Company registration number: 06242658 (England and Wales)

BENEFEX FINANCIAL SOLUTIONS LTD

Annual report and financial statements
For the year ended 30 April 2021

Company Information

Directors	M R Macri-Waller
	J R M Petter
	A R Kinch
Secretary	Elizabeth Leppard (resigned 19 April 2021)
	Helen Copestick (appointed 19 April 2021, resigned 16 August 2021)
	Chris Fox (appointed 16 August 2021)
Company number	06242658
Registered office	Mountbatten House, Grosvenor Square, Southampton, Hampshire, SO15 2JU
Auditor	Grant Thornton UK LLP 2 Glass Wharf Bristol BS2 0ZX

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Strategic Report

The directors present their strategic report and financial statements for the year ended 30 April 2021.

Principal activities and business review

The principal activity of the Company is to advise companies on employee benefit schemes. We deliver quality, safety and reliability for all the benefits we act as brokers for so that when our clients and their employees start enrolment, their experience is exceptional, and their data is secure. To do this, there are four main pillars to our services including initial market review, annual enrolment review, underwriting, and claims assistance and support where needed.

Turnover is generated both from fees charged to customers for employee benefit related broking services provided and, where appropriate, commission payable by employee benefit providers for such related introductions. The Company is authorised and regulated by the Financial Conduct Authority.

The results of Benefex Financial Solutions Ltd have also been consolidated in the accounts of Benefex Limited, it's immediate parent company, in order to reflect the Benefex group trading position.

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

	Year ended 30 April 2021 £	Year ended 30 April 2020 £	% Change
Turnover	5,664,647	2,452,335	+115%
Profit before tax	2,477,168	1,683,727	+47%

On 1 December 2020, Benefex Financial Solutions Limited, a wholly owned subsidiary of Benefex Limited, acquired part of the employee benefits solutions business of Capita Employee Benefits Limited ('Capita') for £4.1m to enhance its market share. The acquisition consisted of trade and assets which are primarily made up of customer contracts, records, and the right to use the existing platform. No equity interest was acquired, and no goodwill was recognised.

The investment provides significant additional scale as well as broader capabilities into the enlarged Benefex business. As a result, the value of the Benefex customer proposition is further enhanced, providing increased commercial opportunities and operational efficiencies.

Capita acquisition highlights:

• 50+ corporate customers novated to Benefex

• More than 350 SME customers, creating a new division focused on SMEs and High Growth businesses

• Over 100,000 employees added to our SaaS platform

The combined business will now support over 550 customers across more than 40 countries, delivering online benefits, recognition and internal communications designed to enhance every employee's experience.

The investment underlines our continued strong business performance, reflecting the confidence of our investors in supporting our ambitions for growth both organically (which contributed 23% increase in revenue for the financial year) and, where opportunities present, through acquisition.

Financial risk management objectives and policies

The company is exposed to a low level of cash flow risk. The company manages this risk by financing its operations predominately through cash reserves and has access to additional finance, if necessary, via the wider Zellis Group's cash pooling arrangement.

Whilst only a relatively small proportion of the company's income has been generated through invoiced sales, the company's absolute exposure to both price and credit risk has increased as a result of the new SME focused division and therefore appropriate customer onboarding and ongoing monitoring is a key tool for risk mitigation. Despite this, key customer concentration risk in this division is low, and a diverse industry portfolio of customers means that risk is spread across the wider economy.

The management objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements and future cash flows are expected to arise from the Company's trading activities.

Impact of Brexit

On 1 January 2021 the UK and the EU started a new relationship, following the end of the Brexit transition arrangement. The new EU-UK Trade and Cooperation Agreement has been passed by both the UK and European Parliaments. As a result, the agreements between the UK and the EU came into force on 1 May 2021. This was the last official step in the formalising the new relationship between the EU and the UK.

Benefex has considered, as part of our broad risk management, the potential impact of Brexit on our ability to service our clients with the new trade relationship. The company's contracts, cashflows and finances are denominated predominantly in sterling thus the exposure to foreign exchange rate shifts is limited. Our services are mainly oriented around people and the company's suppliers are predominantly based in the UK, therefore the impact on supply chain is also considered minimal. There is some indirect exposure to downshifts in the UK employment levels given we advise companies on employee benefit schemes.

