

Registered number:
08287502

XPS CONSULTING (READING) LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2020

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XPS Consulting (Reading) Limited

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XPS Consulting (Reading) Limited

Strategic report

For the year ended 31 March 2020

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

This strategic report sets out for stakeholders the environment in which XPS Consulting (Reading) Limited exists, the strategy that the Board of Directors set in the context of that environment and the resulting performance for the year ended 31 March 2020.

Business review and principal activities

The principal activity of the Company is that of a holding company. During the year the Company also billed for pension actuarial and administration services on behalf of work completed by one of its subsidiaries. No change in activities is envisaged in the ensuing year.

The directors consider that the financial information on pages 7 to 25 is sufficient to allow a full understanding of the business.

The profit for the year amounted to £2,869,000 (2019: £20,825,000). The year-on-year movement is mainly driven by a decrease in dividend income from subsidiary companies and the one-off impact of other operating income of £6,459,000 in the prior year. Additionally, finance costs have increased by £1,542,000 compared to the prior year due to an increase in the loan balance held.

Principal operational risks and uncertainties

The Company has systems and processes in place to enable the Board to monitor, at its monthly meetings, risks that could impact on the Company's achievement of its business objectives. With the exception of the key financial risks which are covered in note 2, the principal risks that the Board currently consider affect the Company and the steps taken to mitigate and control them are as follows:

Loss of IT systems and data

IT strategy appropriate for the Company provides a resilient and robust infrastructure incorporating effective firewalls with data storage, network and helpdesk outsourced to third parties under contracts which include robust service level agreements. Disaster recovery and business continuity plans have been considerably enhanced by the implementation of this IT strategy.

Failing to meet financial commitments

Interest payable and accruing on the debt held within the Company is linked to LIBOR and hence the Company is exposed to movements in interest rates in its finance costs. Cash flow is assessed and tightly managed across the Group to which the Company belongs. The Board reviews cash flow performance and forecasts monthly.

COVID-19

The Company's response to the COVID-19 outbreak in the UK is disclosed in the Group consolidated annual report for the year ended 31 March 2020, in the following sections: The Co-Chief Executives' review, the Financial Review, the Principle Risks and Uncertainties section, the Viability Statement, and note 2 to the Consolidated Financial Statements.

Financial risk management

Details of the Company's financial risk management is contained in note 2 of the financial statements of XPS Pensions Group plc.

Performance

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

The results of the Company for the year are set out on page 7 and the Financial Position on page 8. The year covered by the financial statements is from 1 April 2019 to 31 March 2020.

XPS Consulting (Reading) Limited

Strategic report

For the year ended 31 March 2020 (continued)

On behalf of the Board



B O Bramhall
Director
21 September 2020

Registered number:

08287502
Registered office:
Phoenix House
1 Station Hill
Reading
Berkshire
RG1 1NB

XPS Consulting (Reading) Limited

Directors' report

For the year ended 31 March 2020

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

Results and dividends

The profit for the year amounted to £2,869,000 (2019: £20,825,000). Net liabilities at the end of the year were £2,475,000 (2019: net assets of £5,256,000) The Company paid dividends of £10,600,000 (2019: £11,000,000) during the year.

Ultimate Controlling Party

The ultimate controlling party relationship lies with XPS Pensions Group plc. The smallest and largest group in which the results of the Company are consolidated is that headed by XPS Pensions Group plc, incorporated in the UK. XPS Pensions Group plc and its subsidiary companies are listed in the notes of the XPS Pensions Group plc consolidated financial statements for the year ended 31 March 2020.

Shareholder structure

The shareholder structure at 31 March 2020 was as follows:

XPS Reading Limited: 100%

Financial risk management

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

Financial instruments

Information about the financial instruments of the Company is given in note 18 to the financial statements.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were as follows:

B O Bramhall

P G Cuff

J S Bernstein

S Shah (Appointed 15 July 2019)

M R A Ainslie (Resigned 27 June 2019)

Directors' indemnity

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

Going concern

The directors are satisfied that the Company has adequate resources in the context of the XPS Pensions Group plc to continue in operational existence for the foreseeable future. For this reason, the going concern basis has been adopted in preparing the financial statements. While the Company has net current liabilities, the current liabilities of the Company are intercompany liabilities which are not being called. A letter of support from the parent company has been provided.

