

**Company Registration No. 00540144**

**Edenred (UK Group) Limited**

**Annual Report and Financial Statements**

**For the year ended 31 December 2020**



# **Edenred (UK Group) Limited**

## **Annual Report and financial statements for the year ended 31 December 2020**

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# **Edenred (UK Group) Limited**

## **Annual Report and financial statements for the year ended 31 December 2020**

### **Officers and professional advisers**

#### **Directors**

A Erulin  
P Langlois  
P Relland-Bernard  
J F M Vaucanson  
S Zammito (O Soula resigned on March 31<sup>st</sup>, 2020)

#### **Company Secretary**

P Langlois

#### **Registered Office**

50 Vauxhall Bridge Road  
London  
SW1V 2RS  
United Kingdom

#### **Bankers**

HSBC  
62-76 Park Street  
London  
SE1 9DZ  
United Kingdom

#### **Solicitors**

Lawrence Graham  
190 The Strand  
London  
WC2R 13N  
United Kingdom

CMS Cameron McKenna LLP  
Mitre House  
160 Aldersgate Street  
London  
EC1A 4DD  
United Kingdom

#### **Auditor**

Ernst & Young LLP  
1 More London Place  
London  
SE1 2AF  
United Kingdom

# Edenred (UK Group) Limited

## Strategic report

The directors, in preparing this strategic report, have complied with section 414C of the Companies Act 2006.

### Principal activities

The principal trading activity of the company is the provision of Employee Benefits and Incentive & Motivation digital solutions to corporate organisations, local and national government agencies and the public sector.

These services, dedicated mainly to Human Resources and Sales & Marketing directors, bring beneficial effects to employees, employers and their customers or channel partners.

### Employee Relationship Management platforms dedicated to Human Resources directors:

- **Flexible Benefits platform** enables employees to select the benefits that work best for them via their employer branded online platform managed by Edenred. It gives access to multiple employee benefits such as Childcare Vouchers, Eyecare vouchers, Ticket Restaurant, Employee Savings and Recognition schemes, Incentive Award cards, Salary sacrifice solutions such as Cycle to Work, and Total Reward Statements.
- **Employee Savings platform** is an ideal employee scheme enabling employees to save money on day-to-day and lifestyle shopping, through an unrivalled range of retail eGift cards and online offers, accessible via a mobile app and a web platform that can be branded.
- **Connect Recognition platform** is designed specifically for the creation, management, communication and monitoring of Employee recognition schemes.  
**Compliments Select online reward platform** allows employees to select the reward Single Store eGift or gift card of their choice up to the value of reward issued by their employer.
- **Incentive Award Card** is a prepaid reward card that can be used by an employee in any of the 38 million locations worldwide as part of the MasterCard acceptance network.
- **Single Store eGift and gift cards** provide clients with a selection of the leading retailer own digital vouchers, simple to implement, straightforward to administer and easy to use for their employees.
- **Ticket Restaurant cards** are a flexible lunch solution offered by employers to their employees. They can be redeemed in a wide range of food outlets such as supermarkets, sandwich shops, cafe outlets and restaurants nationwide across the UK.
- **Cycle to Work** is a salary sacrifice scheme delivered in partnership with leading cycle retailers providing employers and employees with savings, whilst also addressing health and wellbeing benefits.
- **Total Reward Statements** are a personalised statement of the reward and benefits received by an employee, provided online, and in customised printed documentation.
- **Other Solutions** include leave and absence management, e-payslips, benefit management and gym membership.

