2022
Unsatisfied long-term contracts		
Aggregate amount of contracts partially or fully unsatisfied as at 30 April	20,274,907	16,621,570

Management expects that of the transaction price allocated to the unsatisfied contracts as of 30 April 2023, £17,525,932, £1,611,378, £516,323, £553,973, £61,827 and £5,473 will be recognised as revenue in reporting periods ending 30 April 2024, 30 April 2025, 30 April 2026, 30 April 2027, 30 April 2028 and 30 April 2029 respectively.

	2023	2022
Assets recognised from costs to fulfil a contract		
Asset recognised from costs incurred to fulfil contracts at 30 April	8,143,817	5,384,540
Amortisation recognised as cost of providing services during the period	(2,680,675)	(3,209,674)

Assets recognised from costs to fulfil a contract	2023	2022
Asset recognised from costs incurred to fulfil contracts at 30 April	8,143,817	5,384,540
Amortisation recognised as cost of providing services during the period	(2,680,675)	(3,209,674)

4 Operating costs

	2023	2022
Depreciation of property, plant and equipment	343,674	351,389
Depreciation of right of use assets	413,791	327,042
Amortisation of acquired intangibles	1,353,075	1,434,854
Amortisation of other intangibles	3,176,249	1,390,102
Fair value adjustments	578,494	-
Staff costs (see note 7)	28,254,370	24,664,333
Significant separately disclosed items (see note 5)	2,071,284	2,095,334
Research & Development Expenditure Credit (RDEC)	(741,580)	-
Other operating costs	4,528,471	4,082,060
	39,977,828	**34,345,114**

5 Significant separately disclosed items

The group incurred the following significant costs in the year which are separately disclosed:

	2023	2022
Revenue		
Acquisition and financing: non-recurring revenues	-	980,752
Expenditure		
Acquisition and financing	1,420,092	2,885,793
Business transformation, restructuring and integration	532,240	260,735
Significant events and external circumstances	118,952	(70,442)
	(2,071,284)	**(2,095,334)**

Acquisition and financing costs
Acquisition and financing costs include ongoing costs associated with the acquisition of Wrkit Limited and its two subsidiaries ("the Wrkit Group) during a subsequent transition period. Prior year costs also include all tax, legal and professional and due diligence costs incurred as part of this Wrkit Group acquisition as well as certain migration and integration costs associated with the FY21 acquisition of the trade and assets of a complimentary employee benefits solutions (which has now completed).

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Business transformation, restructuring and integration
Business transformation and integration costs include the design and implementation of IT transformation projects and restructuring of existing people structures.

Significant events and external circumstances
Significant events and external circumstances include one-off lump sums paid to eligible colleagues in recognition of the impact of the cost-of-living crisis.

6. Auditor's remuneration

The analysis of the auditor's remuneration is as follows:

	2023	2022
Fees payable to the company's auditor and their associates for the audit of the company's annual accounts	46,000	43,500
Fees payable to the company's auditor and their associates for other services to the group		
- The audit of the company's subsidiaries	23,000	16,750
Fees payable to other third-party auditors and their associates for other services to the group		
- The audit of the company's Irish subsidiaries	30,000	-
Total audit fees	**99,000**	**60,250**

7. Staff costs

The average monthly number of employees (including executive directors) was:

Number	2023	2022
Operations	348	328
Sales, marketing and product development	108	95
Finance and administration	40	35
	496	**458**

Their aggregate remuneration comprised:

	2023	2022
Wages and salaries	24,634,970	21,660,135
Social security costs	2,806,036	2,297,038
Other pension costs	813,364	707,160
	28,254,370	**24,664,333**

'Other pension costs' include only the defined contribution scheme charge.

8. Directors' emoluments

	2023	2022
Directors' emoluments	380,000	377,548
Company contributions to money purchase pensions plans	4,481	4,481
	384,481	**382,029**

In respect of directors' emoluments, one (2022: one) director is remunerated through the company and its subsidiaries whilst the other directors are remunerated by Zellis Holdings Limited. No amounts are recharged for this service.

