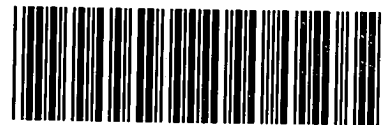


MAXIMUS UK SERVICES LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023

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MAXIMUS UK SERVICES LIMITED

COMPANY INFORMATION

Directors	P A Williams M Batty J Farren G Parry M A Jones
Registered number	09072343
Registered office	18c Meridian East Meridian Business Park Leicester Leicestershire LE19 1WZ
Independent auditor	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

MAXIMUS UK SERVICES LIMITED

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MAXIMUS UK SERVICES LIMITED

STRATEGIC REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2023

Introduction

The Directors present their Strategic Report for the year ended 30 September 2023.

Principal activity and review of business

Maximus UK Services Limited (the Company) is a provider of health, employment and skills services to government and businesses across the UK.

The Company is structured into two primary divisions:

Assessments

The Company was awarded a contract by the Department for Work and Pensions (DWP) on 29th October 2014 to deliver the Health Assessment Advisory Service (HAAS). Using criteria and policy determined by DWP, the role of the Company is to carry out high quality, respectful and fair functional assessments. Following each assessment a report is submitted to DWP, who make the final decision on an individual's eligibility for benefits.

The original contract expired on 28 February 2018, but has been extended to September 2024. The contract is hybrid with fixed fee, cost reimbursement and performance based elements.

The operational and commercial performance of the division has been robust during the financial year, reflecting ongoing adaptation to remote service delivery.

Employability

The Employability division of the Company operates a variety of contracts providing support services to those seeking employment, delivering skills training through Adult Education Budgets and specialist workplace disability services to individuals and businesses through delivery of the Access to Work scheme.

During the year the Employability division has continued to see strong demand for programmes, most significantly the UK Government's Restart Scheme. The division won and mobilised two prime contracts in South and East London, and in South and West Yorkshire, Derbyshire and Nottinghamshire in July 2021. The contracts run for 4 years with a potential 2 year extension option which the Government announced its intention to contract in the 2023 Autumn Statement. The year to 30 September 2023 reflects a full year of trading of these contracts, alongside other programmes.

Financial performance in the period was dominated by the Restart Scheme in line with expectations. Outlook for the division is strong with continued need for employment support programmes and more specialist support aligned to Government policy.

Financial and other key performance indicators

At the end of the year, net assets totalled £51,573,763 (2022: £43,140,307).

The Company's key financial and other performance indicators during the period were as follows:

MAXIMUS UK SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	2023	2022
	£	£
Turnover (£m)	294.1	272.8
Operating profit (£m)	29.5	36.9
Operating profit margin	10.0%	13.5%
Net assets (£m)	51.6	43.1
Headcount	4,050	3,874

The Company has continued to remain focused on improving the customer experience by working in partnership with stakeholders and partners. Retention and recruitment levels of healthcare and employment professionals remains a priority. The Company has implemented various measures to improve productivity and encourage greater workforce mobility, whilst also investing in technology solutions to improve customer experience.

MAXIMUS UK SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

Directors' statement of compliance with duty to promote the success of the Company

The Directors of the Company consider that they have fulfilled their individual and collective responsibilities under section 172 (1) of the Companies Act 2006 to act in the way they consider, in good faith, would be the most likely to promote the success of the Company for the benefits of its members as a whole.

S172(1) A The likely consequences of any decision in the long-term

The strategic plan of the Company is designed to promote the long-term goals and benefits of any decisions made and provides a reference point to challenge the consistency of decision making with these objectives. The strategic plan is subject to review and approval by the Company's parent company, Maximus Inc, on at least an annual basis to ensure this is also consistent with the wider priorities of the global Company.

The Directors are fully aware of the importance of considering the long-term impact of any decisions and an authority matrix is in place to ensure appropriate approval is sought for any decisions or investment proposals.

S172(1) B The interests of the Company's employees

The Company recognises the importance of its employees and is committed to effective two-way communication and consultation. During the year, the Company continued to provide employees with information about the Company and its group via newsletters, intranet and regular announcements and Q&A sessions with senior managers. The Company also operates colleague forums to enable views to be shared in a collaborative way.

The Company considers the welfare of its staff to be of paramount importance and has invested in a range of health and wellbeing initiatives. The Company's policy is to promote equal opportunities across recruitment processes, training and development opportunities and workplace adjustment policies.

Talent development remains a key area of investment for the Company, with significant opportunities for individuals to advance their personal and professional capabilities on offer through a variety of formal recognised training, personal development courses, online training and resources, and volunteering opportunities.

The Company is also an accredited Living Wage Employer, committing to fair pay for colleagues, suppliers and partners.

S172(1) C Engagement with suppliers, customers and others

The Company recognises the need to have strong external relationships with all of its stakeholders including commissioners (national, local and devolved governments), customers, subcontractors and suppliers.

Client relationships are managed through an account management framework, with regular review meetings and engagement with senior management on a structured basis.

The Company has an evolving supply chain management function which seeks to work closely with subcontractors to ensure relationships are built on mutually beneficial terms and in support of the long term success of the partnerships. In particular the Company monitors and actively encourages the participation of small and medium sized enterprises and VCSEs within its supply chain, to ensure that businesses of all sizes are able to participate in the programmes that the Company provides.

The Company is a signatory to the Prompt Payment Code and aims to make payments to suppliers within 30 days where possible.

MAXIMUS UK SERVICES LIMITED

STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

S172(1) D The impact of the Company's operations on the community and the environment

The Directors are fully aware of the importance of the impact that the Company and the programmes it operates has on the communities it serves. Whilst a lot of the contracts operated by the Company have a natural social value aspect to them, such as supporting those with long term health conditions find meaningful employment, the Company seeks to maximise the positive impact it can have on the people and communities that use its services.

The Company has a Social Value Steering Group which is responsible for setting and implementing the social value strategy of the business, taking into account both national and local impacts of initiatives in the areas it operates. The group reports to the Directors on a monthly basis with updates on progress and future proposals for activity and investment in this area. The current activity is divided into four broad categories, People, Partners, Wellbeing and Climate, with specialist workstreams working on projects within those.

