

**MAXIMUS UK SERVICES LIMITED**

**(Formerly known as THE CENTRE FOR HEALTH AND DISABILITY  
ASSESSMENTS LIMITED)**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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**MAXIMUS UK SERVICES LIMITED**

**COMPANY INFORMATION**

<b>Directors</b>	P A Williams M Batty J Farren G Parry (appointed 6 February 2020)
<b>Registered number</b>	09072343
<b>Registered office</b>	Ash House The Broyle Ringmer Lewes East Sussex BN8 5NN
<b>Independent auditor</b>	Ernst & Young LLP The Paragon Counterslip Bristol BS1 6BX

# **MAXIMUS UK SERVICES LIMITED**

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## **MAXIMUS UK SERVICES LIMITED**

### **STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **Introduction**

The Directors present their Strategic Report for the year ended 30 September 2019.

#### **Principal activity and review of business**

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

The original contract expired on 28 February 2018, but in September 2017 the Company agreed with DWP to extend the contract by another two years to February 2020. Furthermore in March 2019 the UK Government announced its intention to further extend the contract to July 2021 as part of its transition programme to integrate assessment services. This extension was signed in August 2019. The contract is a hybrid contract with fixed fee, cost reimbursable and performance based elements.

This report covers part of the fourth and fifth year of the contract given the contract year spans from 1 March to 28 February. The Company performed exceptionally well during the current reporting period, having gained experience, knowledge and confidence in the market it operates and ended the year with an operating profit margin of 14.7% (2018 period: 16.8%).

On 3 October 2019, the Company changed its name to MAXIMUS UK Services Limited.

On 1 April 2020, the company was part of a reorganisation of the MAXIMUS UK group of companies, and the trade, assets and liabilities of the employment, skills and disability businesses of Remploy and MAXIMUS People Services were transferred to the Company to create an enlarged legal entity which will continue to deliver these existing services, and invest in new opportunities in current and emerging markets.

The Covid-19 pandemic in 2020 has had a significant impact on the business, with face to face assessments being suspended by the DWP from March 2020. However government commissioners have stepped in with a revised commercial model and payment terms until at least August 2020, which although delivering a significantly reduced margin over that period, does ensure that the Company retains adequate cashflow over the period to operate comfortably within its banking facilities, and will still be in a position to deliver these strategically key services to the UK Government after the pandemic when demand for those services are expected to be high.

## MAXIMUS UK SERVICES LIMITED

### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### Financial and other key performance indicators

At the end of the year, net assets totalled £30,100,063 (2018: £23,280,497).

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

	Year ended 30 September 2019	Year ended 30 September 2018
Turnover £	159,367,960	158,619,208
Operating profit £	23,367,050	26,724,852
Operating profit margin %	14.7%	16.8%
Net assets £	30,100,063	23,280,497

The Company has continued to remain focused on improving the customer experience by working in partnership with stakeholders. Retention and recruitment levels of health care professionals remains a priority. The Company has implemented various measures to improve productivity and encourage greater workforce mobility, to ensure operational performance remained on track.

#### Principal risks and uncertainties

The Company is reliant upon a single customer.

The contract has a range of service levels which can attract service credits in the event of the Company not meeting those service levels. Some were imposed during the period under review, and we anticipate further imposition for the next financial year, but these are offset by cost reductions which we expect to continue.

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

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

The Company is meeting most of its contractual requirements, service credits have reduced significantly compared to prior years and overall the company continues to trade more profitably.

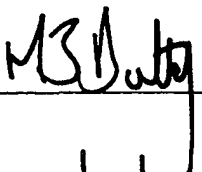
Based upon post balance sheet performance, the Company does not expect to incur any negative 'gainshare' costs and expects service credit refunds as part of the contract year 5 annual true up exercise. For contract years 5, 6 and 7, there are agreed contract changes which mean we would not expect the level of operating profit to remain as high as reported this year.

The Covid-19 pandemic has resulted in the suspension of face to face assessments, and government commissioners have stepped in with a revised payment model to support providers until at least August 2020. The risk of commissioners changing or discontinuing this approach beyond that date is considered remote, as the services are considered to be of strategic importance to the government and will be in high demand once the pandemic is over.