The company's main risk relating to Brexit is surrounding its customer base, more specifically the ability of customers to continue to trade and settle their liabilities as and when due. The company hasn't experienced, nor does it currently foresee any material adverse impact on day-to-day operations. The management team is continuing to monitor the Brexit developments and will continue to look at ways to mitigate any risks as they arise.

Covid-19 pandemic

The regional outbreak of Coronavirus (COVID-19) in China in January 2020 quickly evolved into a global pandemic which has unique characteristics compared to anything we have seen in our lifetimes. This has resulted in significant impacts on social and economic factors around the world with long lasting adverse impacts ahead.

The company operates across the UK which saw lockdowns. There have been resulting changes in business and consumer behaviour which has impacted many businesses. However, given the nature of Benefex's business we are relatively well positioned to address these challenges, providing business-critical employee benefit services to our customers.

<u>Our response to the pandemic</u>

Following the outbreak of COVID-19, we acted quickly to support our customers, to ensure the safety of our people and to mitigate the potential adverse impacts on our business. As the outbreak developed into a global pandemic, we realised the need for quick decision making and created a COVID-19 taskforce responsible for decision making and business continuity planning, led by our CEO, Matt Macri-

Waller. This Taskforce met daily throughout the pandemic and enabled decisions to be made quickly and ensured timely actions were implemented.

By order of the board

Matt Macri-Waller

M R Macri-Waller
Director

Date 21/3/2022

Directors' report

The directors present their report and the financial statements of the Company for the year ended 30 April 2021.

Results and dividends

The Company's result for the year is a profit before taxation of £2,477,168 (*2020: £1,683,727*).

The Company did not pay an interim dividend in respect of the current financial year to its parent company Benefex Limited (*2020: £nil*).

Future developments

Delivering value to our customers always has been, and always will be, an essential element of our strategy and culture. This is reflected in our product strategy which has been developed to provide our customers with a compliant, insightful, and engaging experience via our employee benefits, recognition and communications platform and the group will continue to invest in and enhance this core product offering as well as innovating in new complimentary products and features.

Going concern

The directors have a reasonable expectation that the company will 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 1 of the financial statements.

Directors

The directors who served the Company during the year were as follows:

M R Macri-Waller
J R M Petter
A R Kinch

Company Secretary

H Copestick	(Appointed 19 April 2021, resigned 16 August 2021)
E Leppard	(Resigned 19 April 2021)

Donations

During the year the Company made £nil (2020: £nil) charitable or political donations.

Other Disclosures

The Company recognises its obligations towards disabled staff in line with the Disabilities Discrimination Act. In particular:

- the continued employment and training of persons who become disabled during employment,
- the training, career development and promotion of opportunities to disabled persons,
- encouraging the involvement of all employees in the Company's performance; and
- achieving a common awareness on the part of all employees for the financial and economic factors affecting the performance of the Company.

The Company also recognises its obligations to inform and consult members of staff on matters affecting their work. The number of employees is shown in note 4 to the accounts.

Disclosure of information to auditor

In so far as the directors are, individually, aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the 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.

Change of auditor

In April 2021 the Board appointed Grant Thornton UK LLP as the Group's statutory auditor for the year ended 30 April 2021, aligning with the wider Zellis Group.

By order of the board

Matt Macri-Waller

M R Macri-Waller
Director
Mountbatten House
Grosvenor Square
Southampton
SO15 2JU

Date 21/3/2022

Directors' Responsibilities Statement for the year ended 30 April 2021

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the 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 company and of their profit or loss for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the 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 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 company's transactions and disclose with reasonable accuracy at any time the financial position of the 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 company 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
Mountbatten House
Grosvenor Square
Southampton
SO15 2JU

Date 21/3/2022

Independent auditor's report to the members of Benefex Financial Solutions Limited

Opinion

We have audited the financial statements of Benefex Financial Solutions Limited (the 'company') for the year ended 30 April 2021, which comprise; Statement of income and retained earnings, Balance sheet, Statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and 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 company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We 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 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 company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the company's business model including effects arising from macro-economic uncertainties such as Brexit and Covid-19, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period.

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

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.

The responsibilities of the directors with respect to going concern are described in the 'Responsibilities of directors for the financial statements' section of this report.

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

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

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

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

Responsibilities of directors for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with ISAs (UK).