The Maximus Foundation UK, which awards grants to local charities nominated by the Company's employees, donated £42,500 to 17 organisations during the financial year.

S172(1) E The desirability of the Company maintaining a reputation for high standards of business conduct

The internal and external reputation of the Company is of critical importance to the success of the business. The nature of the services we provide and the impact on the communities in which we operate mean the Company is subject to public scrutiny on both our performance and actions. Being able to maintain a positive reputation allows us not only to demonstrate the value that we as an organisation are able to offer, but is also critical to the continued success of the Company in securing further contracts from existing and new commissioners.

Our internal governance structures ensure that key decisions are subject to appropriate consultation and approval and reputational risk is a key consideration in the process.

S172(1) F The need to act fairly as between members of the Company

The Company is 100% owned by Maximus Companies Limited and ultimately by Maximus Inc, which is listed on the New York Stock Exchange. The Company is subject to compliance with the overall governance requirements of the Maximus Inc.

MAXIMUS UK SERVICES LIMITED

**STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

Principal risks and uncertainties

The Company is heavily reliant upon a large single customer, DWP, who have commissioned a number of the contracts operated by the Company.

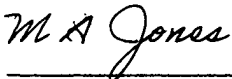
The HAAS contract has a range of service levels which can attract service credits in the event of the Company not meeting those service levels. The Company continually monitors performance against those service levels to ensure that any risk is identified early and mitigated to the fullest extent possible.

Recruiting and retaining appropriate qualified and experienced healthcare professionals remains a key risk particularly. The Company continues to strengthen its position as an employer of choice for healthcare professionals through a range of measures including enhancing its remuneration, incentives and benefits package.

Historically, Work Capability Assessments and the provider carrying them out have come under intense media and political scrutiny. Since assuming responsibility for HAAS, the Company has made significant customer service improvements and operates a comprehensive stakeholder engagement strategy.

The long-term impact of the pandemic and other economic factors on the employment market is a key focus area of the business, with the success of a number of employment support programmes dependent on securing employment outcomes for candidates. Continued funding for these types of programmes is dependent on Government policy and the labour market conditions at the time, however the current programmes have contracted terms which provide surety of business for the short to medium term. The Company continues to bid for new opportunities as they become available.

This report was approved by the board and signed on its behalf.



M A Jones
Director

Date: 21/03/2024

MAXIMUS UK SERVICES LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2023

The Directors present their report and the financial statements for the year ended 30 September 2023.

Results and dividends

The profit for the year, after taxation, amounted to £18,433,456 (2022 - £98,133).

On 6 March 2023, the Company sold its investment in Maximus HHS Holdings Limited to Medigold Health Group. As part of the sale, the Company invested funds of approximately £19m to enable the subsidiaries to repay loans to the Company as well as amounts owed under the Maximus UK overdraft facility. Proceeds from the sale are split into an initial consideration payable on completion and deferred balances, payable in instalments between the completion of the deal and March 2026. As a result of the transaction, the Company recognised a loss on disposal of £6.4m.

Dividends of £10,000,000, amounting to £10,000 per ordinary share, were paid during the year (2022: dividends of £13,000,000).

Directors

The Directors who served during the year were:

P A Williams
M Batty
J Farren
G Parry
M A Jones

Environmental matters

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force on 1 April 2019, introducing an obligation for large and medium-sized companies to include a Streamlined Energy and Carbon Report within the Directors' Report.

We are committed to ensuring that we integrate environmentally sustainable practices within the core of our operations, and we operate an integrated management system which meets the requirements of ISO 14001:2015 applicable to all locations, sites and buildings within Maximus UK. It is the aim of the Company to become carbon neutral by 2030, 20 years ahead of the UK government net zero target.

We have identified through the activities, products and services that we provide, all internal and external issues. This includes environmental impacts which we can control and/or influence and those which may affect our outcomes. We have identified our interested parties and carefully considered their needs and expectations. This approach helps us to identify and ensure we meet all statutory legal and applicable requirements by setting a framework that helps us set objectives to ensure we are continuously improving.

The Company conducts its operations principally from office locations under leases, supplemented by field and remote delivery. The terms of the leases generally impose restrictions on alterations that the Company can make to buildings to support reduced emissions, with the main sources of energy consumption being gas and electricity at sites and business travel reimbursed to employees. The Company does not currently obtain a complete set of reports on natural gas (scope 1) and electricity (scope 2) usage at its sites, since it only holds the account directly with the energy suppliers in some of its locations, with the remainder recharged either by landlords or building managers where the Company occupies serviced offices within shared facilities. The Company has used a combination of accurately metered data, together with estimates based on area and occupancy where metered data is not available.

Business travel comprises business journeys undertaken in employee owned vehicles and reimbursed by the Company (scope 3). The Company has developed solutions for remote and virtual delivery of its services that will help it to minimise its carbon footprint in the future both in terms of site operations and business travel. Business travel has returned to more normal levels in the financial year following the reopening of operational and corporate locations.

MAXIMUS UK SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

Environmental matters continued

Data on energy consumption used in business travel in the year is as follows.

Energy Consumption (mWh)	2023	2022
Natural Gas (scope 1)	329	230
Electricity (scope 2)	953	691
Business travel (scope 3)	<u>2,019</u>	<u>1,583</u>

GHG Emissions (Tonnes CO₂e)

Natural Gas used in heating boilers (scope 1)	67	42
Electricity used in premises (scope 2)	194	134
Emissions from business travel in cars (scope 3)	<u>569</u>	<u>452</u>

Intensity (Tonnes CO₂e per £m revenue)

Natural Gas used in heating boilers (scope 1)	0.23	0.15
Electricity used in premises (scope 2)	0.66	0.49
Emissions from business travel in cars (scope 3)	<u>1.93</u>	<u>1.66</u>

Emission factors from the 2022 UK Government GHG Conversion Factors for Company Reporting and 2023 UK Government GHG Conversion Factors for Company Reporting, published by the Department for Business, Energy & Industrial Strategy, have been used to calculate these emissions.

