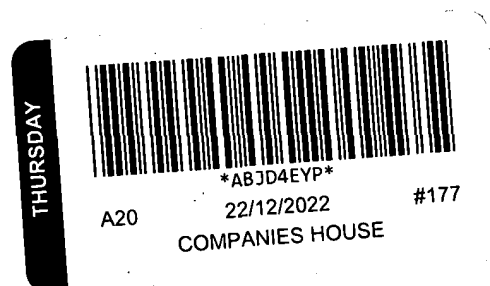


Company registration number: 06451271 (England and Wales)

BENEFEX HOLDINGS LIMITED

Annual report and financial statements
For the year ended 30 April 2022



BENEFEX HOLDINGS LIMITED
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Company Information

Directors	M R Macri-Waller
	J R M Petter
	A R Kinch
Secretary	Helen Copestick (resigned 16 August 2021)
	Chris Fox (appointed 16 August 2021)
Company number	06451271
Registered office	Mountbatten House Grosvenor Square Southampton Hampshire SO15 2JU
Auditor	Grant Thornton UK LLP 2 Glass Wharf Bristol BS2 0EL

Commercial in confidence

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Strategic Report

The directors present their strategic report and financial statements for the year ended 30 April 2022.

Principal activities and business review

The principal activity is that of a holding company for the Benefex group.

As at 30 April 2022, Benefex Holdings Limited was a wholly owned subsidiary of Zellis Holdings Limited and the results of Benefex Holdings Limited are included in the consolidated financial statements of Zellis Holdings Limited. The Benefex group trading position can be found in Benefex Limited's accounts, a wholly owned subsidiary of Benefex Holdings Limited.

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

	Year ended 30 April 2022 £	Year ended 30 April 2021 £	% Change
Loss for the year before taxation	2,883,123	1,838,698	-57%

Financial risk management objectives and policies

The Company is exposed to a moderate level of cash flow risk. The group manages this risk by financing its operations through long term loan notes to fund expansion or capital expenditure programmes for the trading subsidiaries.

The majority of the trading subsidiaries' customers are large companies with contracts generally between 3 and 5 years in length, limiting the groups exposure to both price and credit risk. Invoicing is largely in sterling and in advance, mitigating any liquidity or exchange rate risks associated with delivering the services.

The board's objectives are to retain sufficient liquid funds to enable it to meet its day to day requirements and match the repayment schedule of its external borrowings with the future cash flows expected to arise from the group's trading activities.

Principal risks and uncertainties

The Board has overall responsibility for the company's approach to assessing risk and recognises that creating value is the reward for taking and accepting risk. Executive management implements the Board's policies on risk and control and provides assurance on compliance with these policies. This system is designed to manage, rather than eliminate, the risk of failure to achieve corporate objectives. All employees are accountable for operating within these policies.

War in Ukraine

The military crisis in Ukraine continues to impact countless lives and has demanded a response from individuals, governments, and businesses around the world.

The company does not have any operations, ownership, or supplier relationships which are sourced from the regions and countries currently in conflict or subject to sanctions or trade restrictions. The direct impact to our business is therefore minimal.

Even so, the company is taking additional steps to safeguard the business and our people. We have extended support and counselling to colleagues who are impacted by the conflict. In recognition of the increased risk of cyber-attack during conflicts, we have conducted a full review of its digital security

BENEFEX HOLDINGS LIMITED
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controls and we remain confident in our defences against potential attack.

Inflation and cost-of-living crisis

High levels of inflation, and the consequential impact on individuals facing a severe cost-of-living crisis, have become a pressing concern for all employers. These conditions appear set to remain in place for the short to medium term, creating a pressing need for employers to support the financial, physical and mental health of their employees.

The services and solutions we provide via the wider group put us at the forefront of any discussion about addressing cost-of-living pressures and supporting employee financial wellbeing. We will continue to expand 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 the medium and long term.

In terms of cost inflation, most of our costs are group management fees and interest charges at a fixed annual rate which minimises the potential impact of cost rises to the business.