**MAXIMUS UK SERVICES LIMITED**

**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

  
\_\_\_\_\_  
M Batty  
Director  
Date: 1/7/20

## **MAXIMUS UK SERVICES LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

The Directors present their report and the for the year ended 30 September 2019.

#### **Results and dividends**

The profit for the year, after taxation, amounted to £18,979,420 (2018 - £21,659,695).

Dividends of £12,159,854, amounting to £60,496 per ordinary share, were paid during the year (2018 : dividends of £ 18,100,000 ).

Dividends of £14,600,000 were authorised and paid on 1 April 2020.

#### **Directors**

The current Directors are listed on the 'Company Information' page.

The Directors who served during the year were:

P A Williams  
M Batty  
J Farren

#### **Future developments**

Assessments under the Health and Disability Assessment contract awarded by the Department for Work and Pensions (DWP) which began on 1 March 2015, continued to be delivered during the year. The option to extend the term of the contract by a period of two years through to 29 February 2020 was exercised and agreed with the DWP in September 2017, with a further extension to July 2021 being announced by the UK Government in March 2019. The business continues to focus on delivering its contractual obligations on volume and quality during the full contractual term.

As a result of the ongoing Covid-19 pandemic, face to face assessments are currently suspended as described in the Strategic Report, but some file based assessments and redeployment of staff roles to the NHS and DWP are taking place under a revised commercial and payment model that is currently in place until at least August 2020.

On 1 April 2020, under a reorganisation of the MAXIMUS UK group of companies, the employment, skills and disability businesses of Remploy and MAXIMUS People Services were transferred to the Company.

#### **Employee involvement**

The Company recognises the importance of its employees and is committed to effective two-way communication and consultation.

During the year, the Company continued to provide employees with information about the Company and its group via newsletters, websites and regular announcements.

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

#### **Disabled employees**

It is the Company's policy that people with disabilities should have full and fair consideration for all vacancies and training needs. The Company is committed to interview those people with disabilities who fulfil the minimum criteria, and also endeavour to retain employees in the workforce if they become disabled during employment. The Company will actively retrain and adjust their environment where possible to allow them to maximise their potential.

## **MAXIMUS UK SERVICES LIMITED**

### **DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **Directors' indemnities**

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

#### **Going concern**

In accordance with their responsibilities, the Directors have reviewed the cash and other resources at the disposal of the business, together with budgets for 2019/20 and through to the end of the contract period, now extended to July 2021.

The financial statements have been prepared on a going concern basis. The Directors have prepared projections of cash flows to the end of June 2021. These projections have been prepared using assumptions that the Directors consider appropriate to the Company's current financial position with regards to future revenues and costs. The Company has considered economic and political factors including the impact of Covid-19. Face to face assessments are currently suspended on the Health Assessment Advisory Service (HAAS) and revised commercial arrangements have been negotiated with the DWP to reflect the changes to the service.

The forecast to the end of June 2021 shows a positive cash balance throughout the forecast period and adequate headroom to cover any reasonable downside risk in the forecast. Furthermore, the Company has access to additional funding from the Maximus UK Group Credit facility of £10m in place with HSBC. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future.

#### **Matters covered in the strategic report**

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

#### **Disclosure of information to auditor**

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

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



## MAXIMUS UK SERVICES LIMITED

### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### Post balance sheet events

On 1 April 2020, there was a reorganisation of the Companies in the MAXIMUS UK group. Under this reorganisation, the Company completed the following agreements on that date:

- Acquisition of the entire share capital of Remploy Limited and MAXIMUS HHS Holdings Limited from its parent, MAXIMUS Companies Ltd, in exchange for the issue of 799 ordinary shares.
- The trade, assets and assumed liabilities of Remploy Limited and MAXIMUS People Services Ltd were transferred to the Company under trade and asset agreements at book value, with the balance of consideration being settled in cash.

A dividend of £14.6m was paid on 1 April 2020.

The impact of the Covid-19 pandemic in 2020 and the mitigating actions taken by the Company and its commissioners are described within note 2.3 - Basis of Preparation - Going Concern. The financial impact is considered to be a non-adjusting post balance sheet event at 30 September 2019 as the first cases in China were not reported until December 2019 and the World Health Organisation did not declare the global health emergency until January 2020.