Future developments

The Health and Disability Assessment Service contract awarded by the Department for Work and Pensions (DWP) which began on 1 March 2015, continued to be delivered during the year. The contract currently runs to September 2024. The DWP initiated a procurement exercise for the next evolution of health assessment services (Functional Assessment Services or 'FAS') which combined the existing services under a consolidated geographical approach. The Company has been successful in its bid for FAS and has commenced implementation of the new service in readiness for the transition.

The Company continues to seek out and bid for contracts within the relevant sectors of the market whilst also investigating complimentary opportunities that allow it to diversify its risk.

Engagement with employees

The Company recognises the importance of its employees and is committed to effective two-way communication and consultation. During the year, the Company continued to provide employees with information about the Company and its group through newsletters, intranet and regular announcements.

The Company also operates colleague forums to enable views to be shared in a collaborative way.

The Company considers the welfare of its staff to be of paramount importance. The Company's policy is to promote equal opportunities, and this extends to everything it does, including recruitment processes, training and development opportunities and reasonable adjustment policies.

Talent development remains a key area of investment for the Company across all of its divisions, with significant opportunities for individuals to advance their personal and professional capabilities on offer through a variety of formal recognised training, personal development courses and online training and resources.

MAXIMUS UK SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

Engagement with suppliers, customers and others

The Company recognises the need to have strong external relationships with all of its stakeholders including commissioners (national, local and devolved governments), customers, subcontractors and suppliers.

Commissioner relationships are managed through an account management framework, with regular review meetings and engagement with senior management on a structured basis.

The Company has a supply chain management function which seeks to work closely with subcontractors to ensure relationships are built on mutually beneficial terms and in support of the long term success of the partnerships. In particular the Company monitors and actively encourages the participation of small and medium sized enterprises within its supply chain, to ensure that businesses of all sizes are able to participate in the programmes that the Company provides.

To support delivery of the Health and Disability Assessment Service, the Company also engages with customer representative groups, including disability charities and advocacy organisations, to seek feedback and continuously improve customer experience.

Disabled employees

It is the Company's policy that disabled people should have full and fair consideration for all vacancies and training needs. As a Disability Confident Leader, the Company is committed the Guaranteed Interview Scheme for disabled people who fulfil the minimum criteria for a job role, and also endeavour to retain employees in the workforce if they become disabled during employment. The Company will actively retrain and adjust their environment where possible to allow them to maximise their potential.

Directors' indemnities

The Company has made available an indemnity to the Directors against liabilities incurred by them in connection with their duties in relation to the affairs of the Company. The indemnity is subject to the provisions of the Companies Act and is set out in the Articles of Association.

Going concern

In accordance with their responsibilities, the Directors have reviewed the cash and other resources at the disposal of the business, together with budgets for the year to September 2024 and forecasts through to September 2025.

The financial statements have been prepared on a going concern basis. The Directors have prepared projections of cash flows to the end of September 2025. These projections have been prepared using assumptions that the Directors consider appropriate to the Company's current financial position with regards to future revenues and costs. The Company has considered economic and political factors including the impact of the pandemic, the ongoing war in Ukraine and current high rates of inflation.

The forecast to the end of September 2025 shows a positive cash balance throughout the forecast period and adequate headroom to cover any reasonable downside risk in the forecast. Furthermore, the Company has access to additional funding from the Maximus UK Group Credit facility of £10m in place with HSBC. The Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence until 30 September 2025.

Matters covered in the Strategic Report

The Directors have chosen to disclose information on the Company's principal activity, review of business and principal risks and uncertainties, required by the Companies Act 2006 to be included within the Directors' Report, instead within the Strategic Report.

MAXIMUS UK SERVICES LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2023

Statement of corporate governance arrangements

The Directors of the business along with the other members of the Country Leadership Team (CLT) are responsible for the business and governance of the Company. The Company applies the Wates Corporate Governance Principles in organising its governance structures and activity.

The CLT includes representatives from each business unit and specialist corporate functions which operate across all divisions (finance, HR and shared services, IT, business development and marketing and communications), which therefore provides a suitable breadth of experience and skills to effectively contribute to the Company. The policies and procedures of the Company, along with individual job descriptions, clearly outline responsibility and accountability of individuals and teams within the business.

Risk within the business is managed in accordance with the Company risk management policy which outlines the framework and principles by which it is governed.

The Directors and employees of the Company are also required to comply with group policies of Maximus Inc., the ultimate parent company, including standard of business code and ethics copies of which can be found on its website.

Disclosure of information to auditor

Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Director has taken all the steps that ought to have been taken as a Director in order to be aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

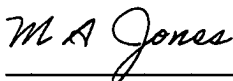
Post balance sheet events

In October 2023, the Company transferred the net assets of its subsidiary BZ Bodies Limited, into Maximus UK Services Limited as part of a corporate simplification project.

Auditor

The auditor, Ernst & Young LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



M A Jones
Director

Date: 21/03/2024

MAXIMUS UK SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2023

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 the Directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 101 'Reduced Disclosure Framework'. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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 applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAXIMUS UK SERVICES LIMITED

Opinion

We have audited the financial statements of Maximus UK Services Limited for the year ended 30 September 2023, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 30, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 'Reduced Disclosure Framework' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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. Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included confirming our understanding of management's forecasting and going concern assessment process, including obtaining the directors' going concern assessment, cash flow forecast and other related calculations for the going concern period which covers a period from when the financial statements are authorised for issue until 30 September 2025.

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 until 30 September 2025.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAXIMUS UK SERVICES LIMITED (CONTINUED)

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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.

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 or the 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' Responsibilities Statement set out on page 10, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAXIMUS UK SERVICES LIMITED (CONTINUED)

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.