### Incentives and Motivation platforms dedicated to Sales & Marketing directors to manage employees, customers and channel partners relationships:

A range of digital platforms and solutions to enable our clients to motivate and reward performance improvement, and behavioural change, with their channel partners and customers. Solutions include:

- **Compliments Select online reward platform;**
- **Connect Incentive platform**, designed specifically for the creation, management, communication and monitoring of Incentive programmes;
- **Prepaid cards programs:**
  - o **Incentive Award Card,**
  - o **Compliments Card** is a market leading prepaid card that can be used online and on the high street in a wide network of leading retailers;
- **Savings platforms** designed for third-party membership schemes enable our clients' members to save money on day-to-day and lifestyle shopping, through an unrivalled range of retail eGift cards and online offers, accessible via a white-label mobile app and web platform. It is a good loyalty tool that reinforces stickiness of our clients' brand and customer base.

# Edenred (UK Group) Limited

## Strategic report (continued)

### Business review and future developments

The Directors are pleased to report that in 2020, despite a challenging market environment linked to Brexit and Covid crisis, Edenred (UK Group) Limited and its subsidiaries have been able to produce a good performance, generating profitable growth. At the end of 2020, the company benefits from a unique network of 17,000 active clients, both in the corporate and public sectors, willing to enhance the employee experience of more than 4 million beneficiaries, able to spend their rewards in a wide range of more than 42,000 UK-based partner merchants.

In 2020, the good performance of Edenred UK's platforms and the acceleration of digitalization enabled us to generate a turnover of £23.2 million (£11.4 million in 2019). The Profit for the year amounted to £13.9 million vs £10.8 million in 2019.

Looking ahead, thanks to technology platform investment the company will continue to deliver on a daily basis, services to several million beneficiaries, employees and customers of some of the largest employers in the United Kingdom but also to thousands of small and medium-sized enterprises. This is possible due to an extensive network of partners and affiliates, accepting the mobile and web solutions, eGift, gift and other prepaid cards or paper vouchers implemented by the company since 1962.

While growing, the company strategy remains focused on further developing the engagement of its employees as well as the quality of its services, for the benefits of its Merchants, Users and Clients (MUC) audience.

With a very strong financial position, as confirmed by the best Dun & Bradstreet rating achievable, 5A, and a net assets position of more than £74 million, the directors believe the Group is in an excellent position to continue its growth strategy.

The company is a subsidiary of Edenred SA, a public listed company incorporated in France, trading on the Euronext Paris stock exchange and included in the following indices: CAC Next 20, FTSE4Good and MSCI Europe, with a market capitalization of 11.7 billion euros at the end of 2020. The company operates as part of the Edenred SA group's European division. The company acts as the investment holding company for Edenred SA group's interests in the United Kingdom.

The Group financial statements can be obtained from: <http://www.edenred.com/en>

# Edenred (UK Group) Limited

## Strategic report (continued)

### Principal risks and uncertainties

Competitive pressure in the UK is a continuing risk for the company, which could result in losing some accounts to its competitors. The company manages this risk by investing constantly in product and technology innovation, providing added value services to its customers, having fast response times in handling customer queries, and by maintaining strong relationships with them. In recent years the group has shown its competitiveness by gaining clients and market share, particularly on the employee management relationship market and on the partner/customer relationship management platforms, on which Edenred UK benefits from a large panel of digital bespoke offerings.

Edenred (UK Group) is the parent company of Childcare Voucher Limited, leader of its market but for which its industry has experienced a change in regulation since the end of 2018, with the launch by the UK government of Tax Free Childcare, a scheme operated by National Savings and Investments (NS&I), a government agency, in partnership with HM Revenue & Customs. Since October 2018, no new entrant being allowed to join the Employer-Supported Childcare, Edenred UK has observed a mechanical decrease in Childcare Vouchers Gross Turnover. Edenred UK is nonetheless constantly investing to ensure the best quality of service to all the parents and companies still enjoying the Employer-supported Childcare.

The evolution of the activity of Childcare Vouchers Limited led to a large transformation plan for Edenred UK, where investment has been made to ensure a successful business shift to capitalise on digital employee benefits relationship management platforms dedicated to Human Resources directors and partner or customer relationship management platforms dedicated to Sales & Marketing directors.