Covid-19 pandemic

The regional outbreak of Coronavirus (COVID-19) in January 2020 quickly evolved into a global pandemic which had unique characteristics compared to anything we have seen in our lifetimes. This 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 remain relatively well positioned to address these challenges, providing business-critical employee benefit services to our customers, with a high proportion of our revenues being committed and recurring.

Our response to the pandemic

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.

Safeguarding our people

Safeguarding our people by ensuring a safe working environment for all employees has been a major priority throughout the pandemic. We quickly transitioned employees to homeworking wherever possible, which included the provision of additional hardware, devices and increased software security.

In addition to enabling remote working, measures taken where office working was necessary included increased spacing between workstations, provision of appropriate personal protective equipment (PPE), staggered shifts and breaks, enhanced cleaning processes, and contingency planning.

This report was approved by the board of directors on 22/9/2022 and signed on its behalf by:

Matt Macri-Waller

M R Macri-Waller
Director

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Directors' report

The directors present their report and the financial statements of the Company for the year ended 30 April 2022.

Results and dividends

The Company's result for the year is a loss before taxation of £2,883,123 (2021: loss of £1,838,698). The directors do not propose payment of a dividend (2021: £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 products and features.

Going Concern

The Directors have a reasonable expectation that 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 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	(Resigned 16 August 2021)
C Fox	(Appointed 16 August 2021)

Donations

During the year the Company made no charitable or political donations (2021: £nil).

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.
-

BENEFEX HOLDINGS LIMITED
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The Company also recognises its obligations to inform and consult members of staff on matters affecting their work.

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.

This report was approved by the board of directors on 22/9/2022 and signed on its behalf by:

Matt Macri-Waller

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

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Directors' Responsibilities Statement for the year ended 30 April 2022

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.

This report was approved by the board of directors on 22/9/2022 and signed on its behalf by:

Matt Macri-Waller

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

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Independent auditor's report to the members of Benefex Holdings Limited

Opinion

We have audited the financial statements of Benefex Holdings Limited (the 'company') for the year ended 30 April 2022, 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 UK-adopted international accounting standards. 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 2022 and its loss 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.

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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.

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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 the 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 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 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 Company's operations, including the nature of its revenue sources, products, and services 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 Company's control environment;
 - the design of the Company's relevant controls over 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 relating to management estimates and entries determined to be large or relating to unusual transactions; and
 - identifying and testing related party transactions.

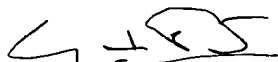
BENEFEX HOLDINGS LIMITED
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These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not 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 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
22 September 2022

BENEFEX HOLDINGS LIMITED
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Statement of Income and Retained Earnings
For the year ended 30 April 2022

		Year ended 30 April 2022	Year ended 30 April 2021
		£	£
Administrative expenses	2	(1,484,953)	(910,262)
Operating loss		(1,484,953)	(910,262)
Interest payable and similar charges	3	(1,435,823)	(928,436)
Profit on the disposal of subsidiaries	4	37,653	-
Loss before taxation		(2,883,123)	(1,838,698)
Tax on loss on ordinary activities	5	160,235	238,123
Loss for the financial year / total comprehensive loss		(2,722,888)	(1,600,575)

		Year ended 30 April 2022	Year ended 30 April 2021
		£	£
Retained earnings as at start of year		(7,706,366)	(6,105,791)
Loss for the financial year		(2,722,888)	(1,600,575)
Retained earnings as at end of year		(10,429,254)	(7,706,366)

All amounts relate to continuing operations unless specified otherwise.

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

The notes on page 16 to 27 form an integral part of the Financial Statements.

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Balance Sheet

At 30 April 2022

	Note	Year ended 30 April 2022		Year ended 30 April 2021
		£	£	£
Non-current assets				
Investments	6	5,093,900		5,093,900
Deferred taxation	7	398,358		238,123
			5,492,258	5,332,023
Current assets				
Debtors – due within one year	7	7,842,346		4,074,822
Cash at bank and in hand	10	44,635		44,508
		7,886,981		4,119,330
Creditors: amounts falling due within one year	8	(1,287,132)		(1,867,792)
Net current assets			6,599,849	2,251,538
Total assets less current liabilities			12,092,107	7,583,561
Creditors: amounts falling due after more than one year	9	(22,459,275)		(15,227,841)
Net liabilities			(10,367,168)	(7,644,280)
Capital and reserves				
Called up share capital	12	165		165
Share premium account		61,921		61,921
Profit and loss account		(10,429,254)		(7,706,366)
Shareholder's deficit			(10,367,168)	(7,644,280)

These financial statements were approved by the board of directors on 22/9/2022 and were signed on its behalf by:

Matt Macri-Waller

M R Macri-Waller
Director

Company registered number: 06451271

The notes on pages 16 to 27 form an integral part of the Financial Statements.

BENEFEX HOLDINGS LIMITED
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Statement of Changes in Equity
30 April 2022

	Called up Share capital	Share Premium Account	Profit and loss account	Total equity
	£	£	£	£
Balance at 30 April 2020	165	61,921	(6,105,791)	(6,043,705)
Loss for the period	-	-	(1,600,575)	(1,600,575)
Balance at 30 April 2021	<u>165</u>	<u>61,921</u>	<u>(7,706,366)</u>	<u>(7,644,280)</u>
Balance at 1 May 2021	165	61,921	(7,706,366)	(7,644,280)
Loss for the year	-	-	(2,722,888)	(2,722,888)
Balance at 30 April 2022	<u>165</u>	<u>61,921</u>	<u>(10,429,254)</u>	<u>(10,367,168)</u>

The notes on pages 16 to 27 form an integral part of the Financial Statements.

BENEFEX HOLDINGS LIMITED
Annual report and financial statements

Notes

1. Accounting policies

Company information

Benefex Holdings 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;
 - 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.

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Accounting policies (continued)

As at 30 April 2022, Benefex Holdings Limited was a wholly owned subsidiary of Zellis Holdings Limited and the results of Benefex Holdings Limited are included in the consolidated financial statements of Zellis Holdings Limited which are available from its registered office: 740 Waterside Drive Aztec West, Almondsbury, Bristol, England, BS32 4UF.

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

Going concern

Notwithstanding net liabilities of £10,367,168 (2021: £7,644,280) as at 30 April 2022 and a loss before taxation for the year then ended of £2,883,123 (2021 loss: £1,838,698) the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors have considered the projected cash flow of the company for a period of twelve-month from the date of approval of these financial statements. The company does not carry out any trading activities and has therefore 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. The Directors are also assured by Zellis Holding Limited's own assessment which follows a comprehensive going concern review over the period to April 2024, considering the forecast cash flows of the Zellis Group and the liquidity headroom available over the corresponding period, taking into account the Zellis Group's principal risks and uncertainties. The Zellis Group has modelled various forecasts in its assessment of going concern which have been considered by the Directors, along with a likelihood assessment of these forecasts, being:

- a base case, which reflects the Directors' current expectations of future trading
- severe but plausible downside forecasts, based on reasonable sensitivities on key cashflow items; and
- a reverse stress test analysis setting out what would be required to break covenant requirements.

This review of forecasts indicates that the Zellis Group should be able to trade and operate within its current revolving credit facility ("RCF") and settle its liabilities as they fall due, and have the ability to maintain compliance with debt covenants for the foreseeable future. The current £40m RCF facility is available until 31st January 2024 and the Base Case scenario for the period ending 30 April 2024 assumes that this facility is renewed. The Directors of the Zellis Group do not consider this to be a material uncertainty due to the fact that the base case scenario predicts the facility to be unutilised from July 2023, in addition to there being more than sufficient time between the date of signing of the accounts and the cessation of the facility for a new facility to be negotiated.

Overall, the Directors have a reasonable expectation that the Group therefore has adequate resources to continue as going concern 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

BENEFEX HOLDINGS LIMITED
Annual report and financial statements

1. Accounting policies (continued)

(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.

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

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1. Accounting policies (continued)

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 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.

(iii) Impairment

The Company recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost, debt investments measured at FVOCI and contract assets.