XPS Consulting (Reading) Limited

Directors' report

For the year ended 31 March 2020 (continued)

Post balance sheet event

On 31 August 2020 the Company paid an interim dividend totalling £21,000,000 to its immediate parent company, XPS Reading Limited.

Disclosure of information to auditors

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

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

Statement of Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

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

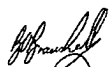
Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the Board



B O Bramhall
Director

21 September 2020

Registered number:
08287502
Registered office:
Phoenix House
1 Station Hill
Reading
Berkshire
RG1 1NB

XPS Consulting (Reading) Limited

Independent auditors' report to the members of XPS Consulting (Reading) Limited

Opinion

We have audited the financial statements of XPS Consulting (Reading) Limited ("the Company") for the year ended 31 March 2020 which comprise statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

XPS Consulting (Reading) Limited

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

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Directors' report.

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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



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

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

XPS Consulting (Reading) Limited
Statement of Comprehensive Income
For the year ended 31 March 2020

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Revenue	Note 4 1,440	–
Other operating income	5 –	6,459
Administrative expenses	6 (1,850)	(174)
(Loss)/profit from operating activities	(410)	6,285
Dividend income from subsidiary company	8,900	19,000
Finance income	8 414	141
Finance expenses	8 (7,328)	(5,786)
Profit before tax	1,576	19,640
Income tax credit	9 1,293	1,185
Profit and total comprehensive income for the year	2,869	20,825

The notes on pages 11 to 25 form part of these financial statements.

XPS Consulting (Reading) Limited**Statement of Financial Position****As at 31 March 2020****Company number:****08287502**

		31 March 2020 £'000	31 March 2019 £'000
Assets	Note		
Non-current assets			
Investments	11	<u>245,658</u>	<u>237,254</u>
		245,658	237,254
Current assets			
Trade and other receivables	12	175	–
Other financial assets	13	18,964	4,640
Income tax receivable	17	7,304	5,770
Cash and cash equivalents	18	<u>216</u>	<u>1</u>
		26,659	10,411
Total assets		272,317	247,665
Liabilities			
Non-current liabilities			
Loans and borrowings	14	<u>70,186</u>	<u>56,750</u>
		70,186	56,750
Current liabilities			
Loans and borrowings	14	203,491	185,484
Trade and other payables	15	358	23
Deferred consideration	16	<u>757</u>	<u>152</u>
		204,606	185,659
Total liabilities		274,792	242,409
Net (liabilities)/assets		(2,475)	5,256
Equity			
Equity attributable to owners of the parent			
Share capital	19	2	2
(Accumulated deficit)/retained earnings	20	<u>(2,477)</u>	<u>5,254</u>
Total equity		(2,475)	5,256

The notes on pages 11 to 25 form part of these financial statements.

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



S Shah
Director
21 September 2020

XPS Consulting (Reading) Limited

Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital £'000	Retained earnings / (accumulated deficit) £'000	Total equity £'000
Balance at 1 April 2018	2	(4,571)	(4,569)
Total comprehensive income for the year	–	20,825	20,825
Dividends paid	–	(11,000)	(11,000)
Total contributions by and distributions to owners	–	(11,000)	(11,000)
Balance at 31 March 2019	2	5,254	5,256
Balance at 1 April 2019	2	5,254	5,256
Total comprehensive income for the year	–	2,869	2,869
Dividends paid	–	(10,600)	(10,600)
Total contributions by and distributions to owners	–	(10,600)	(10,600)
Balance at 31 March 2020	2	(2,477)	(2,475)

The notes on pages 11 to 25 form part of these financial statements.

XPS Consulting (Reading) Limited

Statement of Cash Flows

For the year ended 31 March 2020

		Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
	Note		
Cash flows from operating activities			
Profit for the year		2,869	20,825
<i>Adjustments for:</i>			
Finance income	8	(414)	(141)
Finance costs	8	7,328	5,786
Other operating income	5	–	(6,459)
Dividend income from subsidiary companies		(8,900)	(19,000)
Income tax credit	9	(1,293)	(1,185)
		(410)	(174)
Increase in trade and other receivables		(175)	–
Increase/(decrease) in trade and other payables		88	(117)
Net cash outflow from operating activities		(497)	(291)
Cash flows from investing activities			
Acquisition of a business, net of cash acquired	16	(7,544)	(1,425)
Net cash outflow from investing activities		(7,544)	(1,425)
Cash flows from financing activities			
Proceeds from new loans, net of capitalised costs		13,250	1,500
Movement in loans from related parties		(3,368)	1,855
Bank interest paid		(1,626)	(1,639)
Net cash inflow from financing activities		8,256	1,716
Net movement in cash and cash equivalents		215	–
Cash and cash equivalents at start of the year		1	1
Cash and cash equivalents at end of year		216	1

The notes on pages 11 to 25 form part of these financial statements.