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of how the Company is complying with significant legal and regulatory frameworks through inquiries of management;
- The 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 legislation relating to employment, health & safety, data protection and environmental issues, as those most likely to have a material effect 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 Company's financial statements to material misstatement, including how fraud might 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 Company's operations, including the nature of its revenue sources, products, and services 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 risks of material misstatement;
    - the Company's control environment;
    - the Company's relevant controls over areas of significant risks; and
    - the Company's business processes in respect of classes of transactions that are significant to the financial statements .
- Audit procedures performed by the engagement team included:
    - identifying the significant risk of fraud within revenue recognition and undertaking substantive testing to obtain sufficient and appropriate audit evidence;
    - testing manual journal entries, in particular journal entries relating to management estimates and entries determined to be large or relating to unusual transactions; and
    - identifying and testing related party transactions.
- 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;

  - appropriate training, knowledge of the industry in which the Company operates; and
  - understanding of the legal and regulatory requirements specific to the Company.
- We did not identify any material matters relating to non-compliance with laws and regulations or relating to fraud.

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
21/3/2022

Statement of Income and Retained Earnings

for year ended 30 April 2021

	Note	**Year ended 30 April 2021**	Year ended 30 April 2020
		£	£
Turnover	2	**5,664,647**	2,452,335
Cost of sales	3	**(777,086)**	(467,337)
Gross profit		**4,887,561**	1,984,998
Administrative expenses	3	(2,410,398)	(301,303)
Operating profit		**2,477,163**	1,683,695
Operating profit before amortisation of acquired intangibles and other significant separately disclosed items		2,729,808	1,700,525
Amortisation of acquired intangibles	7	(431,101)	-
Other significant separately disclosed items	5	178,456	(16,830)
Operating profit		**2,477,163**	1,683,695
Interest receivable and similar income		**5**	32
Profit on ordinary activities before taxation		**2,477,168**	1,683,727
Tax on profit on ordinary activities	6	**17,094**	-
Profit for the financial year / total comprehensive income		**2,494,262**	1,683,727

	Year ended 30 April 2021	Year ended 30 April 2020
	£	£
Retained earnings as at start of year	**3,350,919**	1,667,192
Profit for the financial year	**2,494,262**	1,683,727
Retained earnings as at end of year	**5,845,181**	3,350,919

All amounts relate to continuing operations.

There is no other comprehensive income in either period other than the results shown above.

The notes on page 17 to 32 form an integral part of the Financial Statements.

Balance Sheet
At 30 April 2021

	Note	**30 April 2021**		30 April 2020	
		£	**£**	£	£
Non-current assets					
Intangible assets	*7*	**3,707,471**		-	
Tangible assets	*8*	**-**		-	
Debtors due after more than one year	*9*	**47,022**		-	
Deferred tax asset	*6*	**17,094**		-	
			3,771,587		-
Current assets					
Debtors due within one year	*9*	**8,050,400**		3,443,927	
Cash at bank and in hand		**331,069**		327,905	
		8,428,491		3,771,832	
Creditors: amounts falling due within one year	*10*	**(6,127,782)**		(258,113)	
Net current assets			**2,300,709**		3,513,719
Total assets less current liabilities			**6,025,274**		3,513,719
Provisions for liabilities	*12*		**(64,093)**		(46,800)
Net assets			**5,961,181**		3,466,919
Capital and reserves					
Called up share capital	*13*		**116,000**		116,000
Profit and loss account			**5,845,181**		3,350,919
Shareholder's funds			**5,961,181**		3,466,919

These financial statements were approved by the board of directors on 21/3/2022 and were signed on its behalf by:

Matt Macri-Waller

M R Macri-Waller
Director

Company registered number: 06242658

The notes on page 17 to 32 form an integral part of the Financial Statements.

Statement of Changes in Equity
At 30 April 2021

	Called up Share capital	Profit and loss account	Total equity
	£	£	£
Balance at 1 May 2019	116,000	1,667,192	1,783,192
Profit for the year	-	1,683,727	1,683,727
Balance at 30 April 2020	**116,000**	**3,350,919**	**3,466,919**
Balance at 1 May 2020	**116,000**	**3,350,919**	**3,466,919**
Profit for the year	-	2,494,262	2,494,262
Balance at 30 April 2021	**116,000**	**5,845,181**	**5,961,181**

The notes on pages 17 to 32 form an integral part of the Financial Statements.