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 irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 and the Companies Act 2006) and compliance with the relevant direct and indirect tax regulation in the United Kingdom. In addition, the Company has to comply with laws and regulations relating to its operations, including health and safety and GDPR.
- We understood how Maximus UK Services Limited is complying with those frameworks by reading internal policies and codes of conduct and assessing the entity level control environment, including the level of oversight of the directors. We designed our audit procedures to identify non-compliance with such laws and regulations identified in the paragraph above. As well as enquiry and attendance at meetings, our procedures involved a review of board meetings to identify any non-compliance with laws and regulations. We understood any controls put in place by management to reduce the opportunities for fraudulent transactions.
- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by making enquiries of senior management and those charged with governance. We understood the programmes and controls that the company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how senior management monitors those programmes and controls. We planned our audit to identify risks of management override, tested higher risk journal entries and performed audit procedures to address the potential for management bias, particularly over revenue recognition and measurement of accrued revenue at year end. Our procedures were designed to provide reasonable assurance that the company financial statements were free from material misstatement.
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved making enquiries of key management, reviewing key policies, inspecting legal registers and correspondence with regulators and reading key management meeting minutes. We also completed procedures to conclude on the compliance of significant disclosures in the financial statements with the requirements of the relevant accounting standards and UK legislation.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MAXIMUS UK SERVICES LIMITED
(CONTINUED)**

Use of our report

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

DocuSigned by:

Ernst & Young LLP

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Jane Barwell (Senior Statutory Auditor)

for and on behalf of
Ernst & Young LLP

Statutory Auditor

The Paragon
Counterslip
Bristol
BS1 6BX

Date: 21 March 2024

MAXIMUS UK SERVICES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Note	2023 £	2022 £
Turnover	4	294,136,926	272,806,429
Cost of sales		(230,856,943)	(204,237,489)
Gross profit		63,279,983	68,568,940
Administrative expenses		(33,813,049)	(31,643,896)
Operating profit	5	29,466,934	36,925,044
Income from shares in group undertakings		-	767,515
Amounts written off investments		-	(28,975,670)
Loss on disposal of investments		(6,423,579)	-
Interest receivable and similar income	9	935,412	314,650
Interest payable and similar expenses	10	(378,653)	(274,214)
Profit before tax		23,600,114	8,757,325
Tax on profit	11	(5,166,658)	(8,659,192)
Profit for the financial year		18,433,456	98,133
Total comprehensive income for the year		18,433,456	98,133

The notes on pages 19 to 42 form part of these financial statements.

MAXIMUS UK SERVICES LIMITED
REGISTERED NUMBER: 09072343

BALANCE SHEET
AS AT 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	102,523	280,323
Tangible assets	14	12,451,757	6,356,847
Investments	15	18,677,050	18,677,050
		<u>31,231,330</u>	<u>25,314,220</u>
Current assets			
Debtors	16	60,231,357	62,739,510
Cash at bank and in hand		18,755,474	24,928,325
		<u>78,986,831</u>	<u>87,667,835</u>
Creditors: amounts falling due within one year	17	(49,709,483)	(64,041,870)
Net current assets		<u>29,277,348</u>	<u>23,625,965</u>
Total assets less current liabilities		<u>60,508,678</u>	<u>48,940,185</u>
Creditors: amounts falling due after more than one year	18	(7,154,303)	(4,183,577)
		<u>53,354,375</u>	<u>44,756,608</u>
Provisions for liabilities			
Other provisions	21	(1,780,612)	(1,616,301)
		<u>(1,780,612)</u>	<u>(1,616,301)</u>
Net assets		<u><u>51,573,763</u></u>	<u><u>43,140,307</u></u>

MAXIMUS UK SERVICES LIMITED
REGISTERED NUMBER: 09072343

BALANCE SHEET (CONTINUED)
AS AT 30 SEPTEMBER 2023

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	22	1,000	1,000
Share premium account	23	47,001,818	47,001,818
Merger reserve	23	(7,885,503)	(7,885,503)
Profit and loss account	23	12,456,448	4,022,992
		<u>51,573,763</u>	<u>43,140,307</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

M A Jones

M A Jones

Director

Date: 21/03/2024

The notes on pages 19 to 42 form part of these financial statements.

MAXIMUS UK SERVICES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

	Called up share capital	Share premium account	Merger reserve	Profit and loss account	Total equity
	£	£	£	£	£
At 1 October 2021	1,000	47,001,818	(7,885,503)	16,924,859	56,042,174
Profit for the year	-	-	-	98,133	98,133
Dividends (note 12)	-	-	-	(13,000,000)	(13,000,000)
At 1 October 2022	1,000	47,001,818	(7,885,503)	4,022,992	43,140,307
Profit for the year	-	-	-	18,433,456	18,433,456
Dividends (note 12)	-	-	-	(10,000,000)	(10,000,000)
At 30 September 2023	1,000	47,001,818	(7,885,503)	12,456,448	51,573,763

The notes on pages 19 to 42 form part of these financial statements.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

1. Authorisation of financial statements and statement of compliance with FRS 101

The financial statements of Maximus UK Services Limited (the "Company") for the year ended 30 September 2023 were authorised for issue by the Directors on 21 March 2024 and the balance sheet was signed on that date. The Company is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is 18c Meridian East, Meridian Business Park, Leicester, Leicestershire, LE19 1WZ.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards.

The Company's financial statements are presented in Sterling, which is the functional currency of the Company and rounded to the nearest £. The principal accounting policies adopted by the Company are set out in note 2.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share-based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- 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
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- 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;

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.2 Financial Reporting Standard 101 - reduced disclosure exemptions (continued)

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose 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. This information is included in the consolidated financial statements of Maximus Inc as at 30 September 2023 and these financial statements may be obtained from 1600 Tysons Blvd, Suite 1400 McLean, VA22102, USA.

2.3 Going concern

In accordance with their responsibilities, the Directors have reviewed the cash and other resources at the disposal of the business, together with budgets for the year to September 2024 and forecasts through to September 2025.

The financial statements have been prepared on a going concern basis. The Directors have prepared projections of cash flows to the end of September 2025. These projections have been prepared using assumptions that the Directors consider appropriate to the Company's current financial position with regards to future revenues and costs. The Company has considered economic and political factors including the impact of the pandemic, the ongoing war in Ukraine and current high rates of inflation.

The forecast to the end of September 2025 shows a positive cash balance throughout the forecast period and adequate headroom to cover any reasonable downside risk in the forecast. Furthermore, the Company has access to additional funding from the Maximus UK Group Credit facility of £10m in place with HSBC. The Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence until 30 September 2025.

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Rendering of services

Revenue from providing services is recognised in the accounting period in which the services are rendered.

For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.4 Revenue recognition (continued)

For cost reimbursable or cost plus contracts, revenue is recognised as the relevant cost inputs are incurred.

The Company's largest contract for the delivery of the Health and Disability Assessment Service contains fixed, cost reimbursable and performance based elements, with performance obligations being satisfied on the delivery of assessments.

Following the transfer of trade and assets from Remploy Limited and Maximus People Services Ltd in April 2020, the Company acquired a number of contracts to deliver employment services to local, national and devolved governmental agencies, which include a single promise to stand ready to deliver a range of pre-defined services. On transition to IFRS15 in 2018, it was concluded that the performance obligations comprise a series of distinct monthly services which are substantially the same and are transferred to the customer in the same manner, and consequently these services are accounted for as a single performance obligation.

Consideration for these contracts comprise both fixed service fees and variable consideration. The variable consideration is realised if certain contractually defined outcomes are achieved in the future. Revenue in relation to fixed service fees is recognised over the period during which the Company is required to deliver the service under its contractual terms. Revenue in respect of variable outcome based payments provided within contracts is recognised over the period during which the services are consumed. The amount of revenue recognised in respect of variable consideration is determined by the Company's estimates of the final amounts that will be realised, by reference to assumed success rates and participant time on programmes. The Company constrains its estimates of variable consideration by reducing those estimates to amounts it believes with sufficient confidence will not result in a significant reversal of revenue in subsequent periods.

2.5 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. Under IFRS16, a contract is or contains a lease if it conveys the right to control the use of, and obtain substantially all the economic benefits from, an identified asset for a period of time in exchange for consideration. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less in total, or from the date of initial application of IFRS16) and leases of low value assets. For these short-term leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The Company has opted not to reassess existing arrangements that may contain a lease at the date of initial application and not to apply IFRS16 to contracts not previously identified as containing a lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate, which has been determined by reference to the rate at which it could obtain funding for these assets within its existing banking agreement at the date of the inception or modification of each lease. The incremental borrowing rates applied in the year ended 30 September 2023 fall in the range of 1.48% - 7.13%.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.5 Leases (continued)

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is included in 'Creditors' on the Balance Sheet.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made. The finance cost is charged to the income statement over the lease period.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised discount rate.
- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- a lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Intangible Assets' and 'Tangible Fixed Assets' lines, as applicable, in the Balance Sheet.

The Company applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 2.7.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.5 Leases (continued)

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

2.6 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

The estimated useful lives range as follows:

Computer software	-	contract period up to 5 years
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2.7 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Short-term leasehold property	- straight line over the life of the lease
Motor vehicles	- straight line over the life of the vehicle lease
Fixtures and fittings	- straight line over contract period up to 5 years
Computer equipment	- straight line over contract period up to 5 years

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.8 Impairment of fixed assets

Assets that are subject to depreciation or amortisation are assessed at each balance sheet date to determine whether there is any indication that the assets have suffered an impairment loss. If any such indication exists, the carrying value of the asset (or cash-generating unit (CGU) to which the asset has been allocated) is tested for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGU's). Non-financial assets that have been previously impaired are reviewed at each balance sheet date to assess whether there is any indication that the impairment losses recognised in prior periods may no longer exist or may have decreased.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.9 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.10 Business combinations

Business combinations are accounted for using the acquisition method at the date on which control is transferred to the Company (the acquisition date).

Business combinations under common control that are conducted under the direction of a common parent fall outside the scope of IFRS 3, and are accounted for using a book value method. The receiving company measures the assets and liabilities received using the book values in the financial statements of the transferred business. Any excess paid by the receiving company over the book amount of the transferors net assets, measured at the value of shares issued plus cash consideration, is recognised as a merger difference recorded with equity.

2.11 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.12 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2.13 Financial instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire. The Company's accounting policies in respect of financial instruments transactions are explained below

Financial assets and financial liabilities are initially measured at fair value.

Financial assets

All recognised financial assets are subsequently measured in their entirety at either fair value or amortised cost, depending on the classification of the financial assets.

Financial Liabilities

The Company classifies all of its financial liabilities as liabilities at amortised cost.

Financial liabilities at amortised cost including bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried to the Balance Sheet.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.14 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.15 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.16 Share based payments

Where share options are awarded to employees in the form of Restricted Stock Units (RSU's), the fair value of the RSU at the date of grant is charged to the Statement of Comprehensive Income over the vesting period, based on the Company's estimate of the RSU's that will eventually vest.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.18 Pensions

Defined contribution pension plan

The Company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the Company in independently administered funds.

Multi-employer pension plan

The Company is a member of a multi-employer plan. Where it is not possible for the Company to obtain sufficient information to enable it to account for the plan as a defined benefit plan, it accounts for the plan as a defined contribution plan.

2.19 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably required settlement by a transfer of economic benefit, and a reliable estimate can be made of the obligation.

Provisions are charged as an expense to profit or loss in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

2. Accounting policies (continued)

2.19 Provisions for liabilities (continued)

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

2.20 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and the amounts reported for revenue and expenses during the year. However the nature of estimation means that actual outcomes could differ from those estimates.

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

Revenue recognition - employment outcomes

The Company has certain contracts where the performance obligation is to help individuals to gain employment and reach an outcome of sustained employment and earnings. Under IFRS 15 there is a requirement to recognise revenue over the time period until the employment outcome is sustained. Therefore management must make estimates over the number of programme customers who will achieve outcomes and the amount of time from joining the programme to reach those outcomes, in order to estimate the amount of revenue that has been earned over a time period, subject to constraint where there is significant uncertainty over the likely realisation of those outcomes. The realisation of these outcomes may turn out to be better or worse than those estimates, which may result in corrections to revenues reported in both current and previous periods, particularly where the period on programme is long, or the programme is in its early stages.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

3. Judgements in applying accounting policies (continued)

Subcontractor cost recognition – employment outcomes

Where parts of the services of employment support programmes are subcontracted, fees may be payable to subcontractors upon achievement of a successful outcome for an individual. The Company has concluded that these do not meet the recognition requirements under IAS 37 until achievement of the outcome and have therefore disclosed amounts that may be payable as a contingent liability.