#### Auditor

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

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

  
\_\_\_\_\_  
M Batty  
Director

Date:

1/7/20

## **MAXIMUS UK SERVICES LIMITED**

### **DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

### **Opinion**

We have audited the financial statements of MAXIMUS UK Services Limited for the year ended 30 September 2019, which comprise the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 28, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

### **Emphasis of matter - effects of COVID-19**

We draw attention to notes 2.3 and 27 of the financial statements, which describe the financial and operational consequences the Company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

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

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

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

### **Other information**

The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The Directors are responsible for the other information.

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

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

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

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

### **Matters on which we are required to report by exception**

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

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

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

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

**Auditors' responsibilities for the audit of the financial statements**

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

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

**Use of our report**

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



Jane Barwell (Senior Statutory Auditor)

for and on behalf of  
**Ernst & Young LLP**

Statutory Auditor

The Paragon  
Counterslip  
Bristol  
BS1 6BX

Date: 6 July 2020

**MAXIMUS UK SERVICES LIMITED**

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
Turnover	4	159,367,960	158,619,208
Cost of sales		(117,637,634)	(114,818,908)
<b>Gross profit</b>		<b>41,730,326</b>	<b>43,800,300</b>
Administrative expenses		(18,363,276)	(17,075,448)
<b>Operating profit</b>	5	<b>23,367,050</b>	<b>26,724,852</b>
Interest receivable and similar income	9	109,455	49,307
Interest payable and similar charges	10	(3,015)	(3,057)
<b>Profit before tax</b>		<b>23,473,490</b>	<b>26,771,102</b>
Tax on profit	11	(4,494,070)	(5,111,407)
<b>Total comprehensive income for the year</b>		<b>18,979,420</b>	<b>21,659,695</b>

There were no recognised gains and losses for 2019 or 2018 other than those included in the statement of comprehensive income.


**MAXIMUS UK SERVICES LIMITED**  
**REGISTERED NUMBER: 09072343**

**BALANCE SHEET**  
**AS AT 30 SEPTEMBER 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Intangible assets	13	112,240	381,621
Tangible assets	14	156,791	487,076
		<u>269,031</u>	<u>868,697</u>
<b>Current assets</b>			
Debtors	15	36,690,637	35,110,953
Cash at bank and in hand		10,391,697	9,953,408
		<u>47,082,334</u>	<u>45,064,361</u>
Creditors: amounts falling due within one year	16	(17,078,805)	(21,300,406)
<b>Net current assets</b>		<u>30,003,529</u>	<u>23,763,955</u>
<b>Total assets less current liabilities</b>		<u>30,272,560</u>	<u>24,632,652</u>
Creditors: amounts falling due after more than one year	17	-	(1,178,175)
		<u>30,272,560</u>	<u>23,454,477</u>
<b>Provisions for liabilities</b>	19	(172,497)	(173,980)
<b>Net assets</b>		<u><u>30,100,063</u></u>	<u><u>23,280,497</u></u>
<b>Shareholders' equity</b>			
Called up share capital	20	201	201
Share premium account	21	1,591,044	1,591,044
Profit and loss account	21	28,508,818	21,689,252
<b>Total equity</b>		<u><u>30,100,063</u></u>	<u><u>23,280,497</u></u>

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

M Batty  
Director  
Date:

  
1/7/20

The notes on pages 14 to 30 form part of these financial statements.

**MAXIMUS UK SERVICES LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 October 2017</b>	201	1,591,044	18,129,557	19,720,802
Profit for the year	-	-	21,659,695	21,659,695
Dividends (note 12)	-	-	(18,100,000)	(18,100,000)
<b>At 1 October 2018</b>	201	1,591,044	21,689,252	23,280,497
Profit for the year	-	-	18,979,420	18,979,420
Dividends (note 12)	-	-	(12,159,854)	(12,159,854)
<b>At 30 September 2019</b>	201	1,591,044	28,508,818	30,100,063

The notes on pages 14 to 30 form part of these financial statements.



## **MAXIMUS UK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

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

The financial statements of MAXIMUS UK Services Limited (the "Company") for the year ended 30 September 2019 were authorised for issue by the Directors on 1 July 2020 and the balance sheet was signed on that date. The Company is a private company limited by shares, incorporated and domiciled in England and Wales. The registered office is Ash House, The Broyle, Ringmer, Lewes, East Sussex, BN8 5NN.

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

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

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

##### **2.2 Financial reporting standard 101 - reduced disclosure exemptions**

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - paragraph 79(a)(iv) of IAS 1;
  - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - paragraph 118(e) of IAS 38 Intangible Assets;
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member

## **MAXIMUS UK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.3 Going concern**

In accordance with their responsibilities, the Directors have reviewed the cash and other resources at the disposal of the business, together with budgets for 2019/20 and through to the end of the contract period, now extended to July 2021.

The financial statements have been prepared on a going concern basis. The Directors have prepared projections of cash flows to the end of June 2021. These projections have been prepared using assumptions that the Directors consider appropriate to the Company's current financial position with regards to future revenues and costs. The Company has considered economic and political factors including the impact of Covid-19. Face to face assessments are currently suspended on the Health Assessment Advisory Service (HAAS) and revised commercial arrangements have been negotiated with the DWP to reflect the changes to the service.

The forecast to the end of June 2021 shows a positive cash balance throughout the forecast period and adequate headroom to cover any reasonable downside risk in the forecast. Furthermore, the Company has access to additional funding from the Maximus UK Group Credit facility of £10m in place with HSBC. After making enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future.

##### **2.4 Impact of new international reporting standards, amendments and interpretations**

###### **IFRS 9**

IFRS9 Financial Instruments became effective for accounting periods beginning on or after 1 January 2018. IFRS9 introduces new requirements for the classification and measurement of financial assets and liabilities, impairment of financial assets and general hedge accounting.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 9.

###### **IFRS 15**

IFRS15 Revenue from Contracts with Customers became effective for accounting periods beginning on or after 1 January 2018, which establishes a single comprehensive framework which sets out a 5 step model to determine the basis for revenue recognition. The core principle of IFRS15 is that an entity recognises revenue to depict the promised transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

There have been no material impacts on the Company's financial statements as a result of adopting IFRS 15 from 1 October 2018.

###### **Accounting standards issued but not yet adopted**

IFRS15 - Leases, and IFRIC23 - Uncertainty over Income Tax Treatments, are both effective for accounting periods beginning on or after 1 January 2019.

## MAXIMUS UK SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

## 2. Accounting policies (continued)

### 2.5 Revenue recognition

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

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

#### Rendering of services

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

### 2.6 Intangible assets

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

The estimated useful lives range as follows:

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

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

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

Depreciation is provided on the following basis:

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

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

## **MAXIMUS UK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.8 Impairment of fixed assets**

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

##### **2.9 Debtors**

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

##### **2.10 Cash and cash equivalents**

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

##### **2.11 Financial instruments**

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

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

###### **Financial assets**

The Company classifies all of its financial assets as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Company will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the Statement of Comprehensive Income. On confirmation that the trade receivable will not be collected, the gross carrying value of the asset is written off against the associated provision.

## **MAXIMUS UK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.11 Financial instruments (continued)**

###### **Financial liabilities**

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

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

##### **2.12 Creditors**

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

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

##### **2.13 Foreign currency translation**

###### **Functional and presentation currency**

The Company's functional and presentational currency is GBP.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Statement of Comprehensive Income within 'finance income or costs'. All other foreign exchange gains and losses are presented in the Statement of Comprehensive Income within 'other operating income'.

##### **2.14 Finance costs**

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

## **MAXIMUS UK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.15 Share based payments**

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

##### **2.16 Dividends**

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

##### **2.17 Operating leases**

Rentals paid under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

##### **2.18 Pensions**

###### **Defined contribution pension scheme**

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

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

###### **Multi-employer pension plan**

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

##### **2.19 Provisions for liabilities**

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

Provisions are charged as an expense to the Statement of Comprehensive Income in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

## **MAXIMUS UK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **2. Accounting policies (continued)**

##### **2.20 Current and deferred taxation**

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

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

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

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

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

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

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

##### **Provision for dilapidations**

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

#### **4. Turnover**

The whole of the turnover is attributable to the delivery of the Health and Disability Assessment Service on behalf of the Department for Work and Pensions.

All turnover arose within the United Kingdom.