Notes

1. Accounting policies

Company information

Benefex Financial Solutions Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK. The registered office is Mountbatten House, Grosvenor Square, Southampton, Hampshire, SO15 2JU.

Basis of Accounting

The financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.
The financial statements are prepared in sterling, which is the functional currency of the company.

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to:

- the requirements of IAS 7 Statement of Cash Flows;
- the requirement in paragraph 38 of IAS 1 Presentation of Financial Statements to present comparative information in respect of:
    - paragraph 79(a)(iv) of IAS 1 Presentation of Financial Statements;
    - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
    - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements in IAS 24 Related Party Disclosures to disclose key management personnel compensation and related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member;
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting policies, Changes in Accounting Estimates and Errors to disclose a new IFRS that has been issued but not yet effective; and
- the requirements of paragraph 17 and 18A to disclose key management personnel compensation.
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.

As the consolidated accounts of Zellis Holdings Limited include the equivalent disclosures, the company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- the requirements of paragraphs 45(b) and 46 to 52 of IFRS 2 Share Based Payments in respect of group settled share-based payments
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets, provided that equivalent disclosures are included in the consolidated financial statements of the group in which the entity is consolidated; and
- disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures as a non-financial institution.

As at 30 April 2021, Benefex Financial Solutions Ltd was a wholly owned subsidiary of Benefex Limited and the results of Benefex Financial Solutions Limited are included in the consolidated financial statements of Zellis Holdings Limited which are available from its registered office: Peoplebuilding 2, Maylands Avenue, Hemel Hempstead, HP2 4NW.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1. Accounting policies (Continued)

Going concern

The company has a net assets position of £5,961,181 as at 30 April 2021. The company has reported a net profit before tax and the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The company has made a profit before tax for the year of £2,477,168 (2020: £1,683,727) and generated operating profit of £2,477,163 (2020: £1,683,695).

The directors have considered the projected cash flow of the company for a period of twelve-months from the date of approval of these financial statements. Given that the cash generated by the company may be used to support the servicing of external loans to the wider Zellis group, cash available to the company to meet its obligations is impacted by the liabilities of this wider group. Accordingly, the directors manage the cash flow of the company together with the cash flow of the wider group headed by Zellis Holdings Limited and have prepared forecasts for the twelve-month period from the date of approval of these financial statements for the group headed by Zellis Holdings Limited, which indicate the group will be able to operate within its current revolving facility.

As a result of this cash pooling treasury arrangement with the wider group, the company has received written assurance from Zellis Holdings Limited for financial assistance to the company 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 twelve months from the date of approval of these financial statements. The directors have considered the ability of Zellis Holdings Limited to provide such support to the Benefex Group and are assured by its continued financial strength and position as market leader in the UK for the provision of outsourced payroll and HR services, which are considered business critical services and generate a high proportion of revenues that are recurring and committed. During the year, Zellis Holdings Limited also agreed an additional £40m capital injection from Bain Capital, interest settled via Payment in Kind ('PIK') for 3 years and an updated pension deficit contribution schedule.

In addition to the normal budgeting and forecast review process, the business has performed a detailed liquidity and solvency review, due to the onset of the Covid-19 pandemic. The review was performed at the very outset and covered both expected outcomes as well as severe downside scenarios, as well as numerous updates as time passed and levels of uncertainty reduced. Trading performance during this period has been broadly in line with pre-pandemic expectations and the group has been able to restructure and reorganise activities and operations in a safe manner to continue to fulfil the needs of our customers.

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

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currencies at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Foreign exchange differences arising on translation are recognised in the profit and loss account.

Financial instruments

(i) Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

1. Accounting policies (Continued)

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Financial assets

(ii) (a) Classification

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Investments in subsidiaries are carried at cost less impairment.

(ii) (b) Subsequent measurement and gains and losses

Financial assets at FVTPL - these assets (other than derivatives designated as hedging instruments) are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost - These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI - these assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI - these assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost

1. Accounting policies (Continued)

of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Financial liabilities and equity

Financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

Intra-group financial instruments

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the Company considers these to be insurance arrangements and accounts for them as such. In this respect, the Company treats the guarantee contract as a contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Employee benefits

The Company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the Company to the fund in respect of the year. The assets of the scheme are held separately from those of the Company in an independently administered fund. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Turnover

Revenue is measured based on consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The company 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.