This transformation plan initiated more than 3 years ago is paying off and enabled Edenred UK to face the global Covid-19 pandemic that started in March 2020 with strong resilience, thanks to its attractive savings or rewards offers distributed via agile digital platforms. Its unique B2B positioning, its highly advanced digitalization rate, its diversified client portfolio and its best in class customer service led to a continued activity growth in 2020 despite the economic slowdown. In 2020, Edenred UK also served multiple public projects initiated by the British Government and subsequently, Local Authorities to support specific citizens, particularly hit by the pandemic, including pupils involved in Free School Meals programs. The national free school meal voucher replacement scheme implemented at the request of the Dept. for Education to provide the parents/carers of the 1.44m children eligible for free school meals with a choice of supermarket vouchers during the period that schools were closed. Latest data released indicates that the number of children eligible for free school meals increased to 1.74m by the end of 2020. This scheme was in operation for a period of 6-months, during which time more than 22,000 schools in England registered with over 92% of the eligible schools proceeding to place orders. Over this period, the equivalent of approximately 128m meals was distributed via the scheme. This was a vast programme, covering 82% of supermarkets in England and independent market research evidenced the satisfaction of both schools and parents, with 93% of schools stating vouchers were a good alternative for delivering food support to families and 90% satisfied with the ease of ordering and speed of the platform at the end of the scheme. Similarly, 91% of parents said that the instructions were easy to follow and the scheme easy to use (91%), with 95% stating the scheme was successful.

In parallel, Edenred UK proceeded to support a number of local authorities in distributing important financial support to vulnerable families, including children eligible for free school meals, via the COVID Winter Grant scheme.

The company's principal financial assets are cash balances and trade and other debtors. The amounts presented in the balance sheet are net of allowances for doubtful debts. The company has no significant concentration of credit risk, with exposure spread over a large number of customers and thanks to a close monitoring of its debtors.

### Directors' statement of responsibilities under section 172 Companies Act 2006

The Directors understand and regularly review their responsibilities under section 172 of the Companies Act 2006. In 2020, key subjects included on going reviews of GDPR compliance and new focus on anti-corruption and wider corporate governance, as part of wider Edenred Group initiatives. The Directors continued to review and evolve employee and customer engagement and satisfaction.

In 2020, the application of GDPR legislation was an important operational subject, planned and monitored by Directors in the monthly Board meetings and specific dedicated meetings. Key actions operated across all stakeholder groups – customers, merchant partners, suppliers and employees.

Beyond GDPR, all Directors participate to regular audit, review and planning of Quality processes, with ISO27001 being an important focus in 2020.

# Edenred (UK Group) Limited

## Strategic report (continued)

### *Employees*

In 2020, employee engagement continued as one of the key levers in the business' three-year strategic plan, Next Frontier. This assumed higher importance during lockdown, with an extensive use of our own Recognition Platform "Connect" to ensure close engagement with people and teams during this challenging period. Edenred UK's top management also introduced specific new measures, such as a monthly all-staff online meeting.

Specific actions on work environment, recognition and local management and team development have been implemented. This action plan is a live process reviewed and discussed by Directors in each Board meeting. Further engagement surveys have taken place in H1 2021.

### *Customers*

Edenred helps its customers retain and connect better with their employees, especially those working parents. This increases engagement, motivation and performance. Edenred UK customers are companies, big and small who operate across the private and public sectors. Childcare Vouchers are still a valued benefit by many working parents helping them juggle the demands of childcare and work.

In Q4 2020, work was undertaken to plan a long-term strategic customer experience management programme – *Being a 10 for the customer/Passion for Customer* with a focus on Net Promoter Score assessment, wider voice of customer intelligence, technology, processes and culture work streams. This programme was launched in Q2 2021 as one of the key transformation levers in the business' three -year strategic plan, putting the customer experience at the core by creating and fostering experiences that are easy, simple, friendly, innovative, responsive, added value, appreciated and winning.