9. Finance costs

	2023	2022
Interest element of finance lease repayments	1,978	10,526
Interest element on IFRS 16 liabilities	111,798	54,628
	113,776	**65,154**

10. Tax

The tax (credited)/charged to the income statement is as follows:

	2023	2022
Corporation tax:		
Adjustment in respect of prior year	-	(4,552)
	-	**(4,552)**

Corporation tax credit of £4,552 relates to R&D tax credit received from HMRC in excess of the £120,000 accrued at the end of 2020 and 2021.

	2023	2022
Deferred tax (note 16)		
Origination and reversal of temporary differences	(500,566)	(266,604)
Adjustment in respect of prior year	(506,422)	92,559
Effect of changes in tax rates	-	(84,614)
	(1,006,988)	**(258,659)**
Tax credit on Income Statement	**(1,006,988)**	**(263,211)**

The standard rate of corporation tax applied to reported profit is 19.5%.

Taxation for other jurisdictions is calculated at the rates prevailing in the respective jurisdictions.

The tax (credit)/charge for the year can be reconciled to the loss in the income statement as follows:

	2023	2022
Profit/(loss) before tax on continuing operations	4,719,815	2,153,032
Tax at the UK corporation tax rate of 19.5% (2022: 19%)	920,364	409,076
Tax effect of expenses that are not deductible in determining taxable profit (net of reversal)	293,381	285,293
Adjustments in respect of previous years	(506,422)	92,559
Tax rate changes	21,801	(136,594)
Group relief received	(1,770,998)	(945,458)
Effects of overseas tax rates	-	30,673
Other timing differences	34,886	1,240
Tax credit for the year	**(1,006,988)**	**(263,211)**

BENEFEX LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

11. Intangible assets and goodwill

	Goodwill	Development costs	Customer Relationships	Marketing related costs	Software	Total
Cost:						
At 1 May 2021	296,343	9,803,811	4,138,572	-	-	14,238,726
Additions	5,392,163	2,760,269	-	-	41,584	8,194,016
Fair value of assets acquired	-	1,753,782	2,060,504	63,866	15,107	3,893,259
Write offs	-	-	-	-	-	-
At 30 April 2022	**5,688,506**	**14,317,862**	**6,199,076**	**63,866**	**56,691**	**26,326,001**
Additions	-	3,498,787	-	-	16,140	3,514,927
Write offs	-	-	-	-	-	-
At 30 April 2023	**5,688,506**	**17,816,649**	**6,199,076**	**63,866**	**72,831**	**29,840,928**
Amortisation:						
At 1 May 2020	81,493	5,906,725	431,101	-	-	6,419,319
Disposals	-	-	-	-	-	-
Charge for the year	-	1,569,824	1,247,280	6,591	1,261	2,824,956
At 30 April 2021	**81,493**	**7,476,549**	**1,678,381**	**6,591**	**1,261**	**9,244,275**
Disposals	-	-	-	-	-	-
Charge for year	-	2,750,033	1,753,545	22,285	3,462	4,529,324
At 30 April 2023	**81,493**	**10,226,582**	**3,431,926**	**28,876**	**4,723**	**13,773,599**
Net book value:						
At 30 April 2023	**5,607,013**	**7,590,067**	**2,767,150**	**34,990**	**68,108**	**16,067,328**
At 30 April 2022	5,607,013	6,841,313	4,520,695	57,275	55,430	17,081,726

Intangible asset costs

Development costs relate to the costs of developing the group's "OneHub" software platform and additional software modules to be used in conjunction with this core software platform, as well as the fair value attributable to the employee engagement, wellbeing and discounts technology acquired as part of the Wrkit Group investment.

Customer Relationships relate to the fair value of customer relationships acquired as part of the Wrkit Group investment as well as the prior year consideration paid for the acquisition of customer contract novations as part of the acquisition of certain trade and assets from a complimentary employee benefits business.

Marketing related costs relate to the fair value of the assets acquired as part of the Wrkit Group investment that are primarily used in the marketing or promotion of products and services, including the Wrkit brand and trademarks.

The charge for the year is recognised in the administrative costs in the profit and loss account.

Impairment testing of goodwill

The company recognised £5.4m goodwill in the year ended 30 April 2022 in respect of the acquisition of Wrkit Limited and it's two trading subsidiaries. Goodwill is tested annually for impairment by comparing it's carrying amount at the year end to the recoverable amount of the cash-generating unit. This recoverable amount of the cash-generating unit has been calculated with reference to its value in use.

The assessment applies a discounted cashflow model with financial forecasts from the group's 5-year plan and was agreed with the Board. A pre-tax discount rate (21.5%) and terminal growth rate (2%) have been applied based on third party specialist guidance.

The results of this assessment conclude that no impairment to goodwill is necessary.

The key assumptions of this calculation are shown below:

Period on which management approved forecasts are based	4 years
Terminal Growth rate	2%
Pre-tax discount rate	21.5%

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. Management have performed sensitivity analysis to the estimated future cash flows and the discount rate and identified no impairment concerns.

BENEFEX LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

12. Property, plant and equipment

	Leasehold improvements	Fixtures & fittings and computer equipment	Total
Cost:			
At 1 May 2021	624,575	1,453,051	2,077,626
Additions	-	99,799	99,799
Fair value of assets acquired	-	7,961	7,961
Write offs	-	-	-
At 30 April 2022	**624,575**	**1,560,811**	**2,185,386**
Additions	-	282,057	282,057
Disposals	-	-	-
At 30 April 2023	**624,575**	**1,842,868**	**2,467,443**
Depreciation:			
At 1 May 2021	404,902	918,456	1,323,358
Charge for the year	67,361	284,028	351,389
Disposals	-	-	-
At 30 April 2022	**472,263**	**1,202,484**	**1,674,747**
Charge for the year	67,361	276,313	343,674
Write offs	-	-	-
At 30 April 2023	**539,624**	**1,478,797**	**2,018,421**
Net book value			
At 30 April 2023	**84,951**	**364,071**	**449,022**
At 30 April 2022	152,312	358,327	510,639

13. Leases (Right-of-use assets)

This note provides information for leases where the group is a lessee. The Group has lease contracts for various items of buildings and other equipment used in its operations. The Group's obligations under its leases are secured by the lessor's title to the leased assets. The statement of financial position shows the following amounts relating to leases:

	Building	Equipment	Total
NBV as at 1 May 2021	**612,032**	**23,485**	**635,517**
Additions	107,836	-	107,836
Disposals	-	-	-
Depreciation	(314,232)	(12,810)	(327,042)
NBV as at 30 April 2022	**405,636**	**10,675**	**416,311**
Additions	1,148,741		1,148,741
Disposals	-	-	-
Depreciation	(403,116)	(10,675)	(413,791)
NBV as at 30 April 2023	**1,151,261**	**-**	**1,151,261**

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2023	2022
As at 1 May	**449,677**	**669,848**
Additions	1,148,741	107,836
Accretion of interest	111,748	54,627
Payments	(560,397)	(382,634)
As at 30 April (see note 21)	**1,149,769**	**449,677**

The following are the amounts recognised in profit or loss:

	2023	2022
Depreciation charge of right-of-use asset (Note 4)		
Building	403,116	314,232
Equipment	10,675	12,810
	413,791	**327,042**
Interest expense	111,748	54,627
Expense relating to leases of low-value assets or short-term leases (included in operating expenses)	79,716	25,693
Expense relating to variable lease payments not included in lease liabilities (included in administrative expenses)	200,899	151,024
Total recognised in the profit and loss	**392,363**	**231,344**

The total cash outflow for leases was £560,397 (2022: £382,634). Lease addition for the year was £1,148,741 (2022: £107,836).

BENEFEX LIMITED
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023

14. Trade and other receivables

	2023	2022
Debt instruments at amortised costs		
Trade receivables	12,470,537	8,757,544
Less allowance for expected credit losses	(428,352)	(393,446)
Net trade receivables	**12,042,185**	**8,364,098**
Prepayments and accrued income	3,136,541	2,954,122
Amounts due from group undertakings	986,829	-
Other receivables	106,366	107,062
Total trade and other receivables	**16,271,921**	**11,425,282**

Movement in the allowance for expected credit losses:

	£
At 1 May 2021	(260,679)
Provision for expected credit losses	(132,767)
Utilised in period	-
At 30 April 2022	**(393,446)**
Provision for expected credit losses	(34,905)
Utilised in period	-
At 30 April 2023	**(428,351)**

15. Cash and cash equivalents

	2023	2022
Cash at bank and in hand	5,499,722	2,994,551

The fair value of cash and cash equivalents which corresponds to its carrying value is £5.5m (2022: £3.0m).

The variation in cash and cash equivalents recorded during the year is reported in the consolidated statement of cash flow.

At the year end, the group held £3.0m (2022: £2.6m) of separately segregated funds for the purpose of operating our employee reward product functionality on behalf of our customers, which is not reported within the cash and cash equivalents balance at the year end.

16. Deferred tax

The following are the net deferred tax positions recognised by the group and movements thereon during the current reporting period.

	Accelerated tax depreciation	Deferred development costs	Other	Tax losses	Total
At 30 April 2022	**21,301**	**(752,205)**	**108,016**	**664,726**	**41,838**
Charge to profit or loss	23,375	(98,806)	(108,016)	1,242,660	1,059,213
At 30 April 2023	**44,676**	**(851,011)**	**-**	**1,907,386**	**1,101,051**

Deferred tax assets and liabilities are offset where the Group has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	2023	2022
Deferred tax liabilities	(266,217)	(484,769)
Deferred tax assets	1,367,268	526,607
	1,101,051	**41,838**

As at 30th April 2023, the group has post-April 2017 unused tax losses of £3.7m (2022: £2,7m) available for offset against future total profits, and pre-April 2017 unused tax losses of £3.9m (2022: £3,9m) available for offset against future trading losses only.

A deferred tax asset was recognised in respect of these losses for the first time in the year ended 30 April 2021 based on management's expectation that these unused tax losses will be relieved against future profits going forward.

17. Trade and other payables

	2023	2022
Trade payables	1,420,323	588,845
Loans from group undertakings	6,162,937	7,273,962
Contingent consideration (see note 32)	1,098,987	-
Other payables	194,969	117,119
Accruals	3,088,844	2,621,735
Total trade and other payables	**11,966,060**	**10,601,661**

Trade and other payables are valued at amortised cost. The directors consider that the carrying amount of trade payables approximates to their fair value.

Loan from group undertakings is primarily acquisition finance made available to the Group and is repayable on demand subject to agreement by the borrower and lender but no later than 31 January 2025, carrying interest of 8% per annum.

18. Share capital

	2023 £	2022 £
Authorised, issued and fully paid:		
4,505,000 ordinary shares of £1 each (2022: 4,505,000)	4,505,000	4,505,000

The Company has one class of ordinary shares which carry no right to fixed income.

19. Provisions, commitments and contingencies

	Provision for clawbacks	Dilapidations	Other provisions for liabilities	Total
As at 30 April 2021	**64,093**	**130,329**	-	194,422
Provision utilised during the year	(64,093)	-	-	(64,093)
Additions to provision in the year	220,014	43,603	-	263,617
As at 30 April 2022	**220,014**	**173,932**	**-**	**393,946**
Provision utilised during the year	(220,014)	-	-	(220,014)
Additions to provision in the year	84,847	31,671	100,000	216,518
As at 30 April 2023	**84,847**	**205,603**	**100,000**	**390,450**

The company has in the normal course of business issued guarantees securing the performance by itself and other group undertakings of certain contracts and undertakings from which no liabilities are expected to arise other than those provided for in these accounts.

The company participates in the group's syndicated banking facility agreement.

The group has syndicated senior facility agreements with the bank providing £290m of available funding. Of this facility, the group has the following available committed floated rate borrowing activities as at 30 April 2023 in respect of which all conditions precedent had been met at that date:

	2023	2022
	£'000	£'000
Expiring between 1 and 10 years	335,259	315,003

20. Related party disclosures

The remuneration of key management (deemed to be the directors) is disclosed in note 8 to these accounts.

A full list of subsidiary and associated undertakings is included in note 26 to the Company accounts. The next most senior parent undertaking preparing consolidated financial statement is Zellis Holdings Limited.

21. Borrowings

	2023	2022
Secured borrowing at amortised cost		
Other loans	-	93,220
Lease liabilities (see note 13)	1,149,768	449,677
	1,149,768	**542,897**
Total borrowings		
Amount due for settlement within 12 months	314,686	210,882
Amount due for settlement after 12 months	835,082	332,015

Lease liabilities inclusive of IFRS 16 lease liabilities are secured by the assets leased. The borrowings are a mix of variable and fixed interest rate debt with repayment periods not exceeding ten years.

Other loans include a sale and lease purchase facility arrangement and term loan agreement. This agreement is not considered to constitute a sale under the requirements of IFRS 15 and therefore has been recognised as a financial liability at amortised cost under IFRS 9. The loans are secured by fixed charges on the assets to which they relate and are supported by a guarantee and indemnity on behalf of the Company by Benefex Holdings Limited.

22. Financial instruments

The Group's financial assets and liabilities mainly comprise finance leases and other loans, cash, and various items such as trade and other receivables and trade and other payables that arise directly from operations.

The main financial market risks arising from the Group's operations are credit risk, interest rate risk and liquidity risk. The Board reviews and agrees policies for managing each of these risks and they are summarised below.

a) Interest rate risk

Interest rate risk is the risk of increased net financing costs due to increases in market interest rates. The Group finances its operations and acquisitions through a mixture of retained profits, intercompany loads with the wider group, leasing arrangements, and equity; the Group's main interest rate risk therefore comes from its leasing arrangements, which the Group borrows principally in Sterling.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial commitments as they fall due.

The Group's objective is to ensure that adequate facilities are available through use of intercompany loans from the wider group and finance leases. The Group manages liquidity risk through the participation of a group cash pooling arrangement, regular cash flow forecasting and monitoring of cash flows, management review and regular review of working capital and costs.

	<1 year	1-2 years	2-3 years	3-4 years	4-5 years	>5 years	Total
30 April 2022							
Lease liability and estimated interest	314,686	323,744	316,786	194,554	-	-	1,149,769
Trade and other payables	11,966,060	-	-	-	-	-	11,966,060
	12,280,746	**323,744**	**316,786**	**194,554**	**-**	**-**	**13,115,829**

c) Fair values of financial assets and financial liabilities

The table below analyses financial instruments, into a fair value hierarchy based on the valuation technique used to determine fair value.

d) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
e) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
f) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Carrying amount £	Fair value £
Contingent consideration (level 3)	2,190,806	2,190,806
	2,190,806	**2,190,806**

g) Capital management

The Group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, support the growth of the business and to maintain an optimal capital structure to reduce the cost of borrowing. The Group finances its operations through a combination of equity and lease arrangements.

h) Credit risk

The Group provides expected credit losses on debt using a provision matrix based on historical default rates for the segments based on geographical location and market sector.

The trade receivables as at 30 April 2023 have been analysed as follows:

	Not yet due	0-89 days overdue	90-179 days overdue	180-269 days overdue	270-359 days overdue	>360 days overdue	Total
Trade receivables	7,110,815	4,013,354	840,418	403,069	102,882	-	12,470,537

In addition to these principles, we provide additional expected credit losses on a case by case basis where the risk would not fall under these general provision rates.

Management hold regular reviews concerning debt and collections management and thus we have a clear view of the circumstances that may require additional provision.

Management also review, at least annually, the provision rates to ensure they are providing coverage of the potential credit risk.

23. Post balance sheet events

On 30 September 2023, Benefex Financial Solutions Limited (subsidiary of Benefex Limited) acquired 100% of the share capital of Cloud 8 Limited. The company's product set is designed to deliver a better employee benefits experience to employees of SMEs and high growth organisations. The Cloud8 team also joined Benefex as part the acquisition. With a focus on simplicity for its end users, Cloud8's software and APIs are opening up employee benefits to SMEs and improving work outcomes for tens of thousands of UK employees.

24. Acquisition

There have been no acquisitions in the financial year.

BENEFEX LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 APRIL 2023

	Note	2023	2022
			Restated
		£	£
Non-current assets			
Investments	26	9,100,372	9,019,520
Intangible assets	27	6,684,769	5,310,100
Property, plant and equipment		431,905	503,760
Right of use assets	13	1,151,261	416,311
Contract fulfilment assets		4,816,111	3,141,513
Deferred tax asset		1,306,437	439,437
		23,490,855	**18,830,641**
Current assets			
Trade and other receivables - due within one year	28	13,115,086	11,706,615
Contract fulfilment assets		3,163,885	2,095,826
Cash and cash equivalents		2,055,495	696,870
		18,334,466	**14,499,311**
Total assets		**41,825,321**	**33,329,952**
Current liabilities			
Borrowings and other loans	21	-	99,967
Lease liabilities	13	314,686	110,915
Current tax liabilities		1,467,882	1,564,579
Trade and other payables - due within one year	29	24,278,179	20,140,180
Contract liabilities		15,301,630	12,564,112
		41,362,377	**34,479,753**
Net current (liabilities)/assets		**(23,027,911)**	**(19,980,442)**
Non-current liabilities			
Lease liabilities	13	835,082	332,015
Provisions for liabilities	31	305,603	173,932
Contract liabilities		2,748,958	2,089,887
Contingent consideration	32	1,091,819	1,693,164
		4,981,462	**4,288,998**
Total liabilities		**46,343,839**	**38,768,751**
Net assets		**(4,518,518)**	**(5,438,799)**

BENEFEX LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 APRIL 2023

		2023	2022
Equity			
Share capital	34	4,505,000	4,505,000
Retained earnings		(9,023,518)	(9,943,799)
Total equity		**(4,518,518)**	**(5,438,799)**

The Company Statement of Financial Position for the year ended 30 April 2022 has been restated to correct a prior period adjustment. The effect of the restatement is summarised in note 33.

As permitted by section 408 of the Companies Act 2006, the income statement of the company has not been presented in the financial statements. The profit for the financial year was £920,281 (2022: loss £3,195,673).

The financial statements of Benefex Limited (company registration number: 04768546) were approved and authorised for issue by the Board of Directors and were signed on its behalf by:

Matt Macri-Waller

M R Macri-Waller

Director

30 January 2024

BENEFEX LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2023

	Share capital (Note 34)	Retained earnings	Total
As at 1 May 2021	**4,505,000**	**(6,748,126)**	**(2,243,126)**
Loss for the year	-	(3,195,673)	(3,195,673)
At 30 April 2022	**4,505,000**	**(9,943,799)**	**(5,438,799)**
Profit for the year	-	920,281	920,281
At 30 April 2023	**4,505,000**	**(9,023,518)**	**(4,518,518)**

BENEFEX LIMITED
NOTES TO THE COMPANY FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 APRIL 2023

25. Accounting policies

Basis of preparation

Benefex Limited (the "Company") is a private company limited by shares incorporated and domiciled in the United Kingdom under the Companies Act and is registered in England and Wales. The address of the Company's registered office is Mountbatten House, Grosvenor Square, Southampton, Hampshire, SO15 2JU.

The nature of Benefex Limited's operations and its principal activities are set out in the strategic report on page 1 to 11.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC. Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International accounting standards in conformity with the Companies Act 2006 but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

Under section s408 of the Companies Act 2006 the company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- Business Combinations;
- Financial instruments;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of capital management;
- The effects of new but not yet effective IFRSs; and
- Disclosures in respect of the compensation of Key Management Personnel.

Fees payable to the group's auditor and their associates for non-audit services to the company are not required to be disclosed because the consolidated financial statements are required to disclose such fees on a consolidated basis.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Critical accounting judgements and key sources of estimation uncertainty

Critical accounting judgements and key sources of estimation uncertainty are outlined on pages 43 to 45 of the consolidated financial statements and should be regarded as an integral part of the financial statements.

BENEFEX LIMITED
NOTES TO THE COMPANY FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

26. Investment in subsidiary

	Subsidiary undertakings
Cost:	**RESTATED**
At 1 May 2021	600,000
Additions	8,419,520
At 30 April 2022	**9,019,520**
Additions	80,852
At 30 April 2023	**9,100,372**
Impairment:	
At 1 May 2021	-
Charge for the year	-
At 30 April 2022	-
Charge for the year	-
At 30 April 2023	-
Net book value	
At 30 April 2023	**9,100,372**
At 30 April 2022	9,019,520

During the year, £80,852 was paid to the previous shareholders of Wrkit Limited as an adjustment to the initial consideration paid, in respect of recovered trade receivable debt.

The prior year includes a £1.7m restatement to additions for the present value of contingent consideration payable to the previous shareholders of Wrkit Limited. For more information, see note 33.

Entity	Country of incorporation	% shareholding
Held Directly:		
Benefex Financial Solutions Ltd *	United Kingdom	100%
Wrkit Limited**	Ireland	100%
BFX Incorporated	USA	100%
Held Indirectly:		
Affinity Financial Network Limited**	Ireland	100%
Affinity Financial Network U.K. Limited*	United Kingdom	100%

*The registered office for this company is Mountbatten House, Grosvenor Square, Southampton, Hampshire, SO15 2JU
** The registered office for this company is 26 27 Pembroke Street Upper, Dublin, D02X 361, Ireland

The Directors have considered the value in use of the investments and have concluded that an impairment in investment value is not applicable.

On 7 January 2022, Benefex Limited acquired 100% of the equity in Wrkit Limited, a provider of employee engagement, wellbeing and discounts platform. All indirectly held investments are via the Company's investment in Wrkit Limited.

27. Intangible assets and goodwill

	Development costs	Software	Total
Cost:			
At 1 May 2021	9,803,811	-	9,803,811
Additions	2,760,269	41,585	2,801,854
Write offs	-	-	-
At 30 April 2022	**12,564,080**	**41,585**	**12,605,665**
Additions	3,498,787	16,139	3,514,926
Write offs	-	-	-
At 30 April 2023	**16,062,867**	**57,724**	**16,120,591**
Amortisation:			
At 1 May 2021	5,906,725	-	5,906,725
Disposals	-	-	-
Charge for the year	1,388,840	-	1,388,840
At 30 April 2022	**7,295,565**	**-**	**7,295,565**
Disposals			
Charge for the year	2,138,145	2,113	2,140,258
At 30 April 2023	**9,433,710**	**2,113**	**9,435,823**
Net book value:			
At 30 April 2023	**6,629,157**	**55,612**	**6,684,769**
At 30 April 2022	5,268,515	41,585	5,310,100

Intangible development costs

Development costs relate to the costs of developing the company's "OneHub" software platform and additional software modules to be used in conjunction with this core software platform.

Contract assets relate to the fair value of the consideration paid for the acquisition of customer contract novations as part of the acquisition of certain trade and assets from a complimentary employee benefits business during the financial year.

The charge for the year is recognised in the administrative costs in the profit and loss account.

BENEFEX LIMITED
NOTES TO THE COMPANY FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

28. Trade and other receivables

	2023	2022
Debt instruments at amortised costs		
Trade receivables	9,624,923	6,571,326
Less allowance for expected credit losses	(230,875)	(134,680)
Net trade receivables	**9,394,048**	**6,436,646**
Prepayments and accrued income	2,815,779	2,473,545
Amounts due from group undertakings	799,352	2,690,517
Other receivables	105,907	105,907
Total trade and other receivables	**13,115,086**	**11,706,615**

Amounts owed by group undertakings are repayable on demand subject to agreement by the borrower and lender and carry an interest of 0% per annum.

Movement in the allowance for expected credit losses:

	£
At 1 May 2021	(137,625)
Provision for expected credit losses	2,945
Utilised in period	-
At 30 April 2022	**(134,680)**
Provision for expected credit losses	(96,195)
Utilised in period	-
At 30 April 2023	**(230,875)**

29. Trade and other payables

	2023	2022
Trade payables	1,209,628	446,180
Amounts owed to group undertakings	19,455,219	17,360,073
Contingent consideration (see note 32)	1,098,988	-
Accruals	2,361,684	2,247,918
Other payables	152,660	86,009
Total trade and other payables	**24,278,179**	**20,140,180**

Amounts owed to group undertakings are repayable on demand subject to agreement by the borrower and lender and carry an interest of 0% per annum.

BENEFEX LIMITED
NOTES TO THE COMPANY FINANCIAL STATEMENT
FOR THE YEAR ENDED 30 APRIL 2023 (CONTINUED)

30. Borrowings

The details of the loans are disclosed within note 21 of the consolidated financial statements and should be regarded as an integral part of the financial statements.

31. Provisions, commitments and contingencies

	Dilapidations	Other provisions for liabilities	Total
As at 30 April 2021	**130,329**	**-**	**130,329**
Provision utilised during the year	-	-	0
Additions to provision in the year	43,603	-	43,603
As at 30 April 2022	**173,932**	**-**	**173,932**
Provision utilised during the year	-	-	0
Additions to provision in the year	31,671	100,000	131,671
As at 30 April 2023	**205,603**	**100,000**	**305,603**

The Company is contingently liable with respect to matters that arise in the normal course of business. The Company has assessed any potential liability and have provided for these where appropriate, and the potential liability will continue to be monitored.

32. Fair Value adjustments and contingent consideration

On 7 January 2022, Benefex Limited acquired 100% of the equity in Wrkit Limited, and its trading subsidiaries Affinity Financial Network Limited and Affinity Financial Network U.K Limited. The "Wrkit Group", through its proprietary technology, delivers learning, wellbeing and discounts modules which combine to support employees both in and out of work.

As part of this acquisition, the company agreed to pay the selling shareholders an additional consideration based upon the financial performance of calendar year 2022, which is payable in two instalments by June 2024.

The company has estimated this consideration as at 30 April 2023 and included a provision of £2.2m, representing an uplift to the total present value of the estimated future consideration of £497,643 and the effect of this uplift on contingent consideration is set out as follows:

Trade and other payables
Contingent consideration payable within one year: £1,098,988 (2022: £nil)

Non-current liabilities
Contingent consideration payable more than one year: £1,091,819 (2022: £1,693,164)

Consolidated Income statement

Fair value adjustment for the uplift in contingent consideration: £497,642 (2022: £nil)
Fair value adjustment for additional consideration (note 26) paid in respect of recovered trade receivable debt £80,852 (2022: £nil)

Total Fair Value adjustments in respect of Wrkit acquisition: £578,494 (2022: £nil)

33. Restatement of prior year balances

A prior year restatement has been made to recognise the contingent consideration payable to the previous shareholders of Wrkit Limited, which represents an uplift to the value of investment additions during that year as outlined further in note 32.

The effect of this restatement on the Company Statement of Financial Position as at 30 April 2022 was as follows:

£'000	As previously reported	Restatements	As restated
Non-current assets			
Investments	7,326,356	1,693,164	9,019,520
Non-current liabilities			
Contingent consideration	-	1,693,164	1,693,164

There was £nil impact on both the Company Income Statement and the Consolidated Income Statement, for the year ended 30 April 2022.

34. Share capital

	Number	£
Authorised, issued and fully paid:		
4,505,000 ordinary shares of £1 each (2022: 4,505,000)	4,505,000	4,505,000

The Company has one class of ordinary shares which carry no right to fixed income.

35. Ultimate controlling party

The immediate parent company is Benefex Holdings Limited, a company registered in England and Wales. The ultimate parent company is Zellis Holdco S.à.r.l, a company registered in Luxembourg. The Company is ultimately controlled by Bain Capital Europe Fund IV LP.

The smallest group in which the results of the Company from 14 September 2018 are consolidated are these financial statements.

The largest group in which the results of the Company from 14 September 2018 are consolidated is that headed by Zellis Holdco S.à.r.l, a company registered in Luxembourg. Copies of both accounts can be obtained from 740 Waterside Drive Aztec West, Almondsbury, Bristol, England, BS32 4UF.

For further information
please visit hellobenefex.com

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