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020

1 Accounting policies

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

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

Basis of preparation and Statement of compliance with IFRS

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the periods presented, unless otherwise stated.

Functional and presentation currency

These financial statements are presented in British Pounds which is the Company's functional currency. Figures are rounded to the nearest thousand.

Measurement convention

The financial information is prepared on the historical cost basis.

Investments in subsidiaries

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

Financial Assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Amortised cost

Amortised cost includes non-derivative financial assets where they are held within a business model whose objective is to hold the financial asset in order to collect contractual cash flows and those contractual terms give rise to cash flows on specified dates that are solely payments of principal and interest on the principal amount outstanding. These assets are included in non-current assets if their maturity is greater than 12 months. Trade receivables are stated initially at fair value then measured at amortised cost less provisions for impairment. The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision. The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. Any impairment required is recorded in the statement of comprehensive income within administrative expenses.

Cash and cash equivalents comprise cash balances and call deposits.

XPS Consulting (Reading) Limited
Notes to the Financial Statements
For the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Financial liabilities

Fair value through profit or loss

This category comprises contingent consideration. The contingent consideration is carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

Other financial liabilities

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the statement of comprehensive income over the period of the borrowings on an effective interest basis. On borrowings extinguished, any difference between the cash paid and the carrying value is recognised in the statement of comprehensive income.

Trade payables and other short term monetary liabilities represent liabilities for goods and services received by the Company prior to the end of the financial year which are unpaid. The amounts within trade payables are unsecured. They are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends, this is when they are declared by the directors of the Company, and in the case of final dividends, this is when approved by the ultimate parent company.

Non-trading and exceptional items

To assist in understanding its underlying performance, the Company has defined the following items of pre-tax income and expense as non-trading and exceptional items as they either reflect items which are exceptional in nature or size or are associated with the amortisation of acquired intangibles and share based payments. Items treated as non-trading and exceptional include:

- corporate transaction and restructuring costs;
- amortisation of acquired intangibles; and
- the related tax effect of these items.

Any other non-recurring items are considered individually for classification as non-trading or exceptional by virtue of their nature or size.

The separate disclosure of these items allows a clearer understanding of the trading performance on a consistent and comparable basis, together with an understanding of the effect of non-recurring or large individual transactions upon the overall profitability of the Company.

Taxation

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

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

1 Accounting policies (continued)

Net finance costs

Net finance costs comprise interest payable, interest receivable on own funds and foreign exchange gains and losses.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

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

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

New standards and interpretations not yet adopted

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

Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Fair values of intangible assets

Intangibles are tested for impairment at the cash generating unit level on an annual basis at the year end and between annual tests if an event occurs or circumstances change that would more likely than not reduce the fair value of a cash generating unit below its carrying value. These events or circumstances could include a significant change in the business climate, legal factors, operating performance indicators, competition, or sale or disposition of a significant portion of a reporting unit.

Purchased intangibles

Acquisitions of intangibles are reviewed to consider whether they meet the definition of a business as set out in IFRS3 'Business combinations'. This decision is with reference to the economic outputs it creates, the processes and resources it uses and the returns it generates. Where a purchase of intangibles does not meet the definition of a business it is accounted for under IAS38 'Intangible assets'.

Exceptional items

Exceptional items are recognised to the extent that they meet the definition outlined in the accounting policy above. This requires a certain amount of judgement that is applied consistently by management.

Contingent consideration

Contingent consideration is recognised at its acquisition date fair value, and is classified as a financial liability. At each reporting period the liability is re-measured at fair value through profit or loss. This remeasurement is based on movement in the Group share price, as well as management's expectation of future performance. Therefore, judgement is necessary in assessing the amount of consideration that will be payable in the future. As a result of the inherent uncertainty in this evaluation process, actual gains or losses may be different from the originally estimated consideration.