**MAXIMUS UK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**5. Operating profit**

The operating profit is stated after charging/(crediting):

	2019 £	2018 £
Depreciation of tangible fixed assets	365,299	356,444
Loss on disposal of fixed assets	-	120,201
Amortisation of intangible assets	269,381	286,903
Foreign exchange differences	94	(805)
Operating lease rentals - property	775,612	807,360
Operating lease payments - other equipment	-	2,856
	<u>                    </u>	<u>                    </u>

**6. Auditor's remuneration**

The Company paid the following amounts to its auditor in respect of the audit of the financial statements:

	2019 £	2018 £
Fees for the audit of the Company	76,904	57,464
	<u>                    </u>	<u>                    </u>

There were no payments for non - audit services during the year (2018: £nil)

**7. Employees**

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

	2019 £	2018 £
Wages and salaries	94,505,046	92,008,174
Social security costs	9,767,133	9,739,608
Pension costs	4,555,475	3,536,979
	<u>                    </u>	<u>                    </u>
	<u>108,827,654</u>	<u>105,284,761</u>

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

	2019 No.	2018 No.
Clinical	1,298	1,209
Non - clinical	1,072	1,064
	<u>                    </u>	<u>                    </u>
	<u>2,370</u>	<u>2,273</u>



**MAXIMUS UK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**8. Directors' remuneration**

	<b>2019 £</b>	<b>2018 £</b>
Directors' emoluments	<b>490,966</b>	370,010
Company contributions to defined contribution pension schemes	<b>20,281</b>	22,743
	<b><u>511,247</u></b>	<b><u>392,753</u></b>

During the year retirement benefits were accruing to three Directors (2018 - four Directors) in respect of defined contribution pension schemes.

The highest paid Director received remuneration of £269,637 (2018 - £166,710).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid Director amounted to £7,892 (2018 - £9,481).

During the year, three Directors, including the highest paid Director, were granted Restricted Stock Units under the MAXIMUS Inc. long term incentive scheme (2018 - three Directors). Awards were vested during the year for three Directors, including the highest paid Director (2018 - three Directors).

**9. Interest receivable**

	<b>2019 £</b>	<b>2018 £</b>
Interest receivable from group companies	<b><u>109,455</u></b>	<b><u>49,307</u></b>

**10. Interest payable and similar expenses**

	<b>2019 £</b>	<b>2018 £</b>
Other interest payable	<b><u>3,015</u></b>	<b><u>3,057</u></b>

**MAXIMUS UK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**11. Taxation**

	2019 £	2018 £
<b>Corporation tax</b>		
Current tax on profit for the year	4,552,116	5,193,286
<b>Deferred tax</b>		
Origination and reversal of timing differences	(72,128)	(80,848)
Adjustment in respect of prior period	-	(1,031)
Changes to tax rates	14,082	-
<b>Total deferred tax</b>	<u>(58,046)</u>	<u>(81,879)</u>
<b>Taxation on profit on ordinary activities</b>	<u>4,494,070</u>	<u>5,111,407</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is higher than (2018 - higher than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	23,473,490	26,771,102
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	4,459,963	5,086,510
<b>Effects of:</b>		
Expenses not deductible for tax purposes	20,025	25,928
Adjustments to tax charge in respect of prior periods	-	(1,031)
Tax rate changes	14,082	-
<b>Total tax charge for the year</b>	<u>4,494,070</u>	<u>5,111,407</u>

**Factors that may affect future tax charges**

The reduction in the main rate of UK Corporation Tax from the current rate of 19% to 17% from 1 April 2020 was enacted in September 2016, although this reduction was cancelled in the March 2020 Budget. Deferred Tax has been provided at the rates enacted at the balance sheet date which will prevail in the periods when the timing differences are expected to reverse.

**MAXIMUS UK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**12. Dividends**

	2019 £	2018 £
Paid - £60,497 per ordinary share (2018: £90,050 per ordinary share)	<u><u>12,159,854</u></u>	<u><u>18,100,000</u></u>

**13. Intangible assets**

	Computer software £
<b>Cost</b>	
At 1 October 2018	1,221,036
At 30 September 2019	<u><u>1,221,036</u></u>
<b>Amortisation</b>	
At 1 October 2018	839,415
Charge for the year	269,381
At 30 September 2019	<u><u>1,108,796</u></u>
<b>Net book value</b>	
At 30 September 2019	<u><u>112,240</u></u>
At 30 September 2018	<u><u>381,621</u></u>

**MAXIMUS UK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**14. Tangible fixed assets**

	Short-term leasehold property £	Fixtures and fittings £	Computer equipment £	Total £
<b>Cost or valuation</b>				
At 1 October 2018	627,442	147,934	581,866	1,357,242
Additions	25,725	6,025	3,639	35,389
Disposals	-	-	(1,322)	(1,322)
Transfers between classes	-	(9,840)	9,840	-
At 30 September 2019	653,167	144,119	594,023	1,391,309
<b>Depreciation</b>				
At 1 October 2018	383,653	97,965	388,548	870,166
Charge for the year on owned assets	186,858	37,655	140,786	365,299
Disposals	-	-	(947)	(947)
Transfers between classes	-	(7,052)	7,052	-
At 30 September 2019	570,511	128,568	535,439	1,234,518
<b>Net book value</b>				
At 30 September 2019	82,656	15,551	58,584	156,791
At 30 September 2018	243,789	49,969	193,318	487,076

**MAXIMUS UK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**15. Debtors**

	2019 £	2018 £
Trade debtors	27,944,017	26,717,779
Amounts owed by group undertakings	5,916,522	5,122,040
Other debtors	249,396	301,292
Deferred tax asset (note 18)	198,716	140,670
Prepayments and accrued income	2,381,986	2,829,172
	<u>36,690,637</u>	<u>35,110,953</u>

Amounts owed by group undertakings at 30 September 2019 include a loan due from another group company of £5,708,762 (30 September 2018: £4,899,308). This loan is subject to an agreement providing for interest payable semi annually in arrears at a rate of LIBOR plus 1%. A principal sum of up to £5,000,000 was originally made available under this agreement up to 30 June 2019, with repayment now due on demand. Other amounts owed by group undertakings comprise current balances arising from trade that are repayable in the short term under normal trade terms.

**16. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Trade creditors	173,788	1,349,327
Amounts owed to group undertakings	2,275,389	1,034,207
Other taxation and social security	6,634,180	6,723,972
Other creditors	1,016,041	925,381
Corporation tax	1,130,756	2,590,686
Accruals and deferred income	5,848,651	8,676,833
	<u>17,078,805</u>	<u>21,300,406</u>

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

**17. Creditors: Amounts falling due after more than one year**

	2019 £	2018 £
Accruals and deferred income	-	1,178,175
	<u>-</u>	<u>1,178,175</u>

**MAXIMUS UK SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 SEPTEMBER 2019**

**18. Deferred taxation**

	2019 £	2018 £
At beginning of year	140,670	58,791
Credited to profit or loss (note 11)	58,046	81,879
<b>At end of year</b>	<b>198,716</b>	<b>140,670</b>

The deferred tax asset is made up as follows:

	2019 £	2018 £
Other timing differences	198,716	140,670
	<b>198,716</b>	<b>140,670</b>

Deferred tax assets and liabilities are offset for financial reporting purposes where the Company has a legally enforceable right to do so. The deferred tax asset is substantially recoverable within 1 year.

**19. Provisions**

	Dilapidations £
At 1 October 2018	173,980
Charged to profit or loss	3,941
Utilised in year	(5,424)
<b>At 30 September 2019</b>	<b>172,497</b>

**Dilapidations**

Provision is made for the cost of making good leased properties on the expiry of the lease, as required under the terms of the leases. The provision is expected to be utilised at the end of the lease terms for each of the individual properties.

**20. Share capital**

	2019 £	2018 £
<b>Allotted, called up and fully paid</b>		
201 (2018 - 201) Ordinary shares of £1.00 each	201	201

## MAXIMUS UK SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 21. Reserves

The Company's reserve balances are set out in the Statement of Changes in Equity on page 13.

##### Share premium account

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

##### Profit and loss account

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

#### 22. Share based payments

The ultimate parent of the Company, MAXIMUS Inc., operates the MAXIMUS Inc. 1997 Equity Incentive Plan, under which certain senior employees of its subsidiaries are awarded Restricted Stock Units (RSUs). Under this scheme, shares awarded to individuals generally vest over a 5 year period, subject to specific performance criteria being met. The fair value of the cost of these awards is determined by using the closing market value of common shares in MAXIMUS Inc. at the grant date.

The cost of these awards is met by the Company, being recognised over the vesting period of each award. The cost recognised in respect of these RSUs during the year was £50,754 (2018: £60,854).

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

	2019	2018
Outstanding at the start of the year	3,457	3,359
Granted during the year	2,851	1,707
Vested during the year	(1,605)	(1,173)
Cancelled during the year	(258)	(436)
<b>Outstanding at the end of the year</b>	<b>4,445</b>	<b>3,457</b>

Awards are vested on 30 September each year end. The closing market value of MAXIMUS Inc. shares which were vested at 30 September 2019 was USD \$77.26 (30 September 2018: USD \$65.06). The weighted average market value of share awards that were granted in the year was USD \$67.23 (2018: \$63.62). The vesting periods of the awards outstanding at 30 September 2019 range between 30 September 2020 and 30 September 2023.

## MAXIMUS UK SERVICES LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019

#### 23. Pension commitments

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

Under the defined contribution pension scheme, the pension cost charge for the year was £3,860,115 (2018: £3,324,354), which represents contributions payable by the Company to the scheme. Contributions totalling £735,861 (30 September 2018: £594,497) were payable to the scheme at the balance sheet date and are included within other creditors.

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

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

Pension contributions payable by the company to the PCSPS during the year amounted to £695,360 (2018: £212,625). Contributions totalling £66,198 (30 September 2018: £60,780) were payable to the scheme at the balance sheet date and are included within other creditors.

#### 24. Commitments under operating leases

At 30 September 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
<b>Land and Buildings</b>		
Due not later than 1 year	595,806	468,483
Due later than 1 year and not later than 5 years	47,590	126,495
	<u>643,396</u>	<u>594,978</u>

#### Operating lease agreements where the Company is a lessee

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

#### 25. Other financial commitments

The Company is party to a cross guarantee to secure a net Sterling bank facility of £10,000,000 that has been made available by the Company's bank, HSBC, to its UK parent MAXIMUS Companies Ltd, and certain subsidiaries. At 30 September 2019, there was no net utilisation of this facility (30 September 2018: £Nil).



## **MAXIMUS UK SERVICES LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2019**

#### **26. Related party transactions**

During the year, the Company was recharged costs totalling £23,497 (2018: £45,045) from Remploy Limited. A balance of £1,329 was due to Remploy Limited at 30 September 2019 (30 September 2018: £1,133). The company recharged costs of £60,271 to Remploy Limited during the year (2018: £11,517). A balance of £8,899 was due from Remploy Limited at 30 September 2019 (30 September 2018: £ 3,322).

Remploy Limited is a related party as it is a fellow subsidiary which was 80% owned by MAXIMUS Companies Ltd until 5 September 2019, and 100% owned thereafter.

#### **27. Post balance sheet events**

On 1 April 2020, there was a reorganisation of the Companies in the MAXIMUS UK group. Under this reorganisation, the Company completed the following agreements on that date:

- Acquisition of the entire share capital of Remploy Limited and MAXIMUS HHS Holdings Limited from its parent, MAXIMUS Companies Ltd, in exchange for the issue of 799 ordinary shares.
- The trade, assets and assumed liabilities of Remploy Limited and MAXIMUS People Services Ltd were transferred to the Company under trade and asset agreements at book value, with the balance of consideration being settled in cash.

A dividend of £14.6m was authorised and paid on 1 April 2020.

The impact of the Covid-19 pandemic in 2020 and the mitigating actions taken by the Company and its commissioners is described within note 2.3 - Basis of Preparation - Going Concern. The financial impact is considered to be a non-adjusting post balance sheet event at 30 September 2019 as the first cases in China were not reported until December 2019 and the World Health Organisation did not declare the global health emergency until January 2020.

#### **28. Ultimate group undertaking**

The Company's ultimate parent undertaking is MAXIMUS Inc., a company incorporated in the United States of America and listed on the New York Stock Exchange. The parent company accounts are available from MAXIMUS Inc., 1891 Metro Center Drive, Reston, VA 20190, USA. The Company is included within these group accounts.

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