The Company measures loss allowances at an amount equal to lifetime ECL, except for other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition which are measured as 12-month ECL.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECL

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the

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Annual report and financial statements

1. Accounting policies (continued)

contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Write-offs

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of goodwill; the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

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

Non-current investments

Investments in subsidiary undertakings are stated at cost unless, in the opinion of the directors, there has been impairment to their value in which case they are immediately written down to their estimated recoverable amount.

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

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.

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1. Accounting policies (continued)

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:

Impairment of investments

Investments are tested annually for impairment. The impairment tests involve estimation of future cash flows and the selection of a suitable discount rate.

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Notes (continued)

2. Administrative expenses and auditor's remuneration

	Year ended 30 April 2022 £	Year ended 30 April 2021 £
Auditor's remuneration		
- audit of these financial statements	16,750	13,500
Group management fees	1,464,775	885,521
Other administrative expenses	3,428	11,241
Total administrative expenses	1,484,953	910,262

3. Interest payable and similar charges

	Year ended 30 April 2022 £	Year ended 30 April 2021 £
Interest on loan notes	1,435,823	928,436

4. Profit on disposal of subsidiaries

During the year, two of the Company's dormant subsidiaries, Benefit Administration Gateway Ltd Benefit Administration Services Limited, were dissolved with Companies House which resulted in a net profit on disposal of £37,653.

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Notes (continued)

5. Taxation

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

	Year ended 30 April 2022 £	Year ended 30 April 2021 £	£
<i>Deferred tax</i>			
Effect of change in tax rates	75,197	-	
Adjustments in respect of prior periods	85,038	238,123	
Total tax	<u>160,235</u>	<u>238,123</u>	

	Tax losses £	Total £
Deferred taxation		
At 1 May 2021	238,123	238,123
Effect of changes in tax rates	75,197	75,197
Adjustment in respect of prior years	85,038	85,038
At 30 April 2022	<u>398,358</u>	<u>398,358</u>

Reconciliation of effective tax rate

	Year ended 30 April 2022 £	Year ended 30 April 2021 £
Loss for the period excluding taxation	<u>(2,883,123)</u>	<u>(1,838,698)</u>
Tax using the UK corporation tax rate of 19%	(547,793)	(349,353)
Non-deductible expenses	(25)	-
Group relief surrendered	547,818	349,353
Effect of changes in tax rates	(75,197)	-
Adjustment from previous periods	(85,038)	(238,123)
Total tax expense included in profit or loss	<u>(160,235)</u>	<u>(238,123)</u>

The UK corporation tax rate has remained at 19% for the duration of both the prior year and the current year. The UK Government announced in the Spring 2021 Budget that the main rate of corporation tax would increase from 19% to 25% for companies with profits over £250,000 and this rate has been used to determine the tax trading losses, recognised as a deferred tax asset, to be carried forward and set against future trading profits.

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Notes (continued)

6. Investments

Company	Shares in group companies £
Cost and net book value	
At 30 April 2021	<u>5,093,900</u>
At 30 April 2022	<u>5,093,900</u>

The Company owns 100% of the ordinary share capital of the following companies:

Company	Country of registration or incorporation
Benefex Limited	England & Wales
Benefit Administration Centre Ltd	England & Wales
Benefex Financial Solutions Ltd ¹	England & Wales
PES (Bristol) Limited	England & Wales

¹ Indirectly owned via Benefex Limited

The principal activity of the above companies is the design, implementation, management and administration of employee benefit solutions with the exception of Benefit Administration Services Limited and Benefit Administration Gateway Ltd, which are dormant companies, and PES (Bristol) Limited which is an intermediate holding company. The registered office of all Group companies is Mountbatten House, Grosvenor Square, Southampton SO15 2JU.

Benefit Administration Gateway Ltd and Benefit Administration Services Ltd were dissolved in December 2021.