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

2 Financial risk management

Details of the financial risks of the Company are contained in note 18. The Group has risk management policies in place, which are overseen by the Group Audit Committee. Further information on this can be found in the consolidated financial statements for the Group in note 2.

3 Capital risk management

The Company is a holding company and will apply the risk management policies of the Group contained in the Group's financial statements. Details of how to obtain the Group's financial statements can be found in note 22.

4 Revenue

The Company receives income for pension actuarial and administration contracts, where the work was performed by its subsidiary XPS Pensions (RL) Limited. XPS Pensions (RL) Limited recovered this income via recharges to the Company.

5 Other operating income

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Fair value adjustment of contingently issuable ordinary shares	<u>–</u>	<u>6,459</u>

6 Expenses and auditors' remuneration

Audit fees of £5,000 (2019: £2,300) are borne by a subsidiary undertaking.

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Included in operating profit are the following:		
Recharges from fellow Group company	<u>1,440</u>	<u>–</u>

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Exceptional administrative costs:		
Acquisition related costs	<u>410</u>	<u>174</u>

7 Staff numbers and costs

The Company had no employees other than directors in the period to 31 March 2020.

No directors received remuneration for their services to the Company during the year.

Pension contributions of £Nil (2019: £Nil) were paid on behalf of the directors.

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

XPS Consulting (Reading) Limited
Notes to the Financial Statements
For the year ended 31 March 2020 (continued)

8 Finance income and costs

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Interest income on loans to related parties	414	141
Total finance income	414	141

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Interest cost on loans from related parties	5,267	4,273
Interest expense on bank loans	1,746	1,422
Other costs of borrowing	315	287
Unwinding of discount on contingent consideration	–	(196)
Total finance costs	7,328	5,786

9 Income tax credit

Recognised in the statement of comprehensive income

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Current tax credit		
Current year	(1,314)	(1,131)
Adjustment in respect of prior period	21	(54)
Total income tax credit	(1,293)	(1,185)

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

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Profit for the year	2,869	20,825
Total tax credit	(1,293)	(1,185)
Profit before income tax	1,576	19,640
Tax using the UK corporation tax rate of 19% (2019: 19%)	299	3,732
Non-deductible items	78	(26)
Gain on revaluation not taxable	–	(1,227)
Non-taxable dividend income	(1,691)	(3,610)
Adjustment in respect of prior period	21	(54)
Total tax expense	(1,293)	(1,185)

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

9 Income tax credit (continued)

The standard rate of Corporation tax in the UK was 19% for the year ended 31 March 2020. The Company's profits for this accounting period are taxed at an effective rate of 19% (2019: 19%).

10 Business combinations during the period

On 31 May 2019, the Company acquired 100% of the share capital of RL corporate Pension Services Limited (RLCPS) from The Royal London Mutual Insurance Society Limited, for total consideration of £4.8 million in cash upon completion. RLCPS provides pensions actuarial, consulting and administration services to 150 smaller defined benefit pension schemes, covering 8,000 scheme members. The acquisition strengthens XPS's presence in the market for provision of full services to smaller defined benefit pension schemes. The entity was renamed in the year to XPS Pensions (RL) Limited.

The cost of investment in XPS Pensions Group (RL) Limited is calculated as follows:

	Fair value £'000
Receivables	902
Cash	251
Payables	(663)
Corporation tax	(1)
Customer relationships	3,048
Deferred tax liability	(565)
Goodwill	1,850
Cost of investment in XPS Pensions (RL) Limited (note 11)	4,822

On 31 October 2019, the Company acquired 100% of the share capital of Trigon Professional Services Limited from Trigon Pensions Holdings Limited. Trigon Professional Services Limited provides actuarial, administration, consultancy and investment advisory services. The transaction will further strengthen XPS's presence in the south-west of the UK, with the 40 Trigon staff based in Bristol joining the Group and doubling the size of XPS's presence in the city. The acquisition will create further opportunities in the local market, where Trigon already has a strong reputation for excellent client service.

The cost of investment in Trigon Professional Services Limited is calculated as follows:

	Fair value £'000
Right-of-use asset	1,068
Receivables	438
Lease liability	(806)
Provisions	(337)
Payables	(375)
Customer relationships	2,152
Deferred tax liability	(409)
Goodwill	1,851
Cost of investment in Trigon Professional Services Limited (note 11)	3,582

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

10 Business combinations during the period (continued)

Contingent consideration

The value of the contingent cash consideration for the Trigon acquisition in the contract is up to a maximum of £1.1m, based on the Trigon subsidiary meeting certain revenue thresholds in the year following the date of acquisition. The value attributed to the contingent consideration included in consideration has been determined using Group revenue forecasts. The contingent consideration is payable in December 2020.

Acquisition expenses

Costs relating to the above acquisitions totalled £610,000, and are included within exceptional costs. Some of these costs are borne by fellow Group companies.

11 Investments in subsidiaries

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
At 1 April	237,254	237,168
Investment in XPS Holdings Limited	–	86
Investment in XPS Pensions (RL) Limited	4,822	–
Investment in Trigon Professional Services Limited	3,582	–
At 31 March	<u>245,658</u>	<u>237,254</u>

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

Company name	Company number	Country of incorporation	Principal activity	Class of shares held	Registered address
XPS Pensions Consulting Limited	02459442	England and Wales	Employee benefit consultancy	Ordinary	Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB
Xafinity SIPP Services Limited	SC069096	Scotland	Pensions Administration	Ordinary	Scotia House, Castle Business park, Stirling, FK9 4TZ
XPS Holdings Limited	04807951	England and Wales	Holding company	Ordinary	Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB
XPS Pensions (RL) Limited	05817049	England and Wales	Employee benefit consultancy	Ordinary	Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB
Trigon Professional Services Limited	12085392	England and Wales	Employee benefit consultancy	Ordinary	Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

11 Investments in subsidiaries (continued)

The Company holds 99% of the ordinary share capital of the following company (the other 1% is owned by Xafinity SIPP Services Limited). The Company also indirectly owns its subsidiary.

Xafinity Pensions Consulting Limited	04436642	England and Wales	Dormant	Ordinary	Phoenix House, 1 Station Hill, Reading, Berkshire, RG1 1NB
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All other subsidiaries disclosed in note 36 of the group accounts are indirectly owned by other group companies.

12 Trade receivables

	Year ended 31 March 2020 £'000				Year ended 31 March 2019 £'000
Trade receivables	175				-
31 March 2020	Current	Past due 0-30 days	Past due 31-90 days	Past due more than 90 days	Total £'000
Expected loss rate	0%	0%	0%	0%	
Gross carrying amount	175	-	-	-	175
Total loss provision	-	-	-	-	-

At 31 March 2020 trade receivables are shown net of an allowance for doubtful debts of £nil (2019: £nil). Write-offs during the year were £nil (2019: £nil), reversals were £nil (2019: £nil) and new provisions were £nil (2019: £nil).

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables. The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the year end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers such as Brexit and COVID-19. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the UK.

Once the IFRS 9 approach has been calculated, the Company then calculates a specific debt provision based on age of debt and specific client knowledge. The provision is then adjusted to take this detail into account.

13 Other financial assets

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Receivables due from related parties (note 21)	18,778	4,454
Other receivables	186	186
	18,964	4,640

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

14 Loans and borrowings

The book value and fair value of loans and borrowings are as follows:

	Due within 1 year (current) £'000	Due between 1 & 2 years £'000	Due after 2 years £'000	Subtotal (non- current) £'000	Total £'000
31 March 2020					
Amounts owed to other group companies	203,491	-	-	-	203,491
Revolving credit facility	-	-	70,500	70,500	70,500
Capitalised debt arrangement fees	-	(186)	(128)	(314)	(314)
Sub-total	203,491	(186)	70,372	70,186	273,677
Capitalised debt arrangement fees shown as current assets on balance sheet	(186)	-	-	-	(186)
Total	203,305	(186)	70,372	70,186	273,491
31 March 2019					
Amounts owed to other group companies	185,484	-	-	-	185,484
Revolving credit facility	-	-	57,250	57,250	57,250
Capitalised debt arrangement fees	-	(186)	(314)	(500)	(500)
Sub-total	185,484	(186)	56,936	56,750	242,234
Capitalised debt arrangement fees shown as current assets on balance sheet	(186)	-	-	-	(186)
Total	185,298	(186)	56,936	56,750	242,048

Terms and debt repayment schedule:

	Amount £'000	Currency	Nominal interest rate	Year of maturity
31 March 2020				
Revolving Credit Facility – A	38,000	GBP	1.75% above LIBOR	2022
Revolving Credit Facility – B	32,500	GBP	1.75% above LIBOR	2022
31 March 2019				
Revolving Credit Facility – A	38,000	GBP	1.75% above LIBOR	2022
Revolving Credit Facility – B	19,250	GBP	1.75% above LIBOR	2022

At 31 March 2020 the Company held a drawn revolving credit facility of £70,500,000 (2019: £57,250,000).

At 31 March 2020 the Company had access to a further undrawn rolling facility loan in the amount of £9,500,000 (2019: £22,750,000). The related fees for access to the facility are included in the statement of comprehensive income.

Bank debt is secured by way of debentures in the group companies which are obligors to the loans. These are XPS Reading Limited, XPS Consulting (Reading) Limited, XPS Pensions Consulting Limited (and its subsidiaries), Xafinity Pension Consulting Limited (and its subsidiaries), Xafinity SIPP Services Limited, and XPS Holdings Limited (and its subsidiaries).

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

14 Loans and borrowings (continued)

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

15 Trade and other payables

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Other payables	1	–
Other payables – VAT	87	–
Interest payable	270	23
	<u>358</u>	<u>23</u>

16 Deferred consideration

	Balance at 1 April 2019 £'000	Acquisition £'000	Fair value adjustment £'000	Settled in year £'000	Balance at 31 March 2020 £'000
Deferred cash consideration	152	757	(4)	(148)	757
	<u>152</u>	<u>757</u>	<u>(4)</u>	<u>(148)</u>	<u>757</u>

	Balance at 1 April 2018 £'000	Fair value adjustment £'000	Unwinding of discount £'000	Settled in year £'000	Balance at 31 March 2019 £'000
Contingently issuable ordinary shares	6,655	(6,459)	(196)	–	–
Deferred cash consideration	1,677	(100)	–	(1,425)	152
	<u>8,332</u>	<u>(6,559)</u>	<u>(196)</u>	<u>(1,425)</u>	<u>152</u>

17 Current income tax receivable

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Corporation tax	1,314	1,131
Group relief receivable	5,990	4,639
	<u>7,304</u>	<u>5,770</u>

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

18 Cash and cash equivalents

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash and cash equivalents per statement of financial position	216	1
Cash and cash equivalents per statement of cash flows	216	1

The balance comprises solely of cash at bank and on hand.

19 Share capital

	31 March 2020 £'000	31 March 2019 £'000
In issue at the beginning of the year	2	2
In issue at the end of the year	2	2
<i>In shares</i>		
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £0.01 each	210	210
	210	210

20 Reserves

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

Reserve (Accumulated deficit)/retained earnings:	Description and purpose All net gains and losses recognised through the consolidated statement of comprehensive income
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21 Financial Instruments

The fair values and the carrying values of financial assets and liabilities are the same.

Credit risk

The maximum exposure to credit risk at the reporting date was:

	Note	31 March 2020 £'000	31 March 2019 £'000
Trade receivables	12	175	-
Other receivables	13	186	186
Receivables due from related parties	13	18,778	4,454
Cash and cash equivalents	18	216	1
		19,355	4,641

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

21 Financial Instruments (continued)

Credit risk mitigation

For cash, cash equivalents and derivative financial instruments, only banks and financial institutions with a minimum rating of A are accepted.

The aging of trade receivables at the reporting date was:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Not past due	175	-
Past due 0-30 days	-	-
Past due 31-90 days	-	-
Past due more than 90 days	-	-
	175	-

None of those trade receivables that are neither past due nor impaired have had their terms renegotiated.

Based on historic performance of these contracts, and taking the expected credit loss (ECL) into consideration, the company has made an impairment allowance of £nil (2019: £nil) in respect of trade receivables.

Interest rate risk

The interest rate on long-term borrowings is a margin over LIBOR and as such the Company is at risk from LIBOR increases.

Liquidity risk

Liquidity risk arises from the Company's ability to service its finance charges and principal repayments on its debt instruments. It is the risk the Company will encounter difficulty in meeting its financial obligations as they fall due.

	Up to 3 months £'000	Between 3 & 12 months £'000	Between 1 & 2 years £'000	Between 2 & 5 years £'000	Over 5 years £'000	Total £'000
31 March 2020						
Loans and borrowings	-	-	-	70,500	-	70,500
Bank interest	425	1,108	1,156	709	-	3,398
	425	1,108	1,156	71,209	-	73,898

	Up to 3 months £'000	Between 3 & 12 months £'000	Between 1 & 2 years £'000	Between 2 & 5 years £'000	Over 5 years £'000	Total £'000
31 March 2019						
Loans and borrowings	-	-	-	57,250	-	57,250
Bank interest	398	1,147	1,435	3,969	-	6,948
	398	1,147	1,435	61,219	-	64,199

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

21 Financial Instruments (continued)

Loans from related parties are repayable on demand.

Capital risk management

As part of the XPS Pensions Group plc, the Company is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Total capital for the Company comprises total equity.

The policy for managing capital is to increase shareholder value by maximising profits and cash. The policy is to set budgets and forecasts in the short and medium term that the company ensures are achievable. The process for managing capital are regular reviews of financial data to ensure that the company is tracking the targets set and to reforecast as necessary based on the most up to date information. This then contributes to the XPS Pensions Group's forecast which ensures future covenant test points are met. The XPS Pensions Group plc continue to meet these test points and they have been achieved over the last 12 months. Further information can be found within financial statements of XPS Pensions Group plc.

Management of capital

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Total equity	<u>(2,475)</u>	<u>5,256</u>

22 Contingencies

The Company has provided security over its assets and a guarantee in relation to the repayment of syndicated banking facilities available to it. The facilities guaranteed comprise a drawn down revolving credit facility of £70.5 million and an undrawn revolving credit facility of £9.5 million at 31 March 2020. The bank borrowings are repayable in 2022 and bear interest at LIBOR plus a margin determined by the loan agreements. The revolving credit facility available to the Group was increased to £90.0m in June 2020.

23 Notes supporting statement of cash flows

Cash and cash equivalents for purposes of the statement of cash flows comprise:

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Cash at bank available on demand	<u>216</u>	<u>1</u>
	<u>216</u>	<u>1</u>

24 Related party transactions

Interest Receivable from related parties during the year

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Receivable from related parties	<u>414</u>	<u>141</u>
	<u>414</u>	<u>141</u>

XPS Consulting (Reading) Limited
Notes to the Financial Statements
For the year ended 31 March 2020 (continued)

24 Related party transactions (continued)

Interest Payable to related parties during the year

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Payable to related parties	<u>5,267</u>	<u>4,273</u>
	5,267	5,273

Amounts receivable from related parties at the balance sheet date

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Receivable from related parties	<u>18,778</u>	<u>4,454</u>
Group tax relief	<u>7,304</u>	<u>5,770</u>
	26,082	10,224

Amounts payable to related parties at the balance sheet date

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Payable to related parties	<u>203,491</u>	<u>185,484</u>
	203,491	185,484

All transactions with related parties are made in the ordinary course of business and balances outstanding at the reporting date are unsecured. Related party loans with subsidiary companies are repayable on demand and accrue interest at a rate in line with the group's bank borrowing rate. 2.68% was applied in the year (2019: 2.34%).

Dividends received from subsidiary companies

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
Xafinity SIPP Services Limited	–	1,500
XPS Holdings Limited	–	6,500
XPS Pensions Consulting Limited	<u>8,900</u>	<u>11,000</u>
	8,900	19,000

Dividend paid to parent company

	Year ended 31 March 2020 £'000	Year ended 31 March 2019 £'000
XPS Reading Limited	<u>10,600</u>	<u>11,000</u>

XPS Consulting (Reading) Limited

Notes to the Financial Statements

For the year ended 31 March 2020 (continued)

24 Related party transactions (continued)

During the year the Company paid an interim dividend of £50.48 (2019: £52.38) per share totalling £10,600,000 (2019: £11,000,000) to its immediate parent, XPS Reading Limited.

25 Post balance sheet event

On 31 August 2020 the Company paid an interim dividend totalling £21,000,000 to its immediate parent company, XPS Reading Limited.

26 Ultimate parent company and controlling party

The Company is a wholly owned subsidiary of XPS Reading Limited, a company incorporated in the UK. XPS Pensions Group plc is the ultimate parent company incorporated in the UK. The Directors do not consider XPS Pensions Group plc has an ultimate controlling party.

The smallest and largest group in which the results of the Company are consolidated is that of XPS Pensions Group plc. The consolidated financial statements of XPS Pensions Group plc are available to the public and may be obtained from Phoenix House, 1 Station Hill, Reading, Berks RG1 1NB.