As part of this customer centric programme, we have established key groups to drive forward change across the business with representation from the UK board and key managers who meet bimonthly and monthly respectively to review, plan, brainstorm, act upon opportunities to drive continuous improvement in customer experience and solution innovations. In addition, we recognised the need to better understand the important parts of the customer journey that influence satisfaction and then act accordingly to improve; leveraging 'Voice of Customer Insight' to shape our innovation, digitalisation, technology, processes and culture around our customers.

### *Merchant Partners*

Edenred connects merchant partners with companies and end users to win new customers and drive revenue. It does this through promoting merchant products and content on its digital platforms and acceptance of Edenred prepaid cards in merchants own stores and online

The Edenred UK business could not operate without its merchant partners. All of the Edenred solutions bought by customers and used by their employees and wider user base require a form of merchant network.

In 2020, increased insight drove the need to further develop the marketing solutions available to merchants and recognition of the need for sophisticated data and insight to inform channel and marketing actions.

A new annual and quarterly planning processes was implemented with key merchant partners. In 2020, merchants are to be included in the wider *Passion for Customer* programme as outlined above, to develop the customer and user experience.

Approved by the Board and signed on its behalf by:



J F M Vaucanson  
Director

22<sup>nd</sup> September 2021

# Edenred (UK Group) Limited

## Directors' report

The directors present their Annual Report and their audited financial statements for the year ended 31 December 2020.

The following information is disclosed in the Strategic Report:

- Principal activities
- Business review
- Principal risks and uncertainties
- Future developments

### Dividends and transfers to reserves

The directors authorised a dividend payment of £9,500,000 (2019: £11,000,000). The resulting movement in shareholder's funds is set out in the statement of changes in equity.

### Directors

The directors who served throughout the year, except as noted, are:

A Erulin

P Langlois

P Relland-Bernard

J F M Vaucanson

S Zammito (O Soula resigned on March 31<sup>st</sup>, 2020)

A Seenan (Appointed on 31<sup>st</sup> March 2020 and resigned on 4<sup>th</sup> February 2021)

### Covid-19 response

The Covid-19 health crisis has impacted the economies in UK and around the world. The measures taken to contain the spread of the virus have created substantial disruption for companies in UK, triggering an economic downturn.

Since the first 'Lockdown' in which United Kingdom entered on 23<sup>rd</sup> March 2020, there have been several phases of partial or total reopening of businesses either locally, regionally or at national level, followed by new lockdowns. With more than 70% of the British population now vaccinated, more and more activities are coming back to normal, even though some restrictions remain in place.

Throughout the period from 23<sup>rd</sup> March 2020 to date, Edenred UK implemented homeworking/ remote working for 95% of its employees. We are pleased to confirm that there have been to date no critical illness of staff due to Covid-19, due to our operating model and product offering, no employee lost their job or was placed on the UK Government furlough scheme.

Whilst our office premises remained open during the lockdown phase, thus allowing individuals who could not work from home to continue to work (e.g. Production and Operations teams), today our offices are fully open with freely available PPE in place. There has been an increase in the cleaning and enforced social distancing in line with best practice and UK Government advice.

Since the beginning of the pandemic, Edenred UK has demonstrated its ability to ensure an excellent business continuity thanks to the almost fully digital nature of its' solutions and distribution channels, namely, online or telesales offers of Standalone Employee Benefits, Employee Relationship management platforms dedicated to Human Resources directors, or Employee, Customer and Partner Relationship management platforms dedicated to Sales and Marketing directors. These key digital products have demonstrated robust resilience and our operation has not been impacted by the pandemic.

Edenred continues to sharpen its market strategy, propositions and organisation to compete and perform in the Employee Engagement, customer acquisition and sales channel incentives markets. Each of these markets requires support to stimulate sales, drive performance and engagement as we come through the Covid-19 crisis. Our innovation on platforms, processes, wider digitalisation and focus on sