Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2024 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of XPS Pensions Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2024 which comprise the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement of Changes in Equity, Consolidated Statement of Cash Flows, Statement of Financial Position – Company, Statement of Changes in Equity – Company, Statement of Cash Flows – Company, Notes to the Consolidated Financial Statements and Notes to the Financial Statements – Company, including a summary of material accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and as regards the Parent Company financial statements, as applied in accordance with the provisions 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit & Risk Committee.

Independence

Following the recommendation of the Audit & Risk Committee, we were appointed by the Directors on 27 February 2013 to audit the financial statements for the year ended 31 March 2014 and subsequent financial periods, noting the listing of the Parent Company in the year ended 31 March 2016. The period of total uninterrupted engagement including retenders and reappointments is 11 years, covering the years ended 31 March 2014 to 31 March 2024. We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Company.

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 Group and the Parent Company's ability to continue to adopt the going concern basis of accounting included the following procedures:

- Assessing the reasonableness of assumptions in preparation of cash flow forecasts, with consideration of historical performance, review and challenge of revenue growth rate assumptions and the Group's ability to meet working capital requirements over the going concern period;
- Assessing the current period actuals against the prior period forecasts and also assessing the period to May 2024 actuals against current period forecast to determine forecasting ability;
- Assessing the Directors' going concern assessment and mathematical accuracy of cash flow forecasts and sensitivities used in respect of the worst case and reasonable downturn scenario models using our knowledge of the business;
- Reviewing the terms and period of the Group's bank facility agreement and consideration of the sufficiency of the facility available throughout the going concern period;
- Considering the Group's compliance with banking covenants and related headroom in light of the Directors' worst case scenario modelled;
- Considering the options available to the Directors' to mitigate the impact of the worst case scenario and whether such actions are within their control; and
- Considering the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure with the forecast and worst case scenario.

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

In relation to the Parent Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

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

Other matters

The corresponding figures in the Statement of Cash Flows – Company are unaudited.

Overview

Coverage	89% (FY 2023: 81%) of Total EBITDA less gain on disposal		
	89% (FY 2023: 96%) of Group revenue		
	(EBITDA – calculated as profit before tax, less depreciation, amortisation and finance costs)		
Key audit matters		**2024**	2023
	Valuation of contract assets - accrued income	✓	✓
Materiality	Group financial statements as a whole		
	2024: £1,410,000 based on 3% of Total EBITDA less gain on disposal		
	2023: £1,000,000 based on 3% of Total EBITDA		

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Significant components:

Component	Type of work performed
XPS Pensions Group plc	Full scope audit
XPS Pensions Consulting Limited	Full scope audit
XPS Pensions Limited	Full scope audit
XPS Investment Limited	Full scope audit
XPS Administration Limited	Full scope audit

All components are located in the UK and are centrally managed and controlled.

Non-significant components:

Other than the five significant components noted above, there were 12 other components within the Group which formed part of our Group audit.

The following two non-significant components were subject to a full scope audit on account of them being part of a non-small group and being entities that do not avail themselves of a parental guarantee from audit under s479A of the Companies Act 2006:

Component	Type of work performed
XPS SIPP Services Limited	Full scope audit
XPS Consulting (Reading) Limited	Full scope audit

All 10 of the remaining non-significant components were subjected to group procedures on revenue balances, procedures on financial statement area balances greater than the materiality thresholds, and desktop review procedures. All audit work on all entities (significant or non-significant) was undertaken by the Group audit engagement team.

Climate change

Our work on the assessment of potential impacts on climate-related risks on XPS Pensions Group plc's operations and financial statements included:

- Enquiries and challenge of management to understand the actions they have taken to identify climate-related risks and their potential impacts on the financial statements and adequately disclose climate-related risks within the Annual Report;
- Our own qualitative risk assessment taking into consideration the sector in which the Group operates and how climate change affects this particular sector; and
- Review of the minutes of Board, Audit & Risk Committee and Sustainability Committee meetings and other papers related to climate change, and performed a risk assessment as to how the impact of the Group's commitment as set out in the Strategic Report may affect the financial statements and our audit.

We challenged the extent to which climate-related considerations, including the expected cash flows from the initiatives and commitments have been reflected, where appropriate, in the Directors' going concern assessment and viability.

We also assessed the consistency of management's disclosures included as 'Statutory Other Information' including Task force Climate-Related Financial Disclosures (TCFD) and the Streamlined Energy and Carbon Reporting (SECR) within the financial statements and with our knowledge obtained from the audit.

Based on our risk assessment procedures, we did not identify there to be any Key Audit Matters materially impacted by climate-related risks and related commitments.

An overview of the scope of our audit continued

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		How the scope of our audit addressed the key audit matter
Valuation of contract assets – accrued income Refer to Note 1, Note 8 and Note 21 of the Financial Statements.	The Group has a total contract assets – accrued income of £16.7 million (FY 2023: £16.4 million) as disclosed in note 21 of the financial statements. Valuation of contract assets – accrued income was considered a fraud risk due to the recognition being highly subjective and involving management's judgements around the amount of revenue to be billed in the future and the subsequent recovery of the revenue being uncertain. Management's judgement relates to the time recorded against each client project versus the amount billed, as well as other factors including expected recoverability levels based on past experience, the nature of the work undertaken, and to what extent the performance obligations have been met. The risk around the valuation of contract assets – accrued income has been determined to be both over and understatement through judgements made by management in its valuation at year end, or in recording time that relates to work performed in the financial year that is not included in contract assets - accrued income at year end. This results in the valuation of contract assets – accrued income being assessed as an area of significant risk of material misstatement and therefore a key audit matter.	Year-end valuation was assessed by selecting a sample of contract assets - accrued income balances from the accrued income listing and agreeing the inputs in the calculation back to contracts with the customers, underlying timesheet data from the time recording system and where possible, subsequent invoices raised post year end with related statement of activity, to assess the reasonableness of the judgement applied by management in the valuation. In addition, where possible, we agreed our sample to subsequent cash receipt in the bank statements to assess the reasonableness of the judgement applied by management in assessing the recoverability of the balances. We also compared the time recorded in the March 2024 monthly timesheet report as extracted from the timesheet recording system, to the time recorded in the accrued income listing to assess if the valuation of accrued income was understated based on omitted time worked. We tested the operating effectiveness of the relevant control over the time recording system. **Key observations:** Based on the procedures undertaken, we did not identify any evidence that suggests that the judgement applied by management is inappropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Our application of materiality continued

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent Company financial statements	
	2024	2023	2024	2023
Materiality	£1,410,000	£1,000,000	£1,057,000	£750,000
Basis for determining materiality	3% of Total EBITDA less gain on disposal	3% of Total EBITDA	4% of Company Net Assets capped at 75% of Group materiality.	4% of Company Net Assets capped at 75% of Group materiality.
Rationale for the benchmark applied	EBITDA less gain on disposal is considered to be the benchmark that is of the most interest to the majority of users of the financial statements based on investor and stakeholder expectations.		75% of Group materiality given the assessment of the component's aggregation risk.	
Performance materiality	£1,057,000	£700,000	£790,000	£525,000
Basis for determining performance materiality	75%	70%	75%	70%
Rationale for the percentage applied for performance materiality	These thresholds are based on our knowledge of the Group and Parent Company, control environment over financial reporting, history of misstatements in previous periods and management's attitude to proposed adjustments.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on a percentage of between 32% and 60% (FY 2023: 36% and 62%) of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality, apart from the Parent Company, ranged from £450,000 to £850,000 (FY 2023: £360,000 to £620,000). In the audit of each component, we further applied performance materiality levels of 75% (FY 2023: 70%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £56,000 (FY 2023: £40,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts 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. 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.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Parent Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements, or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 44 and • The Directors' explanation as to their assessment of the Group's prospects, the period this assessment covers and why the period is appropriate set out on page 53.
Other Code provisions	• The Directors' statement is fair, balanced and understandable as set out on page 100; • The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on page 52; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 47 to 52 ; and • The section describing the work of the Audit & Risk Committee set out on pages 66 to 69.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	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. In light of the knowledge and understanding of the Group and Parent 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.
Directors' remuneration	In our opinion, the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements and the part of the Directors' remuneration report to be audited 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' responsibility statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations.

We considered the significant laws and regulations to be the applicable accounting framework, UK tax legislation, Listing Rules, Companies Act 2006, and labour regulations and tax laws in key territories which the Group operates in.

The Group is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the health and safety legislation, employment law, consumer protection laws and regulations, and the Financial Conduct Authority regulations, including client money rules.

Our procedures in respect of the above included:

- Review of minutes of meeting of the Board of Directors for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and the Audit & Risk Committee regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Group's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meetings of the Board of Directors for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- Performing an assessment of the Group's IT environment and as part of this work, we tested the operating effectiveness of financial systems including the general ledger system and the time recording system. We also tested IT application level controls in relation to the time recording system in revenue.

Auditor's responsibilities for the audit of the financial statements continued

Extent to which the audit was capable of detecting irregularities, including fraud continued

Fraud continued

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, specifically the risk of management overriding the control environment to either overstate or understate the EBITDA reported, and to overstate or understate the valuation of contract assets - accrued income.

Our procedures in respect of the above included:

- Selecting a sample of journal entries throughout the year which met a defined risk criteria, and testing these by agreeing to supporting documentation;
- In response to the risk of fraud in contract asset – accrued income, performing the procedures set out in the 'Key Audit Matters' section of this report; and
- Assessing in aggregate, material estimates and judgements made by management that affect EBITDA for bias.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that 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, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Andrew Radford
A42BFCDC38704BE...

Andrew Radford (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, United Kingdom
19 June 2024

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

Consolidated statement of comprehensive income
for the year ended 31 March 2024

	Note	Year ended 31 March 2024 Trading items £'000	Year ended 31 March 2024 Non-trading and exceptional items[1] £'000	Year ended 31 March 2024 Total £'000	Year ended 31 March 2023 Trading items £'000	Year ended 31 March 2023 Non-trading and exceptional items[1] £'000	Year ended 31 March 2023 Total £'000
Revenue	8	**199,432**	**—**	**199,432**	166,596	—	166,596
Other operating income	4	**—**	**92**	**92**	—	197	197
Operating expenses	9	**(149,960)**	**(15,128)**	**(165,088)**	(129,652)	(14,413)	(144,065)
Gain on disposal	7	**—**	**32,538**	**32,538**	—	—	—
Profit/(loss) from operating activities		**49,472**	**17,502**	**66,974**	36,944	(14,216)	22,728
Finance income	14	**50**	**—**	**50**	10	—	10
Finance costs	14	**(4,543)**	**—**	**(4,543)**	(3,596)	—	(3,596)
Profit/(loss) before tax		**44,979**	**17,502**	**62,481**	33,358	(14,216)	19,142
Income tax (expense)/credit	15	**(11,483)**	**3,169**	**(8,314)**	(6,215)	2,910	(3,305)
Profit/(loss) after tax and total comprehensive income/(loss) for the year		**33,496**	**20,671**	**54,167**	27,143	(11,306)	15,837
Memo							
EBITDA		**55,295**	**24,536**	**79,831**	42,448	(7,334)	35,114
Depreciation and amortisation		**(5,823)**	**(7,034)**	**(12,857)**	(5,504)	(6,882)	(12,386)
Profit/(loss) from operating activities		**49,472**	**17,502**	**66,974**	36,944	(14,216)	22,728
		Pence		**Pence**	Pence		Pence
Earnings per share attributable to the ordinary equity holders of the Company:		**Adjusted**			Adjusted		
Profit or loss:							
Basic earnings per share	34	**16.2**	**—**	**26.2**	13.2	—	7.7
Diluted earnings per share	34	**15.3**	**—**	**24.7**	12.6	—	7.3

1 See note 6 for additional information regarding non-trading and exceptional items.

The notes on pages 113 to 145 form part of these financial statements.

Consolidated statement of financial position
as at 31 March 2024

	Note	31 March 2024 £'000	31 March 2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	16	**3,976**	3,079
Right-of-use assets	17	**8,892**	9,684
Intangible assets	18	**208,070**	212,103
Other financial assets	20	**–**	1,847
		220,938	226,713
Current assets			
Trade and other receivables	21	**50,922**	43,765
Cash and cash equivalents	22	**10,005**	13,285
		60,927	57,050
Total assets		**281,865**	283,763
Liabilities			
Non-current liabilities			
Loans and borrowings	23	**23,386**	67,310
Lease liabilities	17	**7,295**	7,234
Provisions	27	**1,802**	1,869
Trade and other payables	25	**–**	845
Deferred income tax liabilities	19	**15,593**	18,445
		48,076	95,703
Current liabilities			
Lease liabilities	17	**1,872**	2,701
Provisions	27	**1,914**	2,009
Trade and other payables	25	**43,722**	31,218
Current income tax liabilities	26	**427**	2,280
Contingent consideration	28	**–**	568
		47,935	38,776
Total liabilities		**96,011**	134,479
Net assets		**185,854**	149,284
Equity			
Equity attributable to owners of the Parent			
Share capital	29	**104**	104
Share premium	30	**1,786**	1,786
Merger relief reserve	30	**48,687**	48,687
Investment in own shares held in trust	30	**(2,925)**	(1,350)
Retained earnings	30	**138,202**	100,057
Total equity		**185,854**	149,284

The notes on pages 113 to 145 form part of these financial statements.

The financial statements were approved by the Board of Directors on 19 June 2024 and were signed on its behalf by:

Snehal Shah
Chief Financial Officer
19 June 2024

Registered number: 08279139

Consolidated statement of changes in equity
for the year ended 31 March 2024

	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Investment in own shares £'000	Accumulated (deficit)/ retained earnings £'000	Total equity £'000
Balance at 1 April 2022	103	116,804	48,687	(4,157)	(17,002)	144,435
Profit after tax and total comprehensive income for the year	—	—	—	—	15,837	15,837
Contributions by and distributions to owners:						
Share capital issued	1	1,786	—	—	—	1,787
Share premium reduction	—	(116,804)	—	—	116,804	—
Dividends paid (note 36)	—	—	—	—	(15,331)	(15,331)
Dividend equivalents paid on exercised share options	—	—	—	—	(549)	(549)
Shares purchased by Employee Benefit Trust for cash	—	—	—	(2,200)	—	(2,200)
Share-based payment expense – equity settled from Employee Benefit Trust	—	—	—	5,007	(4,137)	870
Share-based payment expense – IFRS 2 charge (note 13)	—	—	—	—	3,892	3,892
Deferred tax movement in respect of share-based payment expense (note 19)	—	—	—	—	258	258
Current tax movement in respect of share-based payment expense	—	—	—	—	285	285
Total contributions by and distributions to owners	1	(115,018)	—	2,807	101,222	(10,988)
Balance at 31 March 2023	104	1,786	48,687	(1,350)	100,057	149,284
Balance at 1 April 2023	104	1,786	48,687	(1,350)	100,057	149,284
Profit after tax and total comprehensive income for the year	—	—	—	—	54,167	54,167
Contributions by and distributions to owners:						
Dividends paid (note 36)	—	—	—	—	(18,025)	(18,025)
Dividend equivalents paid on exercised share options	—	—	—	—	(576)	(576)
Shares purchased by Employee Benefit Trust for cash	—	—	—	(5,621)	—	(5,621)
Share-based payment expense – equity settled from Employee Benefit Trust	—	—	—	4,046	(4,019)	27
Share-based payment expense – IFRS 2 charge (note 13)	—	—	—	—	4,910	4,910
Deferred tax movement in respect of share-based payment expense (note 19)	—	—	—	—	1,167	1,167
Current tax movement in respect of share-based payment expense	—	—	—	—	521	521
Total contributions by and distributions to owners	—	—	—	(1,575)	(16,022)	(17,597)
Balance at 31 March 2024	**104**	**1,786**	**48,687**	**(2,925)**	**138,202**	**185,854**

The notes on pages 113 to 145 form part of these financial statements.

Consolidated statement of cash flows
for the year ended 31 March 2024

	Note	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Cash flows from operating activities			
Profit for the year		**54,167**	15,837
Adjustments for:			
Depreciation	16	**892**	897
Depreciation of right-of-use assets	17	**2,887**	2,854
Amortisation	18	**9,061**	8,635
Finance income	14	**(50)**	(10)
Finance costs	14	**4,543**	3,596
Gain on sale of business	7	**(34,639)**	—
Loss on disposal of right-of-use assets	17	**117**	—
Share-based payment expense	13	**4,910**	3,892
Other operating income	4	**(92)**	(197)
Income tax expense	15	**8,314**	3,305
		50,110	38,809
Increase in trade and other receivables		**(7,462)**	(3,432)
Increase in trade and other payables		**11,993**	3,603
(Decrease)/increase in provisions		**(379)**	442
		54,262	39,422
Income tax paid		**(11,331)**	(4,866)
Net cash inflow from operating activities		**42,931**	34,556
Cash flows from investing activities			
Finance income received	14	**50**	10
Acquisition of subsidiary, net of cash acquired	28	**(405)**	(8,268)
Purchases of property, plant and equipment	16	**(1,851)**	(640)
Purchases of software	18	**(5,655)**	(4,814)
Increase in restricted cash balances – other financial assets	20	**—**	(33)
Disposal of business	7	**37,035**	—
Net cash inflow/(outflow) from investing activities		**29,174**	(13,745)
Cash flows from financing activities			
Proceeds from the issue of share capital		**—**	1,787
Proceeds from loans net of capitalised costs		**8,000**	11,000
Repayment of loans		**(52,000)**	(7,000)
Payment relating to extension of loan facility		**(200)**	—
Sale of own shares		**27**	870
Purchase of ordinary shares by EBT		**(5,621)**	(2,200)
Interest paid		**(3,905)**	(2,985)
Lease interest paid		**(331)**	(311)
Payment of lease liabilities		**(2,754)**	(2,957)
Dividends paid to the holders of the Parent	36	**(18,025)**	(15,331)
Dividend equivalents paid on exercise of share options		**(576)**	(549)
Net cash outflow from financing activities		**(75,385)**	(17,676)
Net (decrease)/increase in cash and cash equivalents		**(3,280)**	3,135
Cash and cash equivalents at start of year		**13,285**	10,150
Cash and cash equivalents at end of year	22	**10,005**	13,285

The notes on pages 113 to 145 form part of these financial statements.

1 Accounting policies

XPS Pensions Group plc (the "Company") is a public limited company incorporated in the UK. The principal activity of the Group is employee benefit consultancy and related business services. The registered office is Phoenix House, 1 Station Hill, Reading RG1 1NB. The Group financial statements consolidate those of the Company and its subsidiaries (together referred to as the "Group").

Basis of preparation

These consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The consolidated financial statements have been prepared under the going concern basis.

The preparation of financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS) requires management to exercise its judgement in the process of applying the Group's accounting policies. There are no critical accounting estimates within these financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed at the end of this section.

The significant 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

The 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.

Basis of consolidation

Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the investee; exposure to variable returns from the investee; and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any elements of control.

The consolidated financial information presents the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

The consolidated financial information incorporates the results of business combinations using the acquisition method. In the statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date, with the exception of right-of-use assets and lease liabilities, which are measured at the present value of the lease liability discounted at acquisition date incremental borrowing rate (a rate that represents the amount that would be charged to acquire an asset of similar value for a similar period), with an adjustment to right-of-use assets to reflect favourable/non-favourable lease terms. The results of the acquired operations are included in the consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date on which control ceases.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. For items acquired as part of a business combination, cost comprises the deemed fair value of those items at the date of acquisition. Depreciation on those items is charged over their estimated remaining useful lives from that date.

Depreciation is charged to profit and loss in the statement of comprehensive income on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Estimated useful lives are as follows:

- Office equipment 3 to 10 years
- Leasehold improvements Over the remaining life of the lease
- Fixtures and fittings 3 to 10 years

1 Accounting policies continued

Going concern

IFRS accounting standards require the Directors to consider the appropriateness of the going concern basis when preparing the financial statements. The Directors have taken notice of the Financial Reporting Council guidance, "Guidance on the going concern basis of accounting and reporting on solvency and liquidity risks", which requires the reasons for this decision to be explained.

Management has prepared cash flow forecasts up to 31 October 2025, which the Directors have approved. These include the 12-month period from the date of approval of these financial statements. These forecasts show that during that period the Group is expected to generate sufficient cash from its operations to settle its liabilities as they fall due without the requirement for additional borrowings. This period has been chosen as October is the lowest point in the Group's working capital and cash cycle. Inflationary increases have been modelled using the OBR inflation forecasts for that period, and interest rate increase has been included in the forecasts based on latest market projections.

The Group's banking facility is in place until October 2026 and gives the Group access to a revolving credit facility of £100 million with an accordion of £50 million. The facility is subject to two covenants – net leverage and interest cover. These covenants were not breached during the financial year, nor are any breaches expected in the cash flow forecast. The Group does not have any non-financial covenants.

Management has also performed some scenario modelling to further assess the liquidity of the Group. Firstly, management has modelled a scenario at which the banking covenants could potentially be breached, which is the point where going concern could be threatened. In this worst case scenario, revenue is modelled to decrease significantly, partially offset with a reduction in staff bonuses. The headroom between this scenario and current performance, and the budget, is significant and a decrease of this magnitude is considered to be extremely unlikely. In addition, the Group has several additional cost reduction and cash preservation levers it could utilise, which include managing staff costs through a hiring freeze or reduction in workforce, a reduction in capital expenditure, and a reduction of dividends if this worst case scenario was to happen. Another scenario modelled was a reasonable downside scenario, where no growth is experienced in revenues not related to compliance. The result of this reasonable downside scenario was that even with no actions to reduce costs in line with the revenue decrease, the Group remained profitable and complied comfortably with its banking covenants. This reasonable downside scenario is considered to be very unlikely, as historically the Group has always performed discretionary work for its customers.

The Directors have reviewed the historical accuracy of the Group's budgets. The Group's performance was compared to the budget, and actual revenue was within 1% of the forecast figure, and adjusted EBITDA was within 4% of the forecast figure. Actual results were ahead of forecast in both cases. This demonstrates that the Group's forecasting process is at a sufficient standard to be able to place reliance on it when making a going concern assessment. Post-year-end trading is in line with forecasts. The Directors, after reviewing the Group's budget and longer-term forecast models, including the worst case scenario referred to above, conclude that the Group has adequate resources to continue in operational existence for the foreseeable future and they continue to adopt the going concern basis of accounting in preparing these annual financial statements.

In terms of the wider macroeconomic and financial situation, the increase in the rate of inflation has fallen significantly since the prior year although management is monitoring the situation with Russia and Ukraine as well as Israel, Palestine and Iran as any further escalations could trigger further price increases with potential for related interest rate increases. The Group does have protection for any increases in the inflation rate built into customer contracts, which stipulate that the price charged can be increased by an inflationary amount. Pricing on indexation-linked contracts continues to be reviewed and was uplifted accordingly as the contracts were renewed throughout the current year and into the following year. The Group demonstrated its ability to perform strongly in a high-inflation environment in both the prior and current years. Whilst higher interest rates have led to higher finance expenses, this has been modelled in the Group's forecasts and is not considered a significant risk, especially since the Group has paid down a significant portion of its debt in the year.

Intangible assets and goodwill

Goodwill represents amounts arising on acquisition, being the difference between the cost of the acquisition and the net fair value of the identifiable assets and liabilities acquired on a business combination. Identifiable intangibles are those which can be sold separately or which arise from legal rights regardless of whether those rights are separable.

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units for the purposes of impairment testing and is not amortised. It is tested annually for impairment.

Externally acquired intangible assets are stated at cost less accumulated amortisation and impairment losses.

Acquired software is valued based on replacement cost valuations where identifiable or at cost less accumulated amortisation and impairment. Internally produced software is valued at cost less accumulated amortisation and impairment.

Customer relationships are valued based on the net present value of the excess earnings generated by the revenue streams over their estimated useful lives.

1 Accounting policies continued

Intangible assets and goodwill continued

Amortisation is included in operating expenses in the statement of comprehensive income over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life, such as goodwill, are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use. Estimated useful lives are as follows:

• Goodwill	Indefinite life
• Customer relationships[1]	10 years, straight-line method
• Brands	10 years, straight-line method
• Software	5 to 10 years, straight-line method

1 Except for pensions and investment customer relationships acquired as part of the Punter Southall acquisition and customer relationships recognised in 2013, and the Penfida customer relationships recognised on acquisition in 2023, all of which have an estimated useful life of 20 years, on a straight-line basis.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. 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 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 inflows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets

The Group 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 Group 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 Group'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 Group's customers. Any impairment required is recorded in the statement of comprehensive income.

Cash and cash equivalents comprise cash balances

Restricted cash is cash which the Group is not entitled to receive, withdraw, transfer or otherwise deal with the deposit, save as expressly permitted by the blocked account agreement during the security period. The blocked account agreement is required due to regulatory rules on master trusts. The security period is the period beginning on the date of the deed and ending on the date on which the beneficiary is satisfied that the secured liabilities have been irrevocably and unconditionally paid and discharged in full and all agreements which might give rise to secured liabilities have terminated. The restricted cash had been included in non-current assets as it is expected that the cash will remain in the blocked account for more than 12 months after the end of the reporting period. As such, it is not included in cash and cash equivalents in the consolidated statement of financial position and the consolidated statement of cash flows. This balance was disposed of in the year as part of the NPT sale, and so the Group does not hold any restricted cash balances at 31 March 2024.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

The Group does not currently have any liabilities which fall into this category.

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. When borrowings are extinguished, any difference between the cash paid and the carrying value is recognised in the statement of comprehensive income.

1 Accounting policies continued

Financial liabilities continued

Other financial liabilities continued

Trade payables and other short-term monetary liabilities represent liabilities for goods and services received by the Group 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.

Provisions

The Group has provisions for the following items:

- dilapidations provisions relate to the estimated cost to put leased premises back to the required condition expected under the terms of the lease. These include provisions for required dilapidations along with provisions where leasehold improvements have been made that would require reinstatement back to the original status on exit. These are uncertain in timing as leases may be terminated early or extended. To the extent that exits of premises are expected within 12 months of the end of the year they are shown as current;
- professional indemnity provisions relate to complaints against the Group. The amount provided is based on management's best estimate of the likely liability. These are recognised as a gross amount, with any amounts covered by insurance recognised as an asset within current assets, in line with IAS 37; and
- social security costs provisions represent estimates of the Group's National Insurance contributions liability on the cost of the Group's Performance Share Plans and Senior Equity Plans.

Employee Benefit Trust (EBT)

As the Group is deemed to have control of its EBT, it has been aggregated within the accounts of XPS Pensions Group plc, and therefore consolidated for the purposes of the consolidated financial statements. The EBT's investment in the Group's shares is deducted from equity in the consolidated statement of financial position as if it were treasury shares. Consideration paid (or received) for the purchase (or sale) of these shares is recognised directly in equity. The cost of shares held is presented as a separate reserve (the "investment in own shares"). As the shares are typically used to satisfy vested share options, the difference between the option cost and the weighted average cost of the shares is charged to retained earnings.

The equity-settled share-based payment expense represents the amount of share awards made by the EBT on behalf of the sponsoring entity (XPS Pensions Group plc).

EBT equity-settled awards, which vest immediately on issue, are measured at the fair value of the shares issued on the date of the award, representing the bid price of the shares. The share-based payment expense is charged to the consolidated statement of comprehensive income.

Revenue

Revenue, which excludes value added tax, represents the value of employee benefit consultancy and related business services supplied. Revenue is derived mainly from sales made in the United Kingdom. Revenue derived from outside the United Kingdom is immaterial.

Amounts recognised as revenue but not yet billed are reflected in the consolidated statement of financial position as contract assets. This is work where there is no unconditional right to receive the cash, but work has been performed in line with performance obligations. Amounts billed in advance of work performed are recognised as deferred income and presented in the statement of financial position as contract liabilities.

Performance obligations and timing of revenue recognition

Performance obligations in contracts with customers are typically satisfied as services are rendered. Where work performed in a period has not yet been billed, the value of this will be included in contract assets - accrued income at the period end. In most cases, revenue is recognised on an over time basis. This is because effort has been expended by the business on fulfilling the performance obligations in the contract and the contracts would require payment for time and effort spent by the Group on progressing the contracts in the event of the customer cancelling the contract for any reason other than the Group's failure to perform its obligations under the contract. Invoices are in most cases raised monthly, based on timesheet data for Pensions actuarial and consulting and Pensions investment consulting. For Pensions Administration services, invoices are typically raised monthly based on services provided. Work relating to the McCloud judgement in Pensions Administration services has been billed in advance. Payment is typically due 30 days from date of invoice. Additionally, the Group has a SSAS and SIPP business which provides services to small self-administered pension schemes and self-invested pensions plans. The Group also receives income on corporate and customer bank deposits within the SSAS and SIPP business based on a rate linked to the Bank of England base rate. The Group also provided a defined contribution master pension trust for employers offering "full freedom and choice", called the National Pension Trust (NPT). Income from this NPT business is linked to the value of assets under management. The NPT business was disposed of in the year (see note 7).

The Group has a number of customers who are on a fixed price contract. This contract covers a number of services (pensions actuarial, administration and investment), most of which are ongoing and therefore require no revenue recognition adjustment to the regular invoice issued to the customer. These are recognised monthly at the time of billing, as the benefit the customer receives as the work is done is largely in line with the amount billed each month.

1 Accounting policies continued

Revenue continued

Performance obligations and timing of revenue recognition continued

For some fixed price customers, an element of the fixed fee includes the triennial valuation of their defined benefit pension schemes, which is a distinct performance obligation. Under IFRS 15, the Group has assessed these contracts and has determined that an adjustment is needed to recognise the revenue for the performance obligation relating to the triennial valuations in the specific periods that the work is undertaken.

For the fixed fee customers where an adjustment is required, payment is made monthly over a three-year period. The revenue recognition for triennial valuations takes place over the 15-month period after the valuation date, so there can be up to 35 months' variance between the date of billing and revenue recognition. Any variance between the timing of payment and the timing of revenue recognition will be recognised as either a contract asset (where the performance obligations met to date exceed the value billed from the contract to date), or as a contract liability (where the value billed to date from the contract exceeds the performance obligations met to date).

Determining the transaction price and allocating amounts to performance obligations

For the contracts where an adjustment is required, the Group has identified the element of the fixed fee that is attributable to the triennial valuation. This has been calculated based on the expected time required to perform these obligations for each specific customer. To ensure that the revenue is allocated to the relevant period, the Group has determined the time span for the triennial valuation work, and the separate stages of this work. A percentage has been applied to each stage, based on the proportion of total effort.

Judgement is required for these contracts in determining the value attributable to the triennial valuation work, and also to the stage of completion at each reporting period. The judgements made are based on experience, and have been validated by comparison to timesheet data to measure work performed over the three year contract window.

For the McCloud work being performed by the Administration business, judgement is required to assess the cost to complete and therefore the revenue to be recognised at a point in time.

The remainder of revenue from fixed fee contracts is recognised on a monthly basis, as the services provided tend to be evenly spread over the life of the contract.

Services provided under contracts which do not include a fixed fee are recognised at a price quoted within the contract which typically varies depending on the level of seniority of the employee providing the service. Commission income is recognised on renewal of scheme membership, as the performance obligations are met at the time the contract is won or renewed with the insurer.

There are no significant judgements relating to revenue recognition for the SIP business.

Alternative performance measures (APMs)

The Group presents APMs within its annual report and accounts, these APMs are not defined under the requirements of IFRS. These include those that are visible from the consolidated statement of comprehensive income and the following key APMs: adjusted EBITDA, adjusted EBITDA margin, adjusted diluted earnings per share, and cash conversion. Management believes that the presentation of these APMs provides stakeholders with additional information on the underlying performance of the business, as well as aiding comparability between reporting periods by adjusting for factors which affect IFRS performance measures. These APMs are not a substitute for or superior to IFRS measures. The Group's APMs are defined, explained and reconciled to the nearest statutory measure within the Chief Financial Officer's review.

Exceptional and non-trading items

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

- profits or losses on disposal of assets or businesses, which are considered to be non-trading in nature as these do not reflect the underlying performance of the Group. These transactions tend to be material in value, and the timing can be uncertain. The impact on the financial statements can be significant and can distort certain key performance indicators, such as basic EPS;
- corporate transaction and restructuring costs are considered to be exceptional in nature as these can be material and are not a reflection of the underlying performance of the Group. The timing of these costs can vary and amounts can differ significantly year on year, which can have a distortive impact on the statutory measures of performance;
- amortisation of acquired intangibles is considered to be non-trading as this is a material number and does not reflect the underlying performance of the Group, and users of the accounts expect to be able to assess the profitability and growth of the Group excluding this figure. Additionally this is a significant non-cash cost;

1 Accounting policies continued

Exceptional and non-trading items continued

- changes in the fair value of contingent consideration – these movements do not reflect underlying trade and the timing of these items can be significantly different from the date of the original transaction to which they relate. They do not reflect the underlying performance of the Group as a whole;
- expenses relating to deferred consideration deemed as post-acquisition remuneration under IFRS 3 are considered to be exceptional in nature. Without the link to continuing employment, these costs would have been treated as consideration and are material;
- share-based payments, which are considered a non-trading cost as they are a significant non-cash cost which are excluded from the results for the purposes of measuring performance for PSP awards and also dividend amounts. Additionally, the large non-cash-related credits go directly to equity and so have a limited impact on the reserves of the Group; 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 Group.

The non-trading items have been included within the appropriate classifications in the consolidated income statement. Further details are given in note 6.

Leases and payments

Identifying leases

The Group accounts for a contract, or a portion of a contract, as a lease when it conveys the right to use an asset for a period of time in exchange for consideration. Leases are those contracts that satisfy the following criteria:

(a) there is an identified asset;

(b) the Group obtains substantially all the economic benefits from use of the asset; and

(c) the Group has the right to direct use of the asset.

The Group considers whether the supplier has substantive substitution rights. If the supplier does have those rights, the contract is not identified as giving rise to a lease.

In determining whether the Group obtains substantially all the economic benefits from use of the asset, the Group considers only the economic benefits that arise from use of the asset, not those incidental to legal ownership or other potential benefits.

In determining whether the Group has the right to direct use of the asset, the Group considers whether it directs how and for what purpose the asset is used throughout the period of use. If there are no significant decisions to be made because they are predetermined due to the nature of the asset, the Group considers whether it was involved in the design of the asset in a way that predetermines how and for what purpose the asset will be used throughout the period of use. If the contract or portion of a contract does not satisfy these criteria, the Group applies other applicable IFRSs rather than IFRS 16.

All leases are accounted for by recognising a right-of-use asset and a lease liability except for:

- leases of low-value assets; and
- leases with a duration of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the lessee company's incremental borrowing rate on commencement of the lease is used. Other variable lease payments are expensed in the period to which they relate.

Right-of-use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for the amount of any provision recognised where the Group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 27).

Subsequent to initial measurement lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term. When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement.

1 Accounting policies continued

Leases and payments continued

Identifying leases continued

The carrying value of lease liabilities is also revised when the variable element of future lease payments dependent on a rate or index is revised; however, this will use the original discount rate. In both cases an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modification:

- if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights of use obtained, the modification is accounted for as a separate lease in accordance with the above policy;
- in all other cases where the renegotiated lease increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount; and
- if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

For contracts that both convey a right to the Group to use an identified asset and require services to be provided to the Group by the lessor, the Group has elected to account for the entire contract as a lease, i.e. it does not allocate any amount of the contractual payments to, and account separately for, any services provided by the supplier as part of the contract.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discount rate that applied on lease commencement.

Where the lease liability changes due to change in lease term (for example, due to utilisation of an extension option) a new discount rate is used. This rate is determined as the interest rate implicit in the lease for the remainder of the lease term, if that rate can be readily determined, or the Group's incremental borrowing rate at the date of reassessment if the interest rate implicit in the lease cannot be readily determined. The same rate is used for changes in index rates.

Share-based payment costs – Performance Share Plan and Senior Equity Plan

Share-based payment costs as referred to throughout these financial statements are a long-term employee benefit. The Group operates equity-settled, share-based compensation plans, under which the entity receives services from the Executive Directors and certain senior employees in consideration for equity instruments of the Group. The fair value of the services received in exchange for the grant of the awards is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the awards granted:

- including any market performance conditions (for example, an entity's share price); and
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability and remaining a Director for a specified period of time).

The Senior Equity Plans (SEPs) do not have any market performance conditions or non-market performance vesting conditions, they only have service vesting conditions. The fair value for SEPs is the share price on the date of grant.

The total amount expensed to the Group is recognised over the vesting period of the award. Where a share award is cancelled, the share-based payment charge is accelerated at that point in time and all remaining unvested charge is immediately expensed to the Group.

Where a share award includes dividend equivalents, these are included within the IFRS 2 charge described above. The Group may settle these via cash or shares.

See the Employee Benefit Trust (EBT) policy above for information on the EBT element of share-based payment costs.

1 Accounting policies continued

Taxation

Tax on the profit or loss for the year 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 in equity, in which case it is recognised in equity.

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

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

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

Changes in accounting policies – new standards, interpretations, and amendments effective from 1 April 2023

New and amended standards and interpretations issued by the IASB that apply for the first time in these annual financial statements do not impact the Group as they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies. These include:

- IFRS 17 Insurance Contracts;
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors);
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12 Income Taxes); and
- International Tax Reform – Pillar Two Model Rules (Amendment to IAS 12 Income taxes) (effective immediately upon the issue of the amendments and retrospectively).

The Group has reflected changes within its accounting policies as a result of implementing "Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)". No material changes resulted from this.

New standards and interpretations not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for 2024, and therefore have not been applied in preparing XPS Pensions Group's financial statements. They are not expected to have a material impact on the Group's consolidated financial statements. These include the following amendments effective for the year beginning 1 April 2024:

- Liability in a Sale and Leaseback (Amendments to IFRS 16 Leases);
- Classification of Liabilities as Current or Non-Current (Amendments to IAS 1 Presentation of Financial Statements);
- Non-Current Liabilities with Covenants (Amendments to IAS 1 Presentation of Financial Statements); and
- Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).

The following amendments are effective for the period beginning 1 April 2025:

- Lack of Exchangeability (Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates).

The Group is currently assessing the impact of these new accounting standards and amendments, but currently does not anticipate that these will drive any material changes to the Group's consolidated financial statements.

The other standards, interpretations and amendments issued by the IASB (of which some are still subject to endorsement by the UK) but not yet effective are not expected to have a material impact on the Group's consolidated financial statements.

1 Accounting policies continued

Critical accounting estimates and judgements

The Group makes certain estimates and assumptions within the course of business. 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. The estimates and underlying assumptions are reviewed on an ongoing basis. In the future, actual experience may differ from these estimates and assumptions. Significant judgements are separately identified where applicable. The Directors have reviewed the accounting estimates and judgements made, and have determined that there are two critical judgements. The first relates to the valuation of contract assets – accrued income within the unbilled element of pensions, investment and administration services. The second critical judgement relates to the disposal of the NPT business. There are no critical estimates.

Management will make a judgement as to whether a project is in an accrued or deferred position at the end of each month/reporting period. This judgement is based on the time recorded against each client project versus the amount billed, as well as other factors including expected recoverability levels based on past experience, the nature of the work undertaken, and to what extent the performance obligations have been met, all in line with IFRS 15.

The NPT business disposal was a significant transaction for the Group and resulted in a material gain. However, it has not been presented as a disposal of a discontinued operation. A discontinued operation must be a component of an entity that has been disposed of. A component is defined within IFRS 5 as a cash-generating unit (CGU), and cannot be smaller than a CGU. The NPT business did not form a single CGU; it was incorporated within CGU 1. Therefore, the Group cannot present the sale of the NPT business as a disposal of a discontinued operation.

2 Financial risk management

XPS Pensions Group's operations expose it to a variety of financial risks including credit risk, liquidity risk, market risk and the effects of changes in interest rates on debt. The Group has in place a risk management programme that seeks to limit the adverse effects on the financial performance of the Group by monitoring levels of debt finance and the related finance costs.

The Group's principal financial instruments comprise sterling cash, lease liabilities and bank loans together with trade receivables and trade payables that arise directly from its operations.

Risk management policies are established for the XPS Pensions Group of companies and the Group Audit & Risk Committee oversees how management monitors compliance with these policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. Further details relating to the current year position are provided in note 31.

Credit risk

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

Due to the nature of the business, the majority of the trade receivables are with trustees of pension schemes and large institutions and losses have occurred infrequently over previous years.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that the Group will have sufficient liquidity to meet its liabilities when due, within the going concern period, under both the normal and worst case scenario modelled. Cash flow forecasts are updated daily and reviewed regularly by management. Trade debtor balances are managed to ensure debtors are kept to terms as much as is possible, and management ensure sufficient cash is available to meet expected cash outflows. The Group has significant headroom within its current revolving credit facility.

Market risk

Market risk is the risk that changes in market prices will affect the Group's income or the value of its financial instruments. Market risk comprises three elements – interest rate risks, foreign exchange risks and pricing risks.

Interest rate risks are discussed in the cash flow interest rate risk below. The Group is exposed to movements in interest rate in its net finance costs and also in a small element of its operating revenue. Loans and borrowings are based on a rate linked to SONIA. The Group earns income in relation to client deposits as well as interest income on its own deposits.

The Group's financial instruments are currently in sterling; hence, foreign exchange movements do not have a material effect on the Group's performance.

Pricing risks are considered to be low – an element of resetting fees regularly includes an inflation measure, but as this is contractual it does not present a significant risk to the Group.

The Group does not hold its own position in trading securities, being involved only in arranging transactions on behalf of its clients.

The Group does not engage in holding speculative financial instruments or derivatives. Further quantitative disclosures are included in note 31.

2 Financial risk management continued

Cash flow interest rate risk

XPS Pensions Group is exposed to cash flow interest rate risk in two main respects: firstly, corporate and client bank deposits, which earn interest at a variable rate, although not at a material level; and secondly, interest expense arising on the revolving credit facility at a margin over SONIA.

3 Capital risk management

The Group is focused on delivering value for its shareholders whilst ensuring the Group is able to continue effectively as a going concern. Value adding opportunities to grow the business are continually assessed, although strict and careful criteria are applied.

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 Group feels are achievable. The processes for managing capital are regular reviews of financial data to ensure that the Group is tracking the targets set and to reforecast as necessary based on the most up-to-date information. This then contributes to XPS Pensions Group's forecast which ensures future covenant test points are met. The Group continues to meet these test points and they have been achieved over the last year.

Due to the nature of some of the services provided, two subsidiaries within the Group were regulated by the Financial Conduct Authority (FCA) during the year. They are required to hold a minimum level of capital and this is monitored on a monthly basis. Formal compliance returns are submitted to the FCA in line with their reporting requirements. The Group was compliant with its capital requirements throughout the year.

4 Other operating income

Other operating income arose from the revaluation of the contingent consideration in the year for the MJF acquisition in February 2022. The balance of the contingent consideration was paid by the Group in August 2023. Since this is not considered to be part of the main revenue-generating activities of the Group, the Group presents this income separately from revenue.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Contingent consideration fair value adjustment (note 28)	**92**	197

5 Auditor's remuneration

During the period the following services were obtained from the Group's auditor at a cost detailed below:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Audit services		
Fees payable in respect of the Parent Company and consolidated accounts	**394**	328
Fees payable in respect of the subsidiary accounts	**166**	252
	560	580
Audit-related services	**42**	36
Other assurance services	**12**	12
Other non-audit services	**10**	30
Total	**624**	658

6 Non-trading and exceptional items

	Note	Year ended 31 March 2024 Total before tax £'000	Tax on adjusting items[6] £'000	Adjusting items after taxation £'000	Year ended 31 March 2023 Total before tax £'000	Tax on adjusting items[6] £'000	Adjusting items after taxation £'000
Corporate transaction costs[1]		**(1,718)**	**(212)**	**(1,930)**	(2,871)	216	(2,655)
Exceptional items		**(1,718)**	**(212)**	**(1,930)**	(2,871)	216	(2,655)
Contingent consideration write back[2]	4	**92**	**—**	**92**	197	—	197
Share-based payment costs[3]	13	**(6,376)**	**1,623**	**(4,753)**	(4,660)	1,370	(3,290)
Amortisation of acquired intangibles[4]	18	**(7,034)**	**1,758**	**(5,276)**	(6,882)	1,324	(5,558)
Gain on disposal[5]	7	**32,538**	**—**	**32,538**	—	—	—
Non-trading items		**19,220**	**3,381**	**22,601**	(11,345)	2,694	(8,651)
Total		**17,502**	**3,169**	**20,671**	(14,216)	2,910	(11,306)

1 The Group incurred total corporate transaction costs of £1,718,000 (2023: £2,871,000) in the year, of which £1,689,000 (2023: £845,000) related to amounts owed to the vendor as earn out in respect of the acquisition of Penfida Limited. The maximum payout of £3,379,000 would be payable on the second anniversary of the acquisition subject to business performance which includes retention of clients as well as continued employment of key employees. As continued employment is one condition of the share purchase agreement, then according to IFRS 3, the entire additional amount must be treated as a post-transaction employment cost accruing over the deferment period of two years to September 2024. This additional amount is material in size and it is one-off in nature. As such, in line with the Group's accounting policies, it has been classified as an exceptional item. If the entire amount is not payable at the end of the two year period, any resulting credit will also flow through the exceptional category. Additionally, the Group incurred £29,000 (2023: £2,026,000) of costs relating to other potential M&A activities explored by the Group during the year. The prior year included costs relating to the acquisition of Penfida Limited and other potential M&A opportunities explored by the Group in the year. The overall transaction costs are material and do not reflect the underlying performance of the Group. Users of the accounts expect these costs to be disclosed separately, to aid visibility of underlying performance. The timing of these costs can also vary and is normally not aligned with the related benefits of the transaction.

2 The contingent consideration write back relates to the revaluation of the contingent consideration for the Michael J Field (MJF) acquisition (note 4). This income is deemed to be exceptional in nature as it is linked to a payment set out in the business transfer agreement for the MJF acquisition in February 2022. This income is not related to underlying business performance and so is disclosed as non-trading income. Management does not include this figure in income when reviewing overall business performance. There are no further payments to be made in respect of this acquisition.

3 Share-based payment expenses and related National Insurance are included in non-trading and exceptional costs as they are significant non-cash costs which are excluded from the results for the purposes of measuring performance for PSP/SEP awards and dividend amounts. Additionally, the largely non-cash-related credits go directly to equity and so have a limited impact on the reserves of the Group. They are therefore shown as a non-trading item to give clarity to users of the accounts on the profit figures that dividends and PSP performance are based on.

4 During the year the Group incurred £7,034,000 of amortisation charges in relation to acquired intangible assets (customer relationships and brand) (2023: £6,882,000). As this figure is material, and is linked to non-trading activity, management excludes this cost when reviewing and reporting on the underlying performance of the Group. Similarly, users of the accounts expect to be able to assess the profitability and growth of the Group excluding this figure.

5 The gain on disposal relates to the NPT business disposal disclosed in note 7. This is a material figure which does not reflect the underlying performance of the Group and is non-recurring. This gain has a significant impact on basic EPS (26.2p including this gain, 10.5p excluding it).

6 The tax credit on exceptional and non-trading items of £3,169,000 (2023: £2,910,000) represents 18% (2023: 20%) of the exceptional and non-trading items incurred of £17,502,000 (2023: £14,216,000). This is different to the expected tax charge of 25% (2023: credit of 19%), as various adjustments are made to tax including for deferred tax and the exclusion of amounts not allowable for tax – in particular the gain relating to the sale of the NPT business in the year.

7 Gain on disposal

On 20 November 2023, the Group sold the NPT business to SEI. The sale is intended to create a market-leading defined contribution proposition for employers and pension scheme members. The sale creates a strategic partnership between XPS Pensions Group and SEI, under which the Group will provide wide ranging services to continue to support NPT and SEI.

The total cash consideration payable to the Group is up to £42.5 million, comprising £35.0 million initial consideration and contingent consideration of up to £7.5 million based on business performance over two years. This £7.5 million has not been recognised as the threshold for recognition has not been met at 31 March 2024.

The transaction positions the SEI Master Trust to continue delivering best-of-breed service at increased scale in partnership with NPT. The Group will continue to provide high-quality pensions administration and consultancy services to NPT and SEI which will ensure continuity of service to the members and clients. SEI will benefit from enhanced opportunities in the growing master trust space and XPS will benefit as a strategic partner of SEI.

7 Gain on disposal continued

The post-tax gain on disposal was determined as follows:

	Year ended 31 March 2024 £'000
Cash consideration received	37,035
Total consideration received and net cash inflow on disposal	37,035
Net assets disposed	
Intangible assets	(353)
Other financial assets – restricted cash	(1,847)
Trade and other receivables	(305)
Trade and other payables	109
	(2,396)
Corporate costs in relation to disposal	(2,101)
Pre-tax gain on disposal	32,538
Related tax expense	—
Gain on disposal	32,538

The amount reflected as the gain in the consolidated statement of cash flows is the £37,035,000 proceeds, less the £2,396,000 adjustment for balance sheet items disposed of.

Note 1 references the critical judgement applied to this transaction. Had this been treated as a discontinued operation, then the disposal of this business would have been presented as a profit on discontinued operation within the statement of comprehensive income, along with the trading results for the NPT business. The results of the NPT business are shown below.

	Year ended 31 March 2024			Year ended 31 March 2023		
	Trading items £'000	Non-trading and exceptional items £'000	Total £'000	Trading items £'000	Non-trading and exceptional items £'000	Total £'000
Revenue	2,759	—	2,759	4,332	—	4,332
Operating expenses	(2,374)	—	(2,374)	(3,451)	—	(3,451)
Gain on disposal	—	32,538	32,538	—	—	—
Profit from operating activities	385	32,538	32,923	881	—	881
Finance costs	(9)	—	(9)	—	—	—
Profit before tax	376	32,538	32,914	881	—	881
Income tax expense	(94)	—	(94)	(175)	—	(175)
Profit after tax	282	32,538	32,820	706	—	706
Memo						
EBITDA	454	32,538	32,992	1,013	—	1,013
Depreciation and amortisation	(69)	—	(69)	(132)	—	(132)
Profit from operating activities	385	32,538	32,923	881	—	881

8 Operating segments

In accordance with IFRS 8 Operating Segments, an operating segment is defined as a business activity whose operating results are reviewed by the chief operating decision maker (CODM) and for which discrete information is available. The Group's CODM is the Board of Directors.

The Group has one operating segment and one reporting segment due to the nature of services provided across the whole business being the same: pension and employee benefit solutions. The Group's revenues, costs, assets, liabilities and cash flows are therefore totally attributable to this reporting segment. The table below shows the disaggregation of the Group's revenue, by product line.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Pensions Actuarial & Consulting	**93,411**	77,388
Pensions Administration	**71,929**	57,444
Pensions Investment Consulting	**20,316**	18,009
SIP[1]	**11,017**	9,423
NPT[2]	**2,759**	4,332
Total	**199,432**	166,596

1 Self Invested Pensions (SIP) business, incorporating both SIPP and SSAS products.

2 The NPT business was sold on 20 November 2023 (note 7) and so revenue in the year is up to that date.

9 Operating expenses

Included in the operating profit for the year are the following:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Expenses by nature		
Staff costs (note 10)	**120,357**	101,436
Depreciation and amortisation	**12,840**	12,386
Short-term and low-value lease costs	**308**	222
Premises costs (excluding rent accounted for under IFRS 16 Leases)	**3,233**	2,870
Professional fees	**7,652**	6,993
IT costs	**13,167**	10,731
Exceptional items	**29**	2,026
Other general business costs	**7,502**	7,401
Total	**165,088**	144,065

10 Staff numbers and costs

The average number of people employed by the Group (including Directors) during the year, analysed by category, was as follows:

	Year ended 31 March 2024 Number of employees	Year ended 31 March 2023 Number of employees
Operational	**1,557**	1,435
Administration	**137**	125
Sales and marketing	**27**	24
Total	**1,721**	1,584

10 Staff numbers and costs continued

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Wages and salaries	**95,425**	81,142
Social security contributions	**10,175**	8,913
Defined contribution pension cost	**4,650**	4,009
Other long-term employee benefits	**2,042**	1,867
Post-acquisition remuneration (note 6)	**1,689**	845
Share-based payment costs (note 13)	**6,376**	4,660
Total	**120,357**	101,436

11 Employee benefits

Defined contribution plan

The Company operates a defined contribution pension plan. Outstanding contributions at the year end were £nil (2023: £nil).

12 Directors' emoluments

The Directors were remunerated for their services by the Group and their emoluments are disclosed below.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Aggregate emoluments excluding gain on exercise of share options	**2,854**	2,626
Gain on exercise of share options	**2,024**	987
Company contributions to defined contribution pension scheme	**30**	30
Total	**4,908**	3,643

Share-based payment expense for Directors was £1,233,000 (2023: £894,000).

	Year ended 31 March 2024 Number of Directors	Year ended 31 March 2023 Number of Directors
At 31 March 2024, retirement benefits are accruing to the following number of Directors under:		
Defined contribution pension schemes	**3**	3

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
The emoluments of the highest paid Director, including benefits and share-based payment charge	**1,379**	1,194

13 Share-based payment costs

The Group operates a number of equity-settled share-based remuneration schemes for employees: Performance Share Plans (PSP) for Executive Directors and other key senior personnel, and Deferred Share Plans (DSP) for key senior personnel from July 2020. In July 2023, the name of the DSP was changed to Senior Equity Plan (SEP). All references to SEP throughout these notes relate to both DSP and SEP awards as they are identical in all but name. All employees are also eligible to participate in the Save as You Earn (SAYE) scheme, the only vesting condition being that the individual remains an employee of the Group over the savings period. PSP schemes are no longer issued to employees other than Executive Directors; any staff PSP figures in this note relate to outstanding vested options not yet exercised.

The Executive PSP award expense relates to annual awards over shares that vest subject to certain stretching performance conditions, measured over a three-year period. Maximum "normal" grant level is 150% of salary, capped at a maximum of 200% in exceptional circumstances. Malus and clawback provisions apply. The fair value of awards granted during the year was determined using certain assumptions around vesting. More information about the Executive PSP can be found in the Remuneration Report section of this Annual Report.

13 Share-based payment costs continued

The only vesting criterion for the SEP is a service criterion. The fair value of awards under this scheme was determined using the share price on the date of grant.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
PSP awards, SEP awards and SAYE scheme	**4,910**	3,892
Social security cost on PSP awards and SEP awards (note 27)	**1,466**	768
Total share-based payments	**6,376**	4,660

The fair value of Executive PSP options granted during the period was calculated using different methods for different elements – the Black-Scholes method for the EPS and ESG elements, the Stochastic method for the TSR element, and the Chaffe method for the holding period. There is no change in the valuation methodology since the prior year. In the year there was also an additional award which is solely based on an EPS target. The fair value for this additional award was calculated using the Black-Scholes method. The inputs to the model were as follows:

	Year ended 31 March 2024					Year ended 31 March 2023		
	70% earnings per share (EPS)	**10% environmental, social and governance (ESG)**	**20% relative total shareholder return (TSR)**	**Two-year holding period**	**Additional award: 100% earnings per share (EPS)**	75% earnings per share (EPS)	25% relative total shareholder return (TSR)	Two-year holding period
Weighted average exercise price of options issued during the period (pence)	**0.05**	**0.05**	**0.05**	**0.05**	**0.05**	0.05	0.05	0.05
Expected volatility (%)	**n/a**	**n/a**	**36.44%**	**37.02%**	**n/a**	n/a	38.80%	37.03%
Expected life beyond vesting date (years)	**3**	**3**	**3**	**2**	**3**	3	3	2
Risk-free rate (%)	**n/a**	**n/a**	**4.88%**	**4.64%**	**n/a**	n/a	1.81%	1.77%
Dividend yield (%)	**—**	**—**	**—**	**—**	**—**	—	—	—

For the TSR element, the volatility is calculated over the period of time commensurate with the remainder of the performance period immediately prior to the date of grant. For the holding period, this is calculated over the period commensurate with the holding period immediately prior to the date of grant.

The risk-free rate is calculated using the rate of interest obtainable from government securities (i.e. gilts in the UK) over a period commensurate with the expected term. For the holding period the risk-free rate is the rate obtained over a term equal to the vesting period plus the holding period.

No SAYE options were granted during the period. The fair value of SAYE options granted during the prior year was calculated using the Black-Scholes valuation method. The inputs to the model were as follows:

	Year ended 31 March 2023
Weighted average exercise price of options issued during the period (pence)	104.0
Expected volatility (%)	47.95%
Expected life beyond vesting date (years)	3.34
Risk-free rate (%)	1.61%
Dividend yield (%)	4.90%

The volatility assumption has been calculated over the period of time commensurate with the expected award term immediately prior to the date of grant.

13 Share-based payment costs continued

As at 31 March 2024, in respect of the Group's ordinary shares of 0.05p each, 2,886,258 Executive PSP options had been granted and remained outstanding, at an exercise price of 0.05p per share, 178,655 staff PSP options had been granted and remained outstanding, at an exercise price of 0.05p per share, 6,565,064 staff SEP options had been granted and remained outstanding, at an exercise price of 0.05p per share, 786,870 SAYE options had been granted and remained outstanding, at an exercise price of 111p per share, and 2,263,496 SAYE options had been granted and remained outstanding, at an exercise price of 104p per share. The table below includes dividend equivalent shares on the PSP and SEP option figures where applicable.

		2024 Weighted average exercise price (pence)	**2024 Number**	2023 Weighted average exercise price (pence)	2023 Number
Executive PSP	Outstanding at 1 April	**0.05**	**3,037,475**	0.05	3,098,236
	Granted during the year	**0.05**	**948,483**	0.05	1,084,873
	Forfeited during the year	**0.05**	**(327,860)**	0.05	(572,818)
	Exercised during the year	**0.05**	**(620,424)**	0.05	(553,445)
	Cancelled during the year	**0.05**	**(21,715)**	0.05	(19,371)
	Outstanding at 31 March	**0.05**	**3,015,959**	0.05	3,037,475
Staff PSP	Outstanding at 1 April	**0.05**	**329,242**	0.05	3,335,675
	Forfeited during the year	**0.05**	**(3,869)**	0.05	(752,892)
	Exercised during the year	**0.05**	**(135,716)**	0.05	(2,177,334)
	Cancelled during the year	**0.05**	**(4,750)**	0.05	(76,207)
	Outstanding at 31 March	**0.05**	**184,907**	0.05	329,242
Staff SEP	Outstanding at 1 April	**0.05**	**6,306,014**	0.05	3,976,462
	Granted during the year	**0.05**	**2,590,302**	0.05	2,392,868
	Forfeited during the year	**0.05**	**(84,425)**	0.05	(63,316)
	Exercised during the year	**0.05**	**(1,887,415)**	—	—
	Cancelled during the year	**0.05**	**(66,059)**	—	—
	Outstanding at 31 March	**0.05**	**6,858,417**	0.05	6,306,014
SAYE	Outstanding at 1 April	**110.79**	**3,173,969**	88.61	4,430,966
	Granted during the year	**—**	**—**	104.00	2,381,306
	Forfeited during the year	**105.61**	**(50,382)**	94.91	(70,384)
	Exercised during the year	**87.47**	**(29,081)**	78.01	(3,405,601)
	Lapsed during the year	**—**	**—**	82.51	(39,784)
	Cancelled during the year	**106.01**	**(44,140)**	106.14	(122,534)
	Outstanding at 31 March	**111.17**	**3,050,366**	110.79	3,173,969

The exercise price of options outstanding at 31 March 2024 ranged between £0.0005 (i.e. the nominal value of an ordinary share) in the case of the PSP and SEP and £1.110 in the case of the SAYE scheme (2023: £0.0005 to £1.110). Their weighted average contractual life was three years (2023: three years), and their weighted average exercise price was £0.25 (2023: £0.32).

Across all schemes, of the total number of options outstanding at 31 March 2024, 403,985 (2023: 356,263) had vested and were exercisable.

The weighted average fair value of each option granted during the year was £1.74 (2023: £1.24). The weighted average exercise price for exercisable options was 0.05p per share (2023: 0.26p per share). The weighted average share price at the date of exercise for share options exercised during the year was £1.88 (2023: £1.33).

14 Finance income and expense

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Interest income on bank deposits	**50**	10
Finance income	**50**	10
Interest expense on bank loans	**3,629**	2,758
Other costs of borrowing	**542**	498
Interest on leases	**323**	290
Other finance expense	**49**	50
Finance expense	**4,543**	3,596

Other costs of borrowing largely represent the amortisation expense of capitalised loan arrangement fees on the Group's bank debt.

15 Income tax expense

Recognised in the statement of comprehensive income

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Current tax expense		
Current year	**10,133**	5,153
Adjustment in respect of prior year	**(131)**	(223)
Total current tax expense	**10,002**	4,930
Deferred tax credit		
Origination and reversal of temporary differences	**(2,231)**	(1,403)
Adjustment in respect of prior year	**543**	—
Effect of tax rate changes	**—**	(222)
Total income tax expense	**8,314**	3,305

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Profit for the year	**54,167**	15,837
Total tax expense	**8,314**	3,305
Profit before income tax	**62,481**	19,142
Tax using the UK corporation tax rate of 25% (2023: 19%)	**15,620**	3,637
Non-deductible expenses	**510**	74
Other operating income not taxable	**(23)**	—
Gain on disposal not taxable	**(8,135)**	—
Fixed asset differences	**(70)**	39
Adjustment in respect of prior periods	**412**	(223)
Effect of tax rate change	**—**	(222)
Total tax expense	**8,314**	3,305

The standard rate of corporation tax in the UK was 25% (2023: 19%). The average effective tax rate was 13% (2023: 17%). The average effective rate in the year is impacted by the non-taxable gain on sale of the NPT business. Excluding this, the effective tax rate was 28%. This is higher than the standard rate due to the impact of costs not allowable for tax. Deferred tax assets and liabilities have been measured at the rate they are expected to unwind at, using a rate substantively enacted at 31 March 2024, which is 25% (2023: 25%). Deferred tax not recognised relates to £6.7 million (2023: £6.7 million) of finance expense losses in a prior year and their future recoverability is uncertain. At 31 March 2024 the total unrecognised deferred tax asset in respect of these losses was approximately £1.7 million (2023: £1.7 million).

£521,000 (2023: £285,000) of current year tax, and £1,167,000 (2023: £258,000) of deferred tax was recognised directly in equity; this relates to employee share options accounted for under IFRS 2.

16 Property, plant and equipment

	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 April 2023	3,502	1,595	901	5,998
Additions	992	733	64	1,789
Disposals	(38)	(248)	(59)	(345)
Balance at 31 March 2024	**4,456**	**2,080**	**906**	**7,442**
Accumulated depreciation				
Balance at 1 April 2023	1,755	739	425	2,919
Depreciation charge for the year	424	355	113	892
Disposals	(38)	(248)	(59)	(345)
Balance at 31 March 2024	**2,141**	**846**	**479**	**3,466**
Net book value				
Balance at 1 April 2023	1,747	856	476	3,079
Balance at 31 March 2024	**2,315**	**1,234**	**427**	**3,976**

	Leasehold improvements £'000	Office equipment £'000	Fixtures and fittings £'000	Total £'000
Cost				
Balance at 1 April 2022	3,217	1,472	891	5,580
Acquired through business combinations	—	59	17	76
Additions	285	511	(7)	789
Disposals	—	(447)	—	(447)
Balance at 31 March 2023	3,502	1,595	901	5,998
Accumulated depreciation				
Balance at 1 April 2022	1,440	639	314	2,393
Acquired through business combinations	—	59	17	76
Depreciation charge for the year	315	488	94	897
Disposals	—	(447)	—	(447)
Balance at 31 March 2023	1,755	739	425	2,919
Net book value				
Balance at 1 April 2022	1,777	833	577	3,187
Balance at 31 March 2023	1,747	856	476	3,079

17 Leases

Nature of leasing activities (in the capacity as lessee)

The Group leases a number of properties in the UK. In some instances the rent is reviewed and may be reset periodically to market rental rates. In other cases the periodic rent is fixed over the lease term. The Group also leases certain items of equipment (photocopiers). Leases of photocopiers comprise only fixed payments over the lease terms. The percentages in the table below reflect the current proportions of lease payments that are either fixed or variable. The sensitivity reflects the impact on the carrying amount of lease liabilities and right-of-use assets if there was an uplift of 5% on the balance sheet date to lease payments that are variable.

31 March 2024	Lease contracts Number	Fixed payments %	Variable payments %	Sensitivity £'000
Property leases with periodic uplifts to market rentals	8	—	85	± 337
Property leases with fixed payments	7	11	—	—
Leases of plant and equipment	19	4	—	—
	34	15	85	± 337

31 March 2023	Lease contracts Number	Fixed payments %	Variable payments %	Sensitivity £'000
Property leases with periodic uplifts to market rentals	7	—	83	± 309
Property leases with fixed payments	11	16	—	—
Leases of plant and equipment	1	1	—	—
	19	17	83	± 309

The Group sometimes negotiates break clauses in its property leases. On a case-by-case basis, the Group will consider whether the absence of a break clause would expose the Group to excessive risk. Typically factors considered in deciding to negotiate a break clause include:

- the length of the lease term; and
- whether the location represents a new area of operations for the Group.

At 31 March 2024 and 31 March 2023, the carrying amounts of lease liabilities are not reduced by the amount of payments that would be avoided from exercising break clauses because on both dates it was considered reasonably certain that the Group would not exercise its right to break the lease. Total undiscounted lease payments of £6,747,875 (2023: £6,170,938) are potentially avoidable were the Group to exercise break clauses at the earliest opportunity.

17 Leases continued

Nature of leasing activities (in the capacity as lessee) continued

Right-of-use assets	Land and buildings £'000	Cars £'000	Office equipment £'000	Total £'000
At 1 April 2023	9,640	—	44	9,684
Additions	2,576	476	—	3,052
Depreciation	(2,740)	(103)	(44)	(2,887)
Effect of modification to lease terms	(311)	—	—	(311)
Disposal of lease	(627)	(19)	—	(646)
At 31 March 2024	**8,538**	**354**	**—**	**8,892**

Right-of-use assets	Land and buildings £'000	Office equipment £'000	Total £'000
At 1 April 2022	10,824	103	10,927
Additions	616	—	616
Depreciation	(2,795)	(59)	(2,854)
Effect of modification to lease terms	309	—	309
On acquisition	686	—	686
At 31 March 2023	9,640	44	9,684

Lease liabilities	Land and buildings £'000	Cars £'000	Office equipment £'000	Total £'000
At 1 April 2023	9,880	—	55	9,935
Additions	2,359	476	—	2,835
Interest expense	304	18	1	323
Effect of modification to lease term	(311)	—	—	(311)
Disposal	(511)	(19)	—	(530)
Lease payments	(2,915)	(114)	(56)	(3,085)
At 31 March 2024	**8,806**	**361**	**—**	**9,167**

Lease liabilities	Land and buildings £'000	Office equipment £'000	Total £'000
At 1 April 2022	11,565	115	11,680
Additions	616	—	616
Interest expense	287	3	290
Effect of modification to lease term	82	—	82
On acquisition	534	—	534
Lease payments	(3,204)	(63)	(3,267)
At 31 March 2023	9,880	55	9,935

	31 March 2024 £'000	31 March 2023 £'000
Short-term lease expense	**285**	211
Low-value lease expense	**23**	11
Aggregate expense for short-term leases	**308**	222

17 Leases continued

Nature of leasing activities (in the capacity as lessee) continued

The maturity of the lease liabilities is as follows:

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Up to 3 months	**471**	817
Between 3 and 12 months	**1,401**	1,884
Between 1 and 2 years	**1,640**	1,742
Between 2 and 5 years	**3,869**	4,135
More than 5 years	**1,786**	1,357
	9,167	9,935

The cash flows above are discounted and reconcile back to the lease liability. For the undiscounted cash flows, please see note 31.

18 Intangible assets

Group	Goodwill £'000	Customer relationships £'000	Brands £'000	Software £'000	Total £'000
Cost					
Balance at 1 April 2023	125,367	130,484	295	14,589	270,735
Adjustment to prior year business combination	(71)	—	—	—	(71)
Additions	—	—	—	5,450	5,450
Disposals	—	—	—	(1,420)	(1,420)
Balance at 31 March 2024	**125,296**	**130,484**	**295**	**18,619**	**274,694**
Accumulated amortisation					
Balance at 1 April 2023	—	55,254	99	3,279	58,632
Amortisation for the year	—	6,838	196	2,027	9,061
Disposals	—	—	—	(1,069)	(1,069)
Balance at 31 March 2024	**—**	**62,092**	**295**	**4,237**	**66,624**
Net book value					
Balance at 1 April 2023	125,367	75,230	196	11,310	212,103
Balance at 31 March 2024	**125,296**	**68,392**	**—**	**14,382**	**208,070**

Group	Goodwill £'000	Customer relationships £'000	Brands £'000	Software £'000	Total £'000
Cost					
Balance at 1 April 2022	121,818	125,269	6,036	10,807	263,930
Acquired through business combinations	3,549	5,215	295	—	9,059
Additions	—	—	—	4,879	4,879
Disposals	—	—	(6,036)	(1,097)	(7,133)
Balance at 31 March 2023	125,367	130,484	295	14,589	270,735
Accumulated amortisation					
Balance at 1 April 2022	—	48,527	5,980	2,623	57,130
Amortisation for the year	—	6,727	155	1,753	8,635
Disposals	—	—	(6,036)	(1,097)	(7,133)
Balance at 31 March 2023	—	55,254	99	3,279	58,632
Net book value					
Balance at 1 April 2022	121,818	76,742	56	8,184	206,800
Balance at 31 March 2023	125,367	75,230	196	11,310	212,103

18 Intangible assets continued

Material customer relationship assets are broken down as follows:

	31 March 2024		31 March 2023	
	Remaining UEL years	Net book value £'000	Remaining UEL years	Net book value £'000
Acquisitions prior to January 2018 (CGU 1)	**9**	**16,028**	10	17,820
Punter Southall actuarial (CGU 2)	**14**	**38,104**	15	40,869
Punter Southall administrative (CGU 3)	**4**	**3,699**	5	4,677
Kier (CGU 3)	**5**	**1,423**	6	1,734
XPS Pensions RL Limited (CGU 1)	**6**	**1,574**	7	1,879
XPS Pensions Trigon Limited (CGU 1)	**6**	**1,202**	7	1,417
Michael J Field (CGU 1)	**8**	**1,538**	9	1,743
Penfida Limited (CGU 4)	**19**	**4,824**	20	5,085

Software assets held by the Group comprise internally generated or enhanced software for use in providing services to customers. The largest group of software assets relates to the Administration business, specifically the development of an in-house administration system. Software disposals in the year related to software disposed of as part of the NPT disposal (see note 7), and software which has reached the end of its useful economic life and is no longer in use.

Impairment test

Goodwill represents the excess of the consideration over the fair value of the net assets acquired on the purchase of the subsidiary companies listed in note 35, as well as goodwill which has arisen on the purchase of trade and assets by the Group. In accordance with IFRS, this balance is not amortised and is subject to annual impairment reviews.

The carrying value of goodwill was assessed based on the four cash-generating units that were identified in prior years.

The four CGUs to which goodwill has been allocated are:

CGU 1 – former Xafinity businesses, and Royal London, Trigon and Michael J Field acquisitions;

CGU 2 – PS Actuarial;

CGU 3 – PS Admin; and

CGU 4 – Penfida.

The cash-generating unit at each year end was assessed on the basis of value in use using the following assumptions, which reflect past experience of the Group:

	2024				2023			
	CGU 1	CGU 2	CGU 3	CGU 4	CGU 1	CGU 2	CGU 3	CGU 4
Discount rate pre-tax	**12.6%**	**12.6%**	**12.6%**	**12.6%**	13.1%	13.1%	13.1%	13.1%
Terminal rate after period 8	**2.0%**	**2.0%**	**2.0%**	**2.0%**	2.0%	2.0%	2.0%	2.0%
Period on which detailed forecasts are based	**3 years**	**3 years**	**3 years**	**3 years**	3 years	3 years	3 years	3 years
Growth rate during detailed forecast period (average)	**10.4%**	**8.5%**	**30.2%**	**20.8%**	7.7%	8.8%	31.2%	9.4%
Growth rate applied beyond approved forecast period to year 8	**5%**	**5%**	**5%**	**5%**	5%	5%	5%	5%

The discount rate comprises two elements, the cost of debt and the cost of equity, to derive a blended cost of capital demanded by all providers of capital. The cost of equity is based on the following components:

- beta: calculated to estimate how volatile the Group's equity is compared to the FTSE SmallCap index;
- risk-free rate: using a ten-year UK government bond yield as a proxy for the risk-free rate;
- equity risk premium: the implied rate as at 31 March 2024 is used to assess the price of risk in equity markets; and
- small company premium: an additional size premium is applied to the Group's cost of equity to account for extra risk.

The cost of debt represents the cost of capital for the Group's drawn revolving credit facility and is based on average borrowings during the year.

18 Intangible assets continued

Impairment test continued

The cash flows used for the value in use calculations incorporate the impact of inflation, and future assumptions regarding inflation which are based on the latest outlook from the UK government.

The growth rate beyond the forecast period is based on a blend of average growth rates experienced by the Group and management's assessment of industry and macroeconomic outlooks. Such forecast rates have been accurate in the past, so the Directors believe they will be sufficiently representative of actual results.

The growth rate is applied for up to eight years; this is due to the longevity of the customer relationships held by the Group. The growth rate of 5% is higher than the terminal rate due to expectations of market conditions and higher inflation in the medium term.

The impairment exercise demonstrated that there was significant headroom in all CGUs on this basis, particularly in CGUs 1, 2 and 3, and so the Directors are satisfied that no impairment has arisen during the financial period.

Goodwill allocated to cash-generating units:	**2024 £'000**	2023 £'000
Goodwill – XPS Pensions Consulting Limited, Xafinity SIPP Services Limited, Xafinity Pensions Consulting Limited and subsidiaries, XPS Pensions (RL) Limited, XPS Pensions (Trigon) Limited (CGU 1)	**30,007**	30,007
Goodwill – XPS Investment Limited, XPS Pensions Limited (CGU 2)	**79,314**	79,314
Goodwill – XPS Holdings Limited, XPS Administration Holdings Limited, XPS Administration Limited (CGU 3)	**12,497**	12,497
Goodwill – Penfida Limited (CGU 4)	**3,478**	3,549
Total	**125,296**	125,367

Sensitivity analysis of assumptions

The Group performed further sensitivity analysis by recalculating the fair value of the net assets of the Group on a worst case basis. For the Group, the worst case would be breaching the banking covenants on leverage, as that could lead to the Group's revolving credit facility being withdrawn. The size of the impact on revenue to reach this point was considered, alongside mitigating factors that the Group would take if necessary. This analysis showed that this potential worst case scenario is considered unlikely to materialise and so there was no requirement for impairment. The Group has also assessed the sensitivity of the discount rate and growth rates used in the impairment testing and determined that these were not sensitive.

19 Deferred income tax

Analysis of the breakdown and movement of deferred tax during the year is as follows:

	Balance at 1 April 2023 £'000	Recognised in income £'000	Recognised in equity £'000	**31 March 2024 £'000**
Property, plant and equipment	226	93	—	**319**
Capital gains	943	—	—	**943**
Other temporary and deductible differences – share-based payments	(1,806)	(526)	(1,167)	**(3,499)**
Other temporary and deductible differences – other	(10)	506	—	**496**
Customer relationships	19,092	(1,758)	—	**17,334**
	18,445	(1,685)	(1,167)	**15,593**

	Balance at 1 April 2022 £'000	Recognised in income £'000	Recognised in equity £'000	Acquired in period £'000	31 March 2023 £'000
Property, plant and equipment	90	136	—	—	226
Capital gains	943	—	—	—	943
Other temporary and deductible differences – share-based payments	(1,087)	(461)	(258)	—	(1,806)
Other temporary and deductible differences – other	(12)	2	—	—	(10)
Customer relationships	19,032	(1,304)	—	1,364	19,092
	18,966	(1,627)	(258)	1,364	18,445

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable. Deferred tax assets and liabilities have been measured at the rate they are expected to unwind at, using a rate substantively enacted at 31 March 2024, which is not lower than 25% (2023: 25%).

20 Other financial assets

Following the sale of the NPT business, the restricted cash held of £1,847,000 was transferred to the new owners of the NPT. In the prior year, this restricted cash was presented as a non-current financial asset. This restricted cash was held by the Group as security for the NPT. For the NPT to gain approval to operate by the Pensions Regulator, the Group was required to demonstrate it could support the NPT in any eventuality. The Group therefore placed cash into a restricted bank account, which the trustees of the NPT are able to access in certain circumstances. There were no lifetime expected credit losses associated with this cash balance.

21 Trade and other receivables

	31 March 2024 £'000	31 March 2023 £'000
Trade receivables	**27,650**	21,642
Less: provision for impairment of trade receivables	**(602)**	(363)
Net trade receivables	**27,048**	21,279
Contract assets – accrued income	**16,706**	16,407
Contract assets – amounts recognised for triennial reviews	**1,355**	1,475
Total contract assets	**18,061**	17,882
Total financial assets other than cash and cash equivalents carried at amortised cost	**45,109**	39,161
Prepayments	**5,530**	4,498
Other receivables	**283**	106
Total trade and other receivables	**50,922**	43,765

The carrying value of trade and other receivables carried at amortised cost approximates to fair value.

31 March 2024	**Current £'000**	**Past due 0–30 days £'000**	**Past due 31–90 days £'000**	**Past due more than 90 day £'000**	**Total £'000**
Expected loss rate	**0%**	**1%**	**7%**	**41%**	
Gross carrying amount	**20,046**	**4,788**	**1,867**	**949**	**27,650**
Loss provision	**72**	**50**	**129**	**389**	**640**
Amendment for specific bad debt provision	**(72)**	**(50)**	**(129)**	**213**	**(38)**
Total	**—**	**—**	**—**	**602**	**602**

31 March 2023	Current £'000	Past due 0–30 days £'000	Past due 31–90 days £'000	Past due more than 90 days £'000	Total £'000
Expected loss rate	0%	1%	4%	18%	
Gross carrying amount	16,402	3,395	1,177	668	21,642
Loss provision	32	21	51	123	227
Amendment for specific bad debt provision	(32)	(21)	(51)	240	136
Total	—	—	—	363	363

The Group applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. The expected loss rates are based on the Group's historical credit losses experienced over the three-year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information affecting the Group's customers.

Once the IFRS 9 approach has been calculated, the Group 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.

Of the March 2023 contract asset balance relating to triennial reviews of £1,475,000, £1,246,000 was billed in the year, reducing the brought forward amount. A further £1,126,000 of revenue was recognised in the year. There are no other significant movements in the contract assets balance in the year. The March 2024 contract asset balance is expected to be billed in the year ending 31 March 2025 (£1,119,000), the year ending 31 March 2026 (£223,000) and the year ending 31 March 2027 (£13,000).

22 Cash and cash equivalents

	31 March 2024 £'000	31 March 2023 £'000
Cash and cash equivalents per statement of financial position	**10,005**	13,285
Cash and cash equivalents per statement of cash flows	**10,005**	13,285

The balance is comprised solely of cash at bank and on hand.

23 Loans and borrowings

31 March 2024	**Due within 1 year (current) £'000**	**Due between 1 and 2 years £'000**	**Due after 2 years £'000**	**Sub-total (non-current) £'000**	**Total £'000**
Drawn revolving credit facility	**—**	**—**	**24,000**	**24,000**	**24,000**
Capitalised debt arrangement fees	**—**	**—**	**(614)**	**(614)**	**(614)**
Total	**—**	**—**	**23,386**	**23,386**	**23,386**

31 March 2023	Due within 1 year (current) £'000	Due between 1 and 2 years £'000	Due after 2 years £'000	Sub-total (non-current) £'000	Total £'000
Drawn revolving credit facility	—	—	68,000	68,000	68,000
Capitalised debt arrangement fees	—	—	(690)	(690)	(690)
Total	—	—	67,310	67,310	67,310

The book value and fair value of loans and borrowings are not materially different.

Terms and debt repayment schedule

31 March 2024	**Amount £'000**	**Currency**	**Nominal interest rate**	**Year of maturity**
Revolving credit facility	**24,000**	**GBP**	**1.25% above SONIA**	**2026**

31 March 2023	Amount £'000	Currency	Nominal interest rate	Year of maturity
Revolving credit facility	68,000	GBP	1.85% above SONIA	2025

At 31 March 2024 the Group had drawn down £24,000,000 (2023: £68,000,000) of its £100,000,000 revolving credit facility. The Group's revolving facility agreement is for £100 million with an accordion of £50 million. This facility had a four-year term which started in October 2021. In April 2023, a one-year extension to the term was agreed, extending it to October 2026. Interest is calculated at a margin above SONIA, subject to a net leverage test. The related fees for access to the facility are included in the consolidated statement of comprehensive income.

Capitalised loan-related costs are amortised over the life of the loan to which they relate.

Bank debt is secured by way of debentures in the Group companies which are obligors to the loans. These are XPS Pensions Group plc, XPS Consulting (Reading) Limited, XPS Financing Limited, XPS Reading Limited, XPS Pensions Consulting Limited, XPS SIPP Services Limited, XPS Holdings Limited, XPS Pensions Limited, XPS Investment Limited, XPS Administration Holdings Limited and XPS Administration Limited. The security is over all the assets of the companies which are obligors to the loans.

24 Reconciliation of liabilities arising from financing activities

	31 March 2023 £'000	Cash flows £'000	Other non-cash changes £'000	Non-cash change: new leases/ interest this year £'000	**31 March 2024 £'000**
Drawn revolving credit facility	68,000	(44,000)	—	—	**24,000**
Capitalised debt arrangement fees	(690)	(200)	276	—	**(614)**
Interest payable on long-term borrowings	49	(3,905)	—	3,901	**45**
Lease liabilities	9,935	(3,085)	—	2,317	**9,167**
Total liabilities from financing activities	77,294	(51,190)	276	6,218	**32,598**

24 Reconciliation of liabilities arising from financing activities continued

	31 March 2022 £'000	Cash flows £'000	Other non-cash changes £'000	Non-cash change: new leases/ interest this year £'000	31 March 2023 £'000
Drawn revolving credit facility	64,000	4,000	—	—	68,000
Capitalised debt arrangement fees	(967)	—	277	—	(690)
Interest payable on revolving credit facility	57	(2,985)	—	2,977	49
Lease liabilities	11,680	(3,267)	—	1,522	9,935
Total liabilities from financing activities	74,770	(2,252)	277	4,499	77,294

Net debt for bank reporting purposes:

	31 March 2024 £'000	31 March 2023 £'000
Drawn revolving credit facility	**24,000**	68,000
Contingent consideration	**—**	568
Less: cash	**(10,005)**	(13,285)
Net debt	**13,995**	55,283

For banking covenant purposes, net debt includes any amounts owed as contingent consideration but excludes lease liabilities.

25 Trade and other payables

	31 March 2024 £'000	31 March 2023 £'000
Trade payables	**2,839**	4,752
Accrued expenses	**17,215**	14,561
Accrued earn out consideration relating to Penfida	**2,534**	845
Interest payable	**89**	49
Other payables	**495**	471
Total financial liabilities excluding leases, loans and borrowings classified as financial liabilities at amortised cost	**23,172**	20,678
Other payables – tax and social security payments	**2,411**	2,178
Other payables – VAT	**7,358**	5,892
Contract liabilities	**10,781**	3,315
Total trade and other payables	**43,722**	32,063
Due within one year or less	**43,722**	31,218
Due between one and three years	**—**	845

The carrying value of trade and other payables classified as financial liabilities measured at amortised cost approximates to fair value.

In the prior year, the Penfida accrued earn out consideration was disclosed as a non-current liability; however, in the current year this is a current liability as payment is due within 12 months of the year end.

The March 2024 contract liability balance is expected to be recognised in the year ended 31 March 2025 (£10,435,000), 31 March 2026 (£250,000) and 31 March 2027 (£96,000). Of the March 2023 contract liability balance of £3,315,000, £3,011,000 was recognised in revenue in the year to 31 March 2024, £251,000 will be recognised in the year to 31 March 2025, and £53,000 will be recognised in the year to 31 March 2026.

26 Current income tax liabilities

	31 March 2024 £'000	31 March 2023 £'000
Tax payable	**427**	2,280
	427	2,280

27 Provisions for other liabilities and charges

31 March 2024	Social security costs on PSP/SEP £'000	Dilapidations £'000	Professional indemnity £'000	Total £'000
Balance at 1 April 2023	**1,155**	**1,911**	**812**	**3,878**
Provisions made during the year	**1,466**	**317**	**923**	**2,706**
Provisions used during the year	**(764)**	**(675)**	**(986)**	**(2,425)**
Provisions released unused during the year	**—**	**(200)**	**(243)**	**(443)**
Balance at 31 March 2024	**1,857**	**1,353**	**506**	**3,716**
Due within one year or less	**954**	**454**	**506**	**1,914**
Due after more than one year:				
Between one and three years	**903**	**73**	**—**	**976**
Over three years	**—**	**826**	**—**	**826**
	1,857	**1,353**	**506**	**3,716**

31 March 2023	Social security costs on PSP/SEP £'000	Dilapidations £'000	Professional indemnity £'000	Total £'000
Balance at 1 April 2022	995	1,631	391	3,017
Provisions made during the year	765	247	558	1,570
Provisions used during the year	(605)	(44)	(93)	(742)
Provisions released unused during the year	—	(116)	(44)	(160)
On acquisition	—	193	—	193
Balance at 31 March 2023	1,155	1,911	812	3,878
Due within one year or less	658	539	812	2,009
Due after more than one year:				
Between one and three years	497	288	—	785
Over three years	—	1,084	—	1,084
	1,155	1,911	812	3,878

Social security costs (National Insurance) are payable on gains made by employees on exercise of share options granted to them. The eventual liability to National Insurance is dependent on:

- the market price of the Group's shares at the date of exercise;
- the number of options that will be exercised; and
- the prevailing rate of National Insurance at the date of exercise.

Dilapidations relate to the estimated cost of returning a leasehold property to its original state at the end of the lease in accordance with the lease terms. The cost is recognised within the depreciation of the right-of-use asset over the remaining term of the lease. The main uncertainty relates to estimating the cost that will be incurred at the end of the lease.

The dilapidations provision will be utilised after the end of the lease of the asset to which it relates.

The Group is involved in a small number of potential professional indemnity claims. The amount provided represents the Directors' best estimate of the Group's liability, after having taken legal advice. Uncertainties relate to whether claims will be settled out of court or if not whether the Group is successful in defending any action. Because of the nature of the disputes, the Directors have not disclosed future information on the basis that they believe that this would be seriously prejudicial to the Group's position in defending the cases brought against it. The provision relating to potential professional indemnity claims is updated depending on the status of each individual claim.

28 Contingent consideration

	Balance at 1 April 2023 £'000	Fair value adjustment £'000	Settled in year £'000	**31 March 2024 £'000**
Contingent cash consideration	568	(92)	(476)	**–**
	568	(92)	(476)	**–**

	Balance at 1 April 2022 £'000	Fair value adjustment £'000	Settled in year £'000	31 March 2023 £'000
Contingent cash consideration	765	(197)	–	568
	765	(197)	–	568

The contingent cash consideration liability recognised at 31 March 2023 relates to the Michael J Field acquisition in February 2022. The liabilities were calculated based on terms agreed in the business purchase agreement for Michael J Field, which were dependent on certain revenue and cost targets being met in the 12 months following the acquisition date. A final settlement of £476,461 was paid in the year, with the remaining balance being recognised as other operating income in the statement of comprehensive income.

The amount disclosed in the cash flow is the £476,461 noted above, net of £71,000 received from the sellers of Penfida Limited, due to a purchase price adjustment received in 2024.

29 Share capital

	31 March 2024		31 March 2023	
	Ordinary shares '000	**Ordinary shares £'000**	Ordinary shares '000	Ordinary shares £'000
In issue at the beginning of the year	**207,443**	**104**	205,151	103
Issued during the year	**102**	**–**	2,292	1
In issue at the end of the year	**207,545**	**104**	207,443	104

	31 March 2024		31 March 2023	
	'000	**£'000**	'000	£'000
Allotted, called up and fully paid				
Ordinary shares of 0.05p (2023: 0.05p) each	**206,032**	**103**	206,427	103
Shares held by the Group's Employee Benefit Trust				
Ordinary shares of 0.05p (2023: 0.05p) each	**1,513**	**1**	1,016	1
Shares classified in shareholders' funds	**207,545**	**104**	207,443	104

The number of shares allotted in the year is 101,835 (2023: 2,291,669).

The Group has invested in the shares for its Employee Benefit Trust (EBT). These shares are held on behalf of employees and legal ownership will transfer to those employees on the exercise of an award. This investment in own shares held in trust is deducted from equity in the consolidated statement of changes in equity.

30 Reserves

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

Reserve	Description and purpose
Retained earnings/ accumulated deficit:	All net gains and losses recognised through the consolidated statement of comprehensive income.
Share premium:	Amounts subscribed for share capital in excess of nominal value.
Merger relief reserve:	The merger relief reserve represents the difference between the fair value and nominal value of shares issued on the acquisition of subsidiary companies.
Investment in own shares:	Cost of own shares held by the EBT.

31 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:

	Carrying amount 31 March 2024 £'000	Carrying amount 31 March 2023 £'000
Trade receivables	**27,650**	21,642
Provision for impairment of trade receivables	**(602)**	(363)
Net trade receivables due	**27,048**	21,279
Contract assets – accrued income	**16,706**	16,407
Contract assets – amounts recognised for triennial reviews	**1,355**	1,475
Cash and cash equivalents	**10,005**	13,285
Non-current financial asset	**—**	1,847
Total	**55,114**	54,293

Credit risk mitigation

The ageing of trade receivables at the reporting date was:

	31 March 2024 £'000	31 March 2023 £'000
Not past due	**20,046**	16,402
Past due 0–30 days	**4,788**	3,395
Past due 31–90 days	**1,867**	1,177
Past due more than 90 days	**949**	668
Total	**27,650**	21,642
Movement in impairment allowance for trade receivables		
Balance at start of the year	**363**	330
Increase during the year	**510**	359
Receivable written off during the year as uncollectable	**(107)**	(105)
Reversal of allowances	**(164)**	(221)
Balance at end of the year	**602**	363

The Group prepared a forward-looking impairment model using a provision matrix based on historical data. Using this, the Group believes that an impairment allowance of £602,000 (2023: £363,000) is adequate in respect of trade receivables. Those debts which have not been provided against are considered recoverable by the Group. In accordance with IFRS 9, the expected credit loss (ECL) model was used to calculate the impairment loss.

The Group has considered whether any provision needs to be made for credit losses on contract assets, and concluded that there are none.

Cash flow risk

The Group is exposed to cash flow interest rate risk in two main respects. Firstly, corporate and client bank deposits, which earn interest at a variable rate, although not at a material level. Secondly, interest expense arising on the Group's revolving credit facility at a margin over SONIA.

Interest rate risk

The interest rate on the Group's revolving credit facility is a margin over SONIA and as such the Company is at risk from SONIA increases. The sensitivity of the interest rate risk has been assessed and it is not material.

31 Financial instruments continued

Liquidity risk

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

The following table sets out the contractual maturities (representing undiscounted cash flows) of financial liabilities:

	Up to 3 months £'000	**Between 3 and 12 months £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**	**31 March 2024 £'000**
Trade and other payables	**23,172**	**—**	**—**	**—**	**—**	**23,172**
Leases	**555**	**1,604**	**1,888**	**4,321**	**1,952**	**10,320**
Loans and borrowings	**—**	**—**	**—**	**24,000**	**—**	**24,000**
Bank interest	**396**	**1,127**	**1,522**	**973**	**—**	**4,018**
	24,123	**2,731**	**3,410**	**29,294**	**1,952**	**61,510**

	Up to 3 months £'000	Between 3 and 12 months £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	31 March 2023 £'000
Trade and other payables	20,678	—	—	—	—	20,678
Leases	1,009	2,067	1,926	4,337	1,500	10,839
Loans and borrowings	—	—	—	68,000	—	68,000
Bank interest	1,000	3,425	3,936	2,364	—	10,725
Deferred consideration	568	—	—	—	—	568
	23,255	5,492	5,862	74,701	1,500	110,810

The Group does not have any concerns over meeting its liabilities as they fall due, as the forecasts prepared indicate sufficient cash receipts in each period to cover liabilities.

Capital risk

The Group's objective when managing capital is to maximise shareholder value whilst safeguarding the Group's ability to continue as a going concern. Total capital is calculated as total equity in the statement of financial position.

Management of capital

	31 March 2024 £'000	31 March 2023 £'000
Total equity	**185,854**	149,284

32 Notes supporting statement of cash flows

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

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Cash at bank available on demand	**10,005**	13,285

33 Related party transactions

Key management emoluments during the year

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, being the Board of Directors.

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Emoluments	**4,509**	3,310
Share-based payment	**1,233**	894
Company contributions to defined contribution pension plans	**30**	30
Social security costs	**530**	376
	6,302	4,610

33 Related party transactions continued

Non-executive emoluments during the year

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 £'000
Emoluments	**368**	303
Social security costs	**45**	39
	413	342

34 Earnings per share

	31 March 2024 £'000	31 March 2023 £'000
Profit for the year	**54,167**	15,837

	31 March 2024 '000	31 March 2023 '000
Weighted average number of ordinary shares in issue	**206,760**	205,448
Diluted weighted average number of ordinary shares	**219,621**	216,071
Basic earnings per share (pence)	**26.2**	7.7
Diluted earnings per share (pence)	**24.7**	7.3

The calculation of basic earnings per share is based on the earnings attributable to ordinary shareholders divided by the weighted average number of shares in issue during the period.

Reconciliation of weighted average ordinary shares in issue to diluted weighted average ordinary shares:

	Year ended 31 March 2024 '000	Year ended 31 March 2023 '000
Weighted average number of ordinary shares in issue	**206,760**	205,448
Dilutive impact of share options vested up to exercise date	**940**	802
Dilutive impact of PSP and SEP options not yet vested	**9,226**	7,920
Dilutive impact of dividend yield shares for PSP and SEP options	**1,246**	1,069
Dilutive impact of SAYE options not yet vested	**1,449**	832
Diluted weighted average number of ordinary shares	**219,621**	216,071

Share awards were made to the Executive Board members and key management personnel in each year since the year ending 31 March 2017; these are subject to certain conditions and each tranche of awards vest three years after the award date. Dividend yield shares relating to these awards will also be awarded upon vesting of the main awards. Further shares have been issued under SAYE share schemes in the years ending 31 March 2022 and 2023, these will vest in the years ending 31 March 2025 and 2026 respectively. These shares are reflected in the diluted number of shares and diluted earnings per share calculations.

Adjusted earnings per share

	31 March 2024 £'000	31 March 2023 £'000
Adjusted profit after tax	**33,496**	27,143
Adjusted earnings per share (pence)	**16.2**	13.2
Diluted adjusted earnings per share (pence)	**15.3**	12.6

The adjusted profit after tax is taken from the trading column of the income statement, and excludes the impact of the exceptional and non-trading items disclosed in note 6.

35 Subsidiaries

The following are the wholly owned companies consolidated within the financial statements of XPS Pensions Group plc:

Company name	Company number	Principal activity	Registered address
XPS Financing Limited	08279274	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB

The subsidiaries below are indirectly owned by other Group companies:

Company name	Company number	Principal activity	Registered address
XPS Reading Limited	08279362	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Consulting (Reading) Limited	08287502	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Pensions Consulting Limited	02459442	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS SIPP Services Limited	SC069096	Employee benefit consultancy	Scotia House, Castle Business Park, Stirling, Stirlingshire FK9 4TZ
Xafinity Pensions Consulting Limited	04436642	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Xafinity PT Limited	00232565	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Entegria Limited	05777554	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Xafinity Pensions Trustees Limited	01450089	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Hazell Carr (AT) Services Limited	SC420031	Employee benefit consultancy	Scotia House, Castle Business Park, Stirling, Stirlingshire FK9 4TZ
Hazell Carr (SG) Services Limited	01867603	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Hazell Carr (ES) Services Limited	02372343	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Hazell Carr (PN) Services Limited	00236752	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Hazell Carr (SA) Services Limited	SC086807	Dormant	Scotia House, Castle Business Park, Stirling, Stirlingshire FK9 4TZ
Xafinity Trustees Limited	04305500	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Xafinity Employee Benefit Trust 2013	n/a	Trust	JTC Trustees Limited, Elizabeth House, 9 Castle Street, St Helier, Jersey JE4 2QP
XPS Holdings Limited	04807951	Holding Company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Administration Holdings Limited	09655671	Holding Company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Administration Limited	09428346	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Investment Limited	06242672	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Pensions Limited	03842603	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Pensions (RL) Limited	05817049	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
XPS Pensions (Trigon) Limited	12085392	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
MJF Pension Trustees Limited	03394648	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
MJF SSAS Trustees Limited	04089958	Dormant	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Pensions Software Solutions Limited	11482474	Software development	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB
Penfida Limited	08020393	Employee benefit consultancy	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB

35 Subsidiaries continued

Subsidiary audit exemptions

The following UK subsidiary undertakings are exempt from the requirements of the Companies Act 2006 (the "Act") relating to the audit of individual accounts by virtue of Section 479A of the Act.

Company name	Company number
XPS Financing Limited	08279274
XPS Reading Limited	08279362
Hazell Carr (AT) Services Limited	SC420031
XPS Holdings Limited	04807951
XPS Administration Holdings Limited	09655671
XPS Pensions (RL) Limited	05817049
XPS Pensions (Trigon) Limited	12085392
Pensions Software Solutions Limited	11482474
Penfida Limited	08020393

The Company will guarantee all outstanding liabilities that these subsidiaries are subject to as the financial year ended 31 March 2024 in accordance with Section 479C of the Act, as amended by the Companies and Limited Liability Partnerships (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012. In addition, the Company will guarantee any contingent and prospective liabilities that these subsidiaries are subject to.

36 Dividends

Amounts recognised as distributions to equity holders of the Parent in the year

	31 March 2024 £'000	31 March 2023 £'000
Final dividend for the year ended 31 March 2023: 5.7p per share (2022: 4.8p per share)	**11,825**	9,763
Interim dividend for the year ended 31 March 2024: 3.0p (2023: 2.7p) per ordinary share was paid during the year	**6,200**	5,568
	18,025	15,331

The recommended final dividend payable in respect of the year ended 31 March 2024 is £14.6 million or 7.0p per share (2023: £11.8 million or 5.7p per share).

The proposed dividend has not been accrued as a liability as at 31 March 2024 as it is subject to approval at the Annual General Meeting.

	31 March 2024 £'000	31 March 2023 £'000
Proposed final dividend for year ended 31 March 2024	**14,630**	11,825

The Trustee of the Xafinity Employee Benefit Trust has waived its entitlement to dividends.

The Company statement of changes in equity shows that the Company has positive reserves of £166,081,000. Therefore there are sufficient distributable reserves in XPS Pensions Group plc in order to pay the proposed final dividend.

37 Ultimate controlling party

The Directors do not consider that there is an ultimate controlling party.

Statement of financial position – Company

as at 31 March 2024

	Note	**31 March 2024 £'000**	31 March 2023 Restated £'000	31 March 2022 Restated £'000
Assets				
Non-current assets				
Investments	5	**38,478**	33,831	29,681
Trade and other receivables	6	**259,006**	243,660	229,163
		297,484	277,491	258,844
Current assets				
Trade and other receivables	6	**—**	5	5
Cash and cash equivalents	7	**1,623**	1,704	—
		1,623	1,709	5
Total assets		**299,107**	279,200	258,849
Liabilities				
Non-current liabilities				
Trade and other payables	8	**44,464**	41,257	42,366
		44,464	41,257	42,366
Current liabilities				
Trade and other payables	8	**—**	204	—
Current tax liabilities	9	**3,294**	1,273	744
		3,294	1,477	744
Total liabilities		**47,758**	42,734	43,110
Net assets		**251,349**	236,466	215,739
Equity and liabilities				
Share capital	10	**104**	104	103
Share premium	11	**1,786**	1,786	116,804
Merger relief reserve	11	**48,687**	48,687	48,687
Investment in own shares	11	**(2,925)**	(1,350)	(4,157)
Other reserve	11	**37,616**	32,969	28,818
Retained profit	11	**166,081**	154,270	25,484
Total equity		**251,349**	236,466	215,739

The notes on pages 149 to 153 form part of these financial statements.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own statement of comprehensive income. The profit for the financial year of the holding Company, as approved by the Board, was £33,855,000 (2023: £31,450,000).

These financial statements were approved by the Board of Directors on 19 June 2024 and were signed on its behalf by:

Snehal Shah
Chief Financial Officer
19 June 2024

Registered number: 08279139

Statement of changes in equity – Company
for the year ended 31 March 2024

	Share capital £'000	Share premium £'000	Merger relief reserve £'000	Investment in own shares £'000	Other reserve £'000	Retained profit £'000	Total £'000
Balance at 1 April 2022 (as previously stated)	103	116,804	48,687	—	28,818	28,073	222,485
Adjustment for aggregation of Employee Benefit Trust	—	—	—	(4,157)	—	(2,589)	(6,746)
Balance at 1 April 2022 (as restated)	103	116,804	48,687	(4,157)	28,818	25,484	215,739
Comprehensive income and total comprehensive income for the year (as restated)	—	—	—	—	—	31,450	31,450
Contributions by and distributions to owners							
Share capital issued	1	1,786	—	—	—	—	1,787
Share premium reduction	—	(116,804)	—	—	—	116,804	—
Shares purchased by Employee Benefit Trust for cash	—	—	—	(2,200)	—	—	(2,200)
Share-based payment expense – equity settled from Employee Benefit Trust	—	—	—	5,007	—	(4,137)	870
Share-based payment expense – IFRS 2 charge in respect of long-term incentives	—	—	—	—	3,893	—	3,893
Deferred tax movement in respect of long-term incentives	—	—	—	—	258	—	258
Dividends paid	—	—	—	—	—	(15,331)	(15,331)
Total contributions by and distributions to owners	1	(115,018)	—	2,807	4,151	97,336	(10,723)
Balance at 31 March 2023 as restated	104	1,786	48,687	(1,350)	32,969	154,270	236,466
Balance at 1 April 2023	104	1,786	48,687	(1,350)	32,969	154,270	236,466
Comprehensive income and total comprehensive income for the year	—	—	—	—	—	33,855	33,855
Contributions by and distributions to owners							
Shares purchased by Employee Benefit Trust for cash	—	—	—	(5,621)	—	—	(5,621)
Share-based payment expense – equity settled from Employee Benefit Trust	—	—	—	4,046	—	(4,019)	27
Share-based payment expense – IFRS 2 charge in respect of long-term incentives	—	—	—	—	4,910	—	4,910
Deferred tax movement in respect of long-term incentives	—	—	—	—	(263)	—	(263)
Dividends paid	—	—	—	—	—	(18,025)	(18,025)
Total contributions by and distributions to owners	—	—	—	(1,575)	4,647	(22,044)	(18,972)
Balance at 31 March 2024	**104**	**1,786**	**48,687**	**(2,925)**	**37,616**	**166,081**	**251,349**

The balance at 1 April 2022 has been restated following an accounting policy change in the year to aggregate the Employee Benefit Trust (EBT) within the Company. Further information on this change can be found in note 1. The impact on opening retained earnings of £2,589,000 is due to the loss on disposal of shares incurred by the EBT when shares acquired at market value were used to satisfy share options at nominal value in prior periods. The change in policy lead to a £44,000 reduction in comprehensive income for the year ended 31 March 2023 (£31,494,000 before the restatement).

The appropriate filing of interim accounts showing sufficient reserves to pay the £15,331,000 dividend was undertaken.

The notes on pages 149 to 153 form part of these financial statements.

Statement of cash flows – Company
for the year ended 31 March 2024

	Year ended 31 March 2024 £'000	Year ended 31 March 2023 Unaudited Restated £'000
Cash flows from operating activities		
Profit for the year	**33,855**	31,450
Adjustments for:		
Finance income	**(15,876)**	(7,090)
Finance costs	**2,727**	1,339
Income tax expense	**3,294**	1,101
Dividend income	**(24,000)**	(26,800)
Net cash inflow from operating activities	**—**	—
Cash flows from investing activities		
Finance income received	**17**	—
Net cash inflow from investing activities	**17**	—
Cash flows from financing activities		
Purchase of ordinary shares by the EBT	**(5,621)**	(2,200)
Loans with related parties	**5,523**	3,904
Net cash (outflow)/inflow from financing activities	**(98)**	1,700
Net (decrease)/increase in cash and cash equivalents	**(81)**	1,704
Cash and cash equivalents at start of year	**1,704**	—
Cash and cash equivalents at end of year	**1,623**	1,704

The prior year has been restated due to the accounting policy change to aggregate the Employee Benefit Trust within the XPS Pensions Group plc Company financial statements. Previously, no cash flow statement was presented as XPS Pensions Group plc does not hold a bank account. However, as the EBT holds a bank account for the purposes of acquiring shares in the Group on behalf of XPS Pensions Group plc, a cash flow statement has been presented, along with the comparative year.

The dividends are paid from a subsidiary company, as the Company itself does not hold a bank account.

The notes on pages 149 to 153 form part of these financial statements.

1 Accounting policies

XPS Pensions Group plc (the "Company") is a public company incorporated in the UK. The principal activity of the Company is that of a holding company. The registered office is Phoenix House, 1 Station Hill, Reading RG1 1NB.

Basis of preparation

These financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The financial statements have been prepared under the going concern basis.

The preparation of financial statements in accordance with the requirements of International Financial Reporting Standards (IFRS) 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 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. There are no critical judgements or estimates to disclose.

The prior year cash flow statement is unaudited. This is because in the prior year, the Employee Benefit Trust (EBT) was unaggregated, and the Company itself does not hold a bank account. Due to the aggregation of the EBT in the year (see below for more detail), a cash flow statement has been presented in these financial statements, along with a comparative year.

Measurement convention

The financial statements are prepared on the historical cost basis.

Investments in subsidiaries

Investments in subsidiaries are carried at cost, plus capital contributions to the Group's subsidiary companies in respect of share-based payment charges and related deferred tax, less any provisions for impairment.

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 to equity shareholders, this is when paid and in the case of final dividends, this is when approved by the shareholders at the Annual General Meeting.

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.

Change in accounting policy: aggregation of Employee Benefit Trust

In the year, management has reviewed the accounting treatment of its Employee Benefit Trust (EBT). Accounting standards in this area provide no clear guidance and so it is down to management to determine the most appropriate way to present the EBT. Under the previous permitted accounting policy, the EBT was excluded from the financial statements of XPS Pensions Group plc. Management have decided that it is appropriate to aggregate the assets and the liabilities of the EBT within XPS Pensions Group plc. This decision has been made to provide users of the accounts with more transparency over the EBT and its transactions. XPS Pensions Group plc currently gifts the EBT with cash (via another Group entity) and instructs the EBT to use this cash to purchase XPS Pensions Group plc shares from the market. These shares are then used to settle vested employee share options. As the EBT can only operate on the explicit instruction of XPS Pensions Group plc, the EBT is acting as an agent of XPS Pensions Group plc and therefore meets the criteria for aggregation. As the EBT holds cash balances where it has not yet fulfilled the wishes of XPS Pensions Group plc, aggregation allows management to disclose this cash balance in the Company-only financial statements, providing more information to users of these accounts.

This change has had no impact on the Group's consolidated financial statements, as the EBT was previously consolidated within the Group accounts. The change impacts XPS Pensions Group plc's Company-only financial statements, and therefore as a result of this change, the prior year statement of financial position and statement of changes in equity have been restated. Additionally, a cash flow statement is now disclosed for the Company, as the EBT holds a bank account.

Changes in accounting policies – new standards, interpretations, and amendments effective from 1 April 2023

New and amended standards and interpretations issued by the IASB that apply for the first time in these annual financial statements do not impact the Company as they are either not relevant to the Company's activities or require accounting which is consistent with the Company's current accounting policies.

1 Accounting policies continued

New standards and interpretations adopted and not yet adopted

A number of new standards, amendments to standards and interpretations are not effective for 2024, and therefore have not been applied in preparing XPS Pensions Group plc's financial statements. These standards, interpretations and amendments issued by the IASB (of which some are still subject to endorsement by the UK) but not yet effective are not expected to have a material impact on the Company's financial statements.

2 Financial risk management

The Company is a holding company and has limited exposure to financial risks. Details of the financial risks management are contained in the Group accounts (note 2) and details of their application to the Company are included in Company note 13.

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.

4 Staff numbers and costs

The Company had no employees other than Directors in the year to 31 March 2024 (2023: nil).

No Directors received remuneration for their services to the Company during the year. Directors were remunerated for their services to the Group by a subsidiary company. See Group accounts note 12 for more information.

Pension contributions of £nil (2023: £nil) were paid on behalf of the Directors in the Company.

5 Investments in subsidiaries

	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000
At the beginning of the year	**33,831**	29,681	26,345
In relation to XPS Pensions Consulting Limited	**2,765**	2,403	1,894
In relation to XPS SIPP Services Limited	**94**	100	89
In relation to XPS Pensions Limited	**1,040**	983	818
In relation to XPS Administration Limited	**618**	560	454
In relation to XPS Investment Limited	**114**	80	65
In relation to XPS Pensions (RL) Limited	**11**	14	11
In relation to XPS Pensions (Trigon) Limited	**5**	10	5
At the end of the year	**38,478**	33,831	29,681

Subsidiary	Ownership	Country of incorporation	Class of shares held	Principal activities	Registered address
XPS Financing Limited	100%	England and Wales	Ordinary	Holding company	Phoenix House, 1 Station Hill, Reading, Berkshire RG1 1NB

The additions to investments during the year represent amounts in respect of Performance Share Plan and Senior Equity Plan awards.

All other subsidiaries disclosed in note 35 of the Group accounts are indirectly owned by other Group companies.

6 Trade and other receivables

	31 March 2024 £'000	31 March 2023 Restated £'000	31 March 2022 Restated £'000
Receivables due from related parties	**259,006**	243,660	229,163
Other receivables	**—**	5	5
Total	**259,006**	243,665	229,168
Non-current receivable	**259,006**	243,660	229,163
Current receivable	**—**	5	5
Total	**259,006**	243,665	229,168

The prior year has been restated as a result of the aggregation of the Employee Benefit Trust (EBT). Had the EBT not been aggregated, then the current year receivable would have increased by £27,860,000 to £275,493,000 as at 31 March 2024, the 31 March 2023 receivable would have increased by £13,776,000 to £247,633,000, and the balance at 31 March 2022 was £233,857,000, an increase of £16,734,000 in the year. The receivable at 31 March 2023 would have been restated from £251,335,000 to £247,635,000 to reflect an error in the way the EBT received funds after September 2022.

7 Cash and cash equivalents

	31 March 2024 £'000	31 March 2023 Restated £'000	31 March 2022 £'000
Cash and cash equivalents per statement of financial position	**1,623**	1,704	—
Cash and cash equivalents per statement of cash flows	**1,623**	1,704	—

The prior year has been restated as a result of the aggregation of the Employee Benefit Trust (EBT). The EBT holds a bank account, and the amounts above represent the cash held within this account.

8 Trade and other payables

	31 March 2024 £'000	31 March 2023 Restated £'000	31 March 2022 Restated £'000
Payables due to related parties	**44,464**	41,257	42,366
Other payables	**—**	204	—
Total trade and other payables	**44,464**	41,461	42,366
Non-current payable	**44,464**	41,257	42,366
Current payable	**—**	204	—
Total	**44,464**	41,461	42,366

The prior year has been restated as a result of the aggregation of the Employee Benefit Trust (EBT). Had the EBT not been aggregated, then the current year payable would have increased by £6,282,000 to £45,588,000 as at 31 March 2024, the 31 March 2023 payable would have decreased by £1,003,000 to £39,306,000, and the balance at 31 March 2022 would have been £40,309,000, an increase of £1,997,000 from the balance at 31 March 2021.

9 Current tax liabilities

	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000
Corporation tax payable	**3,294**	1,273	744

10 Share capital

Details on the share capital of the Company are contained in the Group financial statements.

11 Reserves

Reserve	Description and purpose
Share premium:	Amount subscribed for share capital in excess of nominal value.
Other reserve:	The other reserve represents the amount in respect of the equity-settled awards made by the Employee Benefit Trust to subsidiary companies as instructed by the Company.
Merger relief reserve:	The merger relief reserve represents the difference between the fair value and nominal value of shares issued on the acquisition of subsidiary companies.
Investment in own shares:	Cost of own shares held by the EBT. See note 12 for more information.
Retained profit:	All other net gains and losses and transactions with owners (e.g. dividends) not recognised elsewhere.

12 Investment in own shares

	31 March 2024 £'000	31 March 2023 Restated £'000	31 March 2022 Restated £'000
Balance at 1 April	**1,350**	4,157	2,563
Acquired during the year	**5,621**	2,200	3,325
Utilised during the year	**(4,046)**	(5,007)	(1,731)
Balance at 31 March	**2,925**	1,350	4,157

Investment in own shares represents the cost of shares in the Company purchased in the market and held by the Employee Benefit Trust (EBT) to satisfy awards under the Group's employee share option plans (see note 13 to the Group's consolidated financial statements).

During the year, 3,067,346 (2023: 1,691,703) shares with a total value of £5,621,000. (2023: £2,200,000) have been purchased by the EBT. 2,570,801 (2023: 3,844,709) shares were used in the year to satisfy vested employee share options. The number of ordinary shares held by the EBT at 31 March 2024 was 1,512,760 (2023: 1,016,215).

13 Financial instruments

The fair values and the carrying values of financial assets are the same. All restated amounts in the note below relate to the aggregation of the EBT (see note 1).

Credit risk

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

	Carrying amount 31 March 2024 £'000	Carrying amount 31 March 2023 Restated £'000	Carrying amount 31 March 2022 Restated £'000
Receivables due from related parties	**259,006**	243,660	229,163

Loans from related parties are repayable on demand. Credit risk for receivables due from related parties has not increased significantly since their initial recognition.

Liquidity risk

The Company does not have any significant liquidity risk, as its receivables and payables are all with related parties.

Interest rate risk

The Company does not have any significant interest rate risk, as its receivables and payables are all with related parties.

13 Financial instruments continued

Capital risk management

As part of XPS Pensions Group, 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 policies for managing capital are 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 processes 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 XPS Pensions Group's forecast which ensures future covenant test points are met. XPS Pensions Group continues to meet these test points and they have been achieved over the last 12 months. Further information can be found within the consolidated financial statements of XPS Pensions Group plc.

Management of capital	**31 March 2024 £'000**	31 March 2023 Restated £'000	31 March 2022 Restated £'000
Total equity	**252,779**	236,466	215,739

14 Related party transactions

Amounts receivable from/(payable to) related parties at the balance sheet date

	31 March 2024 £'000	31 March 2023 Restated £'000	31 March 2022 Restated £'000
Loans to related parties	**259,006**	243,660	229,163
Loans from related parties	**(44,464)**	(41,257)	(42,366)
	214,541	202,403	186,797

Movement in loans to related parties in the year are as follows:

	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000
Interest income	**15,860**	7,090	3,565
Increase in loans to related parties	**(24,515)**	(19,393)	(16,241)
Intercompany dividends received	**24,000**	26,800	27,000
	15,345	14,497	14,324

Of the increase in loans to related parties, £5,525,000 (2023: £3,900,000) was cash funded to XPS Pensions Group plc. The rest of the movements were non-cash.

Movement in loans from related parties in the year are as follows:

	31 March 2024 £'000	31 March 2023 £'000	31 March 2022 £'000
Interest expense	**(2,684)**	(1,295)	(690)
(Increase)/decrease in loans from related parties	**(523)**	2,404	(2,232)
	(3,207)	1,109	(2,922)

All of the increase in loans from related parties in the current and the prior year were non-cash movements.

All transactions with related parties are made in the ordinary course of business and balances outstanding at the reporting date are unsecured. Loans are repayable on demand and accrue interest at a rate in line with the Group's bank borrowing rate. 6.50% was applied in the year (2023: 3.96%). All related parties are part of XPS Pensions Group.

15 Ultimate controlling party

The Directors do not consider that there is an ultimate controlling party.