7. Debtors

	Year ended 30 April 2022 £	Year ended 30 April 2021 £
Amounts due within one year		
Amounts owed by Group undertakings	7,778,440	4,071,989
Other debtors	<u>63,906</u>	<u>2,833</u>
	<u>7,842,346</u>	<u>4,074,822</u>
Amounts due in more than one year		
Deferred tax	398,358	238,123
Other debtors	<u>-</u>	<u>-</u>
	<u>398,358</u>	<u>238,123</u>

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Notes (continued)

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.

8. Creditors: amounts falling due within one year

	Year ended 30 April 2022 £	Year ended 30 April 2021 £
Trade creditors	-	-
Amounts owed to Group undertakings	859,353	1,643,791
Accruals and deferred income	427,779	224,001
	<u>1,287,132</u>	<u>1,867,792</u>

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.

9. Creditors: Amounts falling due after more than one year

	Year ended 30 April 2022 £	Year ended 30 April 2021 £
Shares classified as liabilities	108	108
Loan notes (note 11)	22,459,167	15,227,733
	<u>22,459,275</u>	<u>15,227,841</u>

10. Cash and cash equivalents

	Year ended 30 April 2022 £	Year ended 30 April 2021 £
Cash and cash equivalents	44,635	44,508
	<u>44,635</u>	<u>44,508</u>

BENEFEX HOLDINGS LIMITED
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Notes (continued)

11. Loan Notes

On 14 September 2018, loan notes amounting to £7,772,731 were issued to Benefex Holdings Limited by Zellis Holdings Limited, a wholly owned subsidiary of Zellis Topco Limited, invested in by Bain Capital Europe Fund IV LP.

During the year, further loan notes on the same terms have been issued to Benefex Holdings Limited in order to finance the acquisition and subsequent migration of certain assets from a complimentary employee benefits business.

The repayment terms associated with these loan notes are either at an agreed date between the lender and the borrower or 7 years' time allowing for additional working capital to the group in the coming years.

Details of the loan notes are as follows:

	Balance	Interest	Repayment terms
Unsecured loan notes (2025)	£22,459,167	Accrues at 8% per annum. Interest is contractually rolled up until repayment of the loan.	Repayable in full either at an agreed date between the lender and the borrower or 7 years' time.

Loan maturity analysis	Year ended 30 April 2022 £	Year ended 30 April 2021 £
Within one year, or on demand	-	-
In the second year	-	-
In the third to fifth years	22,459,167	15,227,733
In more than five years	-	-

12. Share capital

Allotted, called up and fully paid:

	Year ended 30 April 2022		Year ended 30 April 2021	
	No	£	No	£
"A" Ordinary shares of £0.01 each	10,857	108	10,857	108
"B" Ordinary shares of £0.01 each	6,208	62	6,208	62
"C" Ordinary shares of £0.01 each	9,413	94	9,413	94
"D" Ordinary shares of £0.01 each	836	9	836	9
Total Share Capital	27,314	273	27,314	273
Less: Preferred Ordinary shares classified as liabilities	(10,857)	(108)	(10,857)	(108)
Shares classified as equity	16,457	165	16,457	165

4,449 A shares exercised £0.01 per share and 1,025 B shares were exercised at £2.89 per share less £0.01 nominal leading to an adjustment of £2,952 to share premium as part of the acquisition by Zellis Holdings Limited on 14th September 2018.

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Notes (continued)

All shares in issue at the balance sheet date carry equal voting rights.

The Preferred Ordinary shares carry the same voting rights as Ordinary Shares up to a maximum of 40% total voting rights. The holder of the Preferred Ordinary shares is entitled to a dividend equal to 10% of Net Profits for each accounting period (commencing in the accounting period 1 July 2017 to 30 June 2018). In the event of a sale or return of capital, the Preferred Ordinary shares rank highest in terms of repayment priority.

13. Related party transactions

As the Company is a wholly owned subsidiary of Zellis Holdings Limited, the Company 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.

14. Controlling party

The immediate parent company is Zellis 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 is that headed by Zellis Holdings Limited, a company registered in England and Wales, with a registered office of 740 Waterside Drive Aztec West, Almondsbury, Bristol, England, BS32 4UF.

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.

15. Post Balance Sheet Event

There have been no material post balance sheet events.