Provision for dilapidations

The Company makes provision for dilapidations expenditure which is expected to be incurred under the terms of short property leases upon exits from those premises. The provision is based on judgements and estimates as to the likely cost on exit, the realisation of which may turn out to be more or less than the estimates amount.

Impairment of intangible fixed assets and other assets

Determining whether there are indicators of impairment of the Company's tangible, intangible and other assets which involves management making judgements in a number of areas. Factors taken into consideration in reaching such a decision include the economic viability and expected future performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Deferred tax asset

Deferred tax assets have been recognised on timing differences in respect of decelerated capital allowances and provision. Deferred tax has only been recognised on timing differences to the extent that it is expected that the Company will have sufficient future taxable profits against which these assets will reverse in the foreseeable future.

4. Turnover

An analysis of turnover by class of business is as follows:

	2023 £	2022 £
Health and Disability Assessment Service	144,366,809	127,724,557
Employment, Skills and Disability contracts	148,430,431	145,081,872
Other Divisions	1,339,686	-
	<u>294,136,926</u>	<u>272,806,429</u>

All turnover arose within the United Kingdom.

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

5. Operating profit

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	3,759,032	2,687,581
Amortisation of intangible assets, including goodwill	177,800	232,027
Loss on disposal of fixed investment	6,423,579	-
Impairment of fixed investments	-	28,975,461
Defined contribution pension cost	7,039,809	6,734,309
Rental charges in respect of short-term leases	910,234	2,017,685
	<u> </u>	<u> </u>

6. Auditor's remuneration

During the year, the Company obtained the following services from the Company's auditor and its associates:

	2023	2022
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's financial statements	230,899	210,604
	<u> </u>	<u> </u>

7. Employees

Staff costs, including Directors' remuneration, were as follows:

	2023	2022
	£	£
Wages and salaries	168,013,035	153,311,717
Social security costs	17,091,537	15,854,406
Cost of defined contribution scheme	7,039,809	6,734,309
	<u>192,144,381</u>	<u>175,900,432</u>

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

7. Employees (continued)

In addition to the staff costs disclosed above, redundancy costs of £178,965 were incurred during the year (2022: £265,827).

The average monthly number of employees, including the Directors, during the year was as follows:

	2023	2022
	No.	No.
Health and Disability Assessment Service - clinical	1,225	1,039
Health and Disability Assessment Service - non-clinical	817	813
Employment, Skills and Disability contracts	1,544	1,577
Central and Other Divisions	464	445
	<u>4,050</u>	<u>3,874</u>

8. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments	1,072,200	1,157,203
Company contributions to defined contribution pension schemes	56,211	68,682
	<u>1,128,411</u>	<u>1,225,885</u>

During the year retirement benefits were accruing to 4 Directors (2022 - 4) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £353,378 (2022 - £495,695).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £15,415 (2022 - £14,535).

During the year five Directors, including the highest paid Director, were granted Restricted Stock Units under Maximus Inc. long term incentive schemes (2022 - five Directors). Awards were vested during the year for five Directors, including the highest paid Director (2022 - four Directors).

9. Interest receivable

	2023	2022
	£	£
Interest receivable from group companies	92,643	108,701
Other interest receivable	842,769	205,949
	<u>935,412</u>	<u>314,650</u>

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

10. Interest payable and similar expenses

	2023	2022
	£	£
Bank interest payable	-	171,462
Interest on lease liabilities	339,547	102,752
Other interest payable	39,106	-
	<u>378,653</u>	<u>274,214</u>

11. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	5,384,150	7,370,148
Adjustments in respect of previous periods *	-	1,240,130
	<u>5,384,150</u>	<u>8,610,278</u>
Total current tax	<u>5,384,150</u>	<u>8,610,278</u>
Deferred tax		
Origination and reversal of timing differences	(217,492)	48,914
Total deferred tax	<u>(217,492)</u>	<u>48,914</u>
Taxation on profit on ordinary activities	<u>5,166,658</u>	<u>8,659,192</u>

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

11. Taxation (continued)

Factors affecting tax charge for the year

The Spring Budget statement March 2021 announced an increase to the main rate of UK Corporation Tax from 19% to 25%. This came into effect from 1 April 2023.

The tax assessed for the year is lower than (2022 - higher than) the blended rate of corporation tax in the UK of 22.01% (2022 - 19%). The differences are explained below:

	2023 £	2022 £
Profit on ordinary activities before tax	<u>23,600,114</u>	<u>8,757,325</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 22.01% (2022 - 19%)	5,193,965	1,663,892
Effects of:		
Expenses not deductible for tax purposes	339,969	5,622,137
Capital allowances for year in excess of depreciation	-	230,768
Fixed Asset differences	223,067	-
Other Permanent differences	(225,086)	-
Adjustments to tax charge in respect of previous periods - deferred tax	(303,634)	-
Remeasurement of deferred tax for changes in tax rates	10,308	-
Income not taxable for tax purposes	(71,931)	-
Other timing differences leading to an increase (decrease) in taxation	-	48,053
Dividends from UK companies	-	(145,788)
Adjustments in respect of previous periods *	-	1,240,130
Total tax charge for the year	<u><u>5,166,658</u></u>	<u><u>8,659,192</u></u>

* The adjustment to the tax charge in relation to prior years includes group relief received by the company in relation to the year ended 30 September 2021, which was subsequently settled in cash and has therefore increased the tax charge for 2022.

Factors that may affect future tax charges

There are no anticipated factors that may affect future tax charges..

12. Dividends

	2023 £	2022 £
Paid £10,000 per ordinary share (2022: £13,000)	<u>10,000,000</u>	<u>13,000,000</u>

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

13. Intangible assets

	Computer software £
Cost	
At 1 October 2022	1,972,984
At 30 September 2023	1,972,984
Amortisation	
At 1 October 2022	1,692,661
Charge for the year on owned assets	177,800
At 30 September 2023	1,870,461
Net book value	
At 30 September 2023	102,523
At 30 September 2022	280,323

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

14. Tangible fixed assets

	Short-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost or valuation					
At 1 October 2022	11,137,698	11,903	144,119	1,178,316	12,472,036
Additions	9,795,807	-	-	87,651	9,883,458
Disposals	(251,708)	(11,903)	-	-	(263,611)
At 30 September 2023	<u>20,681,797</u>	<u>-</u>	<u>144,119</u>	<u>1,265,967</u>	<u>22,091,883</u>
Depreciation					
At 1 October 2022	4,826,078	11,903	144,119	1,133,089	6,115,189
Charge for the year on owned assets	954,996	-	-	54,151	1,009,147
Charge for the year on right-of-use assets	2,749,885	-	-	-	2,749,885
Disposals	(222,192)	(11,903)	-	-	(234,095)
At 30 September 2023	<u>8,308,767</u>	<u>-</u>	<u>144,119</u>	<u>1,187,240</u>	<u>9,640,126</u>
Net book value					
At 30 September 2023	<u>12,373,030</u>	<u>-</u>	<u>-</u>	<u>78,727</u>	<u>12,451,757</u>
At 30 September 2022	<u>6,311,620</u>	<u>-</u>	<u>-</u>	<u>45,227</u>	<u>6,356,847</u>

The net book value of owned and leased assets included as "Tangible fixed assets" in the Balance Sheet is as follows:

	2023 £	2022 £
Tangible fixed assets owned	2,803,877	2,382,453
Right-of-use tangible fixed assets	9,647,880	3,974,394
	<u>12,451,757</u>	<u>6,356,847</u>

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

14. Tangible fixed assets (continued)

Information about right-of-use assets is summarised below:

Net book value

	2023	2022
	£	£
Property	9,647,880	3,974,394
	<u>9,647,880</u>	<u>3,974,394</u>

Depreciation charge for the year ended

	2023	2022
	£	£
Property	2,749,885	1,932,616
	<u>2,749,885</u>	<u>1,932,616</u>

Additions to right-of-use assets

	2023	2022
	£	£
Additions to right-of-use assets	8,452,887	1,879,621
	<u>8,452,887</u>	<u>1,879,621</u>

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

15. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 October 2022	18,677,050
Additions	19,370,000
Disposals	(19,370,000)
	<hr/>
At 30 September 2023	18,677,050
Net book value	
At 30 September 2023	18,677,050
	<hr/> <hr/>
At 30 September 2022	18,677,050
	<hr/> <hr/>

On 6 March 2023, the Company sold its investment in Maximus HHS Holdings Limited to Medigold Health Group. As part of the sale, the Company invested funds of £19.4m to enable the subsidiaries to repay loans to the Company as well as amounts owed under the Maximus UK overdraft facility. Proceeds from the sale are split into an initial consideration payable on completion and deferred balances, payable in instalments between the completion of the deal and March 2026. As a result of the transaction, the Company recognised a loss on disposal of £6.4m.

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Registered office	Principal activity	Class of shares	Holding
BZ Bodies Limited	18C Meridian East, Meridian Business Park, Leicester. LE19 1WZ	Other human health activities	Ordinary	100%
Connect Assist Holdings Limited	Unit 3 Cefn Coed, Nantgarw, Cardiff, Wales, CF15 7QQ	Intermediate holding company	Ordinary	100%
Connect Assist Limited *	Unit 3 Cefn Coed, Nantgarw, Cardiff, Wales, CF15 7QQ	Contact Centre Services	Ordinary	100%

* - denotes indirectly held subsidiary.

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

16. Debtors

	2023 £	2022 £
Due after more than one year		
Other debtors	2,464,544	-
	<u>2,464,544</u>	<u>-</u>
Due within one year		
Trade debtors	34,107,006	31,708,182
Amounts owed by group undertakings	2,979,041	7,135,996
Other debtors	3,905,314	765,578
Prepayments and accrued income	15,394,783	22,741,138
Tax recoverable	774,561	-
Deferred taxation	606,108	388,616
	<u>60,231,357</u>	<u>62,739,510</u>

In FY 2022 the amounts owed by group undertakings at 30 September 2022 included a loan due from a subsidiary company of £5,974,400. The balance was repaid in full in February 2023. Other amounts owed by group undertakings comprise current balances arising from trade that are repayable in the short term under normal trade terms.

In FY 2023 the other debtor balances mainly relate to the receivable from Medigold Health Group following the disposal of investment in Maximus HHS Holdings Limited. The proceeds from the sale were split into initial consideration payable on completion and deferred balances, payable in instalments between the completion of the deal and March 2026.

17. Creditors: Amounts falling due within one year

	2023 £	2022 £
Trade creditors	2,815,328	2,323,457
Amounts owed to group undertakings	2,610,289	1,926,481
Corporation tax	-	682,841
Other taxation and social security	12,660,720	12,354,556
Lease liabilities	2,337,431	1,701,146
Other creditors	4,073,724	1,760,950
Accruals and deferred income	25,211,991	43,292,439
	<u>49,709,483</u>	<u>64,041,870</u>

Amounts owed to group undertakings comprise current balances arising from trade repayable in the short term under normal trade terms, and group tax relief surrendered by other group companies.

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

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

	2023	2022
	£	£
Lease liabilities	7,154,303	2,183,577
Other creditors	-	2,000,000
	<u>7,154,303</u>	<u>4,183,577</u>

The balance within FY22 other creditors relates to deferred consideration of £2.0m that is payable in relation to the acquisition of BZ Bodies Limited, due for payment after the 31 December 2023. In FY23, this balance became due within one year, and is now shown as part of other creditor balance within Note 17.

19. Deferred taxation

	2023
	£
At beginning of year	388,616
Credited to profit or loss	217,492
At end of year	<u>606,108</u>

The deferred tax asset is made up as follows:

	2023	2022
	£	£
Depreciation in excess of capital allowances	453,399	253,004
Other timing differences	152,709	135,612
	<u>606,108</u>	<u>388,616</u>

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

20. Leases

Company as a lessee

The Company has entered into a number of commercial leases on properties. These leases have a typical duration of 5 years and contain varied terms specific to each lease, such as break options, renewal options and rent reviews, which are managed in accordance with contractual delivery requirements. There are no restrictions placed upon the lessee by entering into these leases.