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 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 company's revenues are earned mainly from the following services:

1. Accounting policies (Continued)

- Commission
- Other fees earned

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

1. Identify the contract with a customer

The company enter into 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 a service has been completed.

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.

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 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 company'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 company'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

Brokering services are recognised over the time the customer benefits from the service.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

1. Accounting policies (Continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and all deposits.

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 4 years.

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

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets.

The estimated useful lives are as follows:

- Fixtures and fittings 5 years

However, if the item has been purchased under finance lease then the estimated useful life will be the shorter of the estimated useful life above or the term of the finance lease.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of temporary differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax, or a right to receive repayments of tax.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax assets are recognised only to the extent that the directors consider it more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Fair value measurement

IFRS 13 establishes a single source of guidance for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The Company is exempt under FRS 101 from the disclosure requirements of IFRS 13.

Cash and cash equivalents

1. Accounting policies (Continued)

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

Provisions

Provisions are recognised when the Company has a legal or constructive present obligation as a result of a past event and it is probable that the Company 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 end 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 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 and the amount of the receivable can be measured reliably.

Critical accounting estimates and judgements

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount 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.

There were no estimates and assumptions which had a significant risk of causing a material adjustment to the carrying amount of assets and liabilities. However, matters involving a lesser degree of estimation or judgement are outlined below:

Provisions

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events which can be reasonably estimated. The timing of recognition requires the application of judgement to existing facts and circumstances, which can be subject to change. Note 11 to the accounts contains information about the assumptions made concerning the Company's provisions.

Revenue recognition

The application of IFRS 15 requires the company 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

Notes *(continued)*

2. Turnover

	Year ended 30 April 2021	Year ended 30 April 2020
	£	£
Regulated Income	**5,664,647**	2,452,335
Total turnover	**5,664,647**	2,452,335

All turnover is generated within the UK.

IFRS 15 disclosure

A) Contract liabilities

	Year ended 30 April 2021	Year ended 30 April 2020
	£	£
Contract liabilities – current (less than one year)	**1,708,260**	-
Contract liabilities – non-current (more than one year)	**-**	-
Total contract liabilities	**1,708,260**	-

B) Revenue recognised in relation to contract liabilities

	Year ended 30 April 2021	Year ended 30 April 2020
	£	£
Revenue recognised that was included in the contract liability balance at the beginning of the periods	**110,653**	-
Revenue recognised from performance obligations satisfied in previous periods	**-**	-
Total	**110,653**	-

Notes *(continued)*

C) Unsatisfied long-term contracts

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Aggregate amount of contracts partially or fully unsatisfied	**1,708,260**	-
Total	**1,708,260**	-

Management expects that of the transaction price allocated to the unsatisfied contracts as of 30 April 2021, £1,708,260 will be recognised as revenue in reporting periods ending 30 April 2022.

D) Assets recognised from costs to fulfil a contract

In addition to the contract balances disclosed above, the group has also recognised assets in relation to costs to fulfil contracts. This is presented within other assets in the balance sheet.

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Asset recognised from costs incurred to fulfil contracts	**80,078**	-
Amortisation recognised as cost of providing services during the period	**(10,389)**	-

3. Operating costs and auditors' remuneration

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Auditor's remuneration		
- audit of these financial statements	**13,500**	17,500
Staff costs (see note 4)	**2,318,446**	569,756
Significant separately disclosed items (see note 5)	**(178,456)**	16,830
Amortisation of acquired intangibles (see note 7)	**431.101**	-
Other operating costs	**602,893**	164,554
	3,187,484	768,640
Split as follows		
Cost of sales	**777,086**	467,337
Administrative expenses	**2,410,398**	301,303
	3,187,484	768,640

Notes *(continued)*

4. Staff numbers and costs

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

	Number of employees	
	Year ended 30 April 2021	Year ended 30 April 2020
Operations	**45**	7
Finance and administration	**2**	2
	47	9

The aggregate payroll costs of these persons were as follows:

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Wages and salaries	**1,882,273**	502,872
Social security costs	**207,452**	50,215
Contributions to defined contribution plans	**228,721**	16,669
	2,318,446	569,756

There are no directors employed by the Company so the directors' aggregate remuneration in respect of qualifying services in the year was £nil (2020: £nil) as the time spent by the directors in respect of this entity is not practical to allocate to the company. The remuneration received by the directors can be seen in the statutory accounts for Benefex Limited.

5. Significant separately disclosed items

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Acquisition and financing	**(90,427)**	-
Acquisition and financing: non-recurring revenues	**385,146**	-
Business transformation, restructuring and integration	**(25,000)**	-
Significant events and external circumstances	**(91,263)**	(16,830)
Total significant separately disclosed items	**178,456**	(16,830)

Acquisition and financing costs relate to the acquisition of part of the employee benefits solutions business of Capita Employee Benefits Limited ('Capita').

The acquisition consisted of trade and assets which are primarily made up of customer contracts, records, and the right to use the existing platform, as well as the transfer of 155 employee contracts in line with Transfer of Undertakings (Protection of Employment) regulations (TUPE). Benefex has taken over the Orbit platform from Capita to manage the customers on this platform during a transition period.

While some customers will migrate to Benefex contracts and platform (novating customers), there are others (non-novating customers) that chose not to migrate and will remain on Orbit platform until existing contracts lapse. Following an agreed three-month window for customer novation's to complete post acquisition, the final consideration was agreed, and a subsequent restructuring and redundancy program was necessary to optimise the acquired business' cost base against the contracts acquired. The costs of this post acquisition redundancy program are also included within these acquisition and financing costs.

The direct costs of the non-novating customers are tailing off and therefore not reflective of the underlying business performance. As a result, a proportion of Orbit platform costs relating to these non-novating customers, and the non-recurring revenue generated for these contracts, are recorded in this acquisition and financing category as well as the legal and migration costs incurred for novating contracts.

Business transformation and integration costs include the design and implementation of IT transformation projects.

Significant events and external circumstances include the continued recognition of a specific, incremental bad debt provision against the potential credit losses predicted in light of the Covid-19 pandemic following unprecedented changes in the global landscape as well as the impact this has had on incremental holiday pay accrued as a direct result of the prolonged UK lockdown period.

The bad debt provision against the potential credit losses arising from the Covid-19 pandemic remain highly subjective and judgemental and this global landscape continues to have a significant impact on certain industries, including leisure & hospitality, travel, retail & wholesale and automotive. Whilst our customer profile is typically more resilient with investment grade credit risk, we have recognised that the current environment has increased the risk of default at varying rates for each underlying industry.

For April 2021, we segmented our customers by industry and applied credit analytics probability of default, based on the global market intelligence available at the time, to calculate our incremental credit risk provision. The incremental applied probability of default rates range from 0.5% to 18.5%. Whilst these underlying assumptions remain highly subjective, our diversified industry portfolio is such that the underlying sensitivity to default rates is low. A 25% increase to default rates results in a 17% increase to the incremental provision.

Notes *(continued)*

6. Taxation on ordinary activities

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	Year ended 30 April 2021		Year ended 30 April 2020	
	£	**£**	£	£
Deferred tax				
Current tax on income for the period	-		-	
Adjustments in respect of prior periods	**17,094**		-	
Total tax		**17,094**		-

Deferred taxation	**Short term timing differences £**	Total £
At 1 May 2020	-	-
Adjustment in respect of prior years	17,094	17,094
At 30 April 2021	**17,094**	**17,094**

Reconciliation of effective tax rate

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Profit for the period excluding taxation	**2,477,168**	1,683,727
Tax using the UK corporation tax rate of 19%	**470,662**	319,908
Non-deductible expenses	**81,909**	-
Group relief surrendered	**(555,857)**	(319,912)
Unrelieved tax losses	-	4
Adjustment from previous periods	**(13,808)**	-
Total tax expense included in profit or loss	**(17,094)**	-

The Company has tax trading losses of £nil (2020: *£nil*) which are not recognised on the balance sheet and are available to be carried forward and set against future trading profits.

The UK corporation tax rate has remained at 19% for the duration of both the prior year and the current year and the UK Government has announced in it's most recent Budget that this will continue for the year starting 1 April 2021.

No payment was made by the company in regards to the group relief received.

Notes *(continued)*

7. Intangible fixed assets

	Customer relationships £	Total £
Cost		
At 30 April 2020	-	-
Additions	4,138,572	4,138,572
At 30 April 2021	**4,138,572**	**4,138,572**
Amortisation		
At 30 April 2020	-	-
Charge for the year	431,101	431,101
At 30 April 2021	**431,101**	**431,101**
Net book value		
At 30 April 2021	**3,707,471**	**3,707,471**
At 30 April 2020	-	-

8. Tangible fixed assets

	Fixtures & Fittings £	Total £
Cost		
At 30 April 2020	11,767	11,767
Disposals	(11,767)	(11,767)
At 30 April 2021	-	-
Depreciation		
At 30 April 2020	11,767	11,767
Charge for the year	-	-
Disposals	(11,767)	(11,767)
At 30 April 2021	-	-
Net book value		
At 30 April 2021	-	-
At 30 April 2020	-	-

9. Debtors

Debtors due within one year

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Trade debtors	**2,049,231**	264,554
Amounts owed by Group undertakings	**4,465,061**	3,126,268
Prepayments and accrued income	**1,536,108**	53,105
	8,050,400	3,443,927

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.

Debtors due more than one year

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Prepayments and accrued income	**47,022**	-
	47,022	-

Movement in the allowance for expected credit losses provision against gross trade debtors:

At 1 May 2019	-
Provision for expected credit losses	(33,254)
Utilised in period	-
At 30 April 2020	**(33,254)**
Provision for expected credit losses	(89,800)
Utilised in period	-
At 30 April 2021	**(123,054)**

10. Creditors: Amounts falling due within one year

	Year ended 30 April 2021 £	Year ended 30 April 2020 £
Trade creditors	**3,312**	480
Amounts owed to Group undertakings	**4,071,636**	-
Accruals	**1,891,514**	185,022
Other taxation and social security	**161,320**	72,611
	6,127,782	258,113

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.

11. Employee Pensions

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The pension cost charge represents contributions payable by the Company to the fund and amounted to £228,721 (2020: £16,669). There are contributions outstanding at 30 April 2021 of £nil (2020: £1,733).

12. Provisions for Liabilities

	Provision for clawbacks £
Balance brought forward	46,800
Provision movement in the period	17,293
Utilisation	-
Balance carried forward	**64,093**

The provision for clawbacks is in relation to commissions income received which may become refundable if staff numbers on the scheme reduce.

13. Share capital

Allotted, called up and fully paid:

	Year ended 30 April 2021		Year ended 30 April 2020	
	No	**£**	No	£
Ordinary shares of £1 each	**116,000**	**116,000**	116,000	116,000

14. Contingent liabilities

The Company has no contingent liabilities.

15. Related party transactions

As the Company is a wholly owned subsidiary of Zellis Holdings Limited, the group has taken advantage of the exemption contained in FRS 101 and has therefore not disclosed transactions or balances with wholly owned subsidiaries which form part of the group

16. Controlling party

The immediate parent company is Benefex 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 are consolidated is that headed by Benefex Limited, a company registered in England and Wales, with a registered office of Mountbatten House, Grosvenor Square, Southampton, Hampshire, SO15 2JU.

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.

17. Post Balance Sheet Event

On 1 December 2020, Benefex Financial Solutions Limited, a wholly owned subsidiary of Benefex Limited, acquired part of the employee benefits solutions business of Capita Employee Benefits Limited ('Capita'). for £4.1m to enhance its market share.

The acquisition consisted of trade and assets which are primarily made up of customer contracts, records, and the right to use the existing platform. As part of this acquisition, it was recognised between both parties that there would be certain scenarios in which receipts and/or payments incurred by either party would not necessarily represent an equitable split that reflected the goods and services already or yet to be provided/received at the completion date. As a result, both parties agreed to participate in a three month and twelve-month post-completion true up exercise in order to finalise and cash apportionment from relevant balances not dealt with at completion itself. Anticipated scenarios included apportionment of novating and non-novating customer related commission receipts, overhead supplier payments and staff related balances.

Following a period of reconciliation and negotiation between both parties, the three-month true up exercise was completed in August 2021 and resulted in a further cash settlement to Benefex Financial Solutions Limited of £1.4m. The business recognised any net revenue relating to conditions known and virtually certain at the year end, as well as any expenditure to which it was probable that an outflow of economic benefits would occur. However, in line with IAS 37 Provisions, Contingent Liabilities and Contingent Assets, the company has not recognised approximately £0.9m of this cash settlement on the basis that the realisation of further income was not virtually certain until the negotiation and agreement was concluded after the year end.