Lease liabilities are due as follows:

	2023 £	2022 £
Not later than one year	2,337,431	1,701,146
Between one year and five years	7,154,303	2,183,577
	<u>9,491,734</u>	<u>3,884,723</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2023 £	2022 £
Interest expense on lease liabilities	<u>339,547</u>	<u>102,752</u>

21. Provisions

	Dilapidations £	Contract clawback £	Total £
At 1 October 2022	1,511,585	104,716	1,616,301
Charged to profit or loss	363,459	(104,716)	258,743
Utilised in year	(131,614)	-	(131,614)
Other movements	37,182	-	37,182
At 30 September 2023	<u>1,780,612</u>	<u>-</u>	<u>1,780,612</u>

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

21. Provisions (continued)

Dilapidations

Provision is made for the cost of making good leased properties on the expiry of the lease, as required by the various leases. The requirement is generally calculated based on the square footage of individual premises, using rates assessed by an independent property consultant. The provision is expected to be utilised at the end of the lease terms for each of the individual properties.

Contract Clawback

Provision was made for clawback charges on certain publicly funded contracts where penalties may be claimed for a period of up to 14 years after contract delivery had ended. The provision was released in FY23.

22. Share Capital

	2023 £	2022 £
Allotted, called up and fully paid		
1,000 (2022 - 1,000) Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

23. Reserves

The Company's reserve balances are set out in the Statement of Changes in Equity on page 18.

Share premium account

The share premium represents the aggregate of the excess paid over and above the nominal value of the Company's issued share capital.

Merger Reserve

The merger reserve represents the excess paid by the Company over the book amount of the vendor's net assets under a business combination under common control.

Profit and loss account

The profit and loss account represents the accumulated retained profit of the Company.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

24. Share based payments

The ultimate parent of the Company, Maximus Inc., operates the Maximus Inc. 2017 Equity Incentive Plan, under which certain senior employees of its subsidiaries are awarded Restricted Stock Units (RSUs). Under this scheme, shares awarded to individuals generally vest over a 4 year period, subject to specific performance criteria being met. The fair value of the cost of these awards is determined by using the closing market value of common shares in Maximus Inc. at the grant date.

The cost of these awards is met by the Company, being recognised over the vesting period of each award. The cost recognised in respect of these RSUs during the year was £1,353,229 (2022: £1,230,642).

The following table illustrates the number of, and movements in, Restricted Stock Units during the year:

	2023	2022
Outstanding at the start of the year	29,513	32,178
Granted during the year	17,319	13,514
Vested during the year	(16,717)	(15,274)
Cancelled during the year	(64)	(905)
Outstanding at the end of the year	30,051	29,513

Awards are vested on 30 September each year end. The closing market value of Maximus Inc. shares which were vested at 30 September 2023 was USD \$74.68 (30 September 2022: USD \$57.87). The weighted average market value of share awards that were granted in the year was USD \$70.24 (2022: \$77.65). The vesting periods of the awards outstanding at 30 September 2023 range between 30 September 2024 and 30 September 2027.

25. Contingent liabilities

Maximus has entered into various agreements with its supply chain partner to support with the delivery of its Restart scheme contracts. It is reasonably possible that the supply chain partners will achieve the assumed performance levels for any cohorts on programme as of September 2023, which may result in a payment of £7.9m (FY2022: £6.2m). This liability is progressively realised and recorded as the supply chain partners i) continue to achieve outcomes and work towards their overall performance levels; and ii) only crystallises in the instance that an extant agreement is in place at the time of an outcome being achieved. As a result, this has been disclosed as a contingent liability.

MAXIMUS UK SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2023

26. Pension commitments

The Company operates a defined contribution pension scheme for the majority of its employees, and in addition participates in the Principal Civil Service Pension Scheme (PCSPS) in respect of a number of other employees.

Under the defined contribution pension scheme, the pension cost charge for the year was £6,478,422 (2022: £6,146,253), which represents contributions payable by the Company to the scheme. Contributions totalling £1,210,363 (30 September 2022: £1,025,259) were payable to the scheme at the balance sheet date and are included within other creditors.

The Principal Civil Service Pension Scheme is an unfunded multi - employer defined benefit scheme where the Company is unable to identify its share of the underlying assets and liabilities, nor does it have the obligation to pay out benefits under the scheme. Consequently, for the purpose of reporting under International Accounting Standard 19 Employee Benefits, the scheme is accounted for as if it were a defined contribution scheme.

The scheme actuary reviews employer contributions usually every four years following a full scheme valuation. The last published valuation by the scheme actuary was that undertaken as at 31 March 2016, details of which can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

Pension contributions payable by the company to the PCSPS during the year amounted to £561,387 (2022: £588,056). Contributions totalling £109,874 (30 September 2022: £95,564) were payable to the scheme at the balance sheet date and are included within other creditors.

27. Other financial commitments

The Company was party to a cross guarantee to secure a net Sterling bank facility of £10,000,000 that has been made available by the Company's bank, HSBC, to its UK parent Maximus Companies Ltd, and certain subsidiaries. At 30 September 2023, there was no net utilisation of this facility (30 September 2022: £Nil).

28. Related party transactions

The Company has taken advantage of the exemption under paragraph 8(k) of FRS101 not to disclose transactions with fellow wholly owned subsidiaries.

During the year, the Directors were remunerated for services to the Company. This has been disclosed in note 8. The Directors are considered to be the key management personnel.

There were no other related party transactions during the year that require disclosure under IAS 24.

29. Post balance sheet events

In October 2023, the Company transferred the net assets of its subsidiary BZ Bodies Limited, into Maximus UK Services Limited as part of a corporate simplification project.

MAXIMUS UK SERVICES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2023**

30. Ultimate group undertaking

The Company's ultimate parent undertaking is Maximus Inc., a company incorporated in the United States of America and listed on the New York Stock Exchange. The parent company accounts are available from Maximus Inc., 1600 Tysons Blvd, Suite 1400 McLean, VA22102, USA. The Company is included within these group accounts.

The Company's immediate parent undertaking is Maximus Companies Ltd, a company registered in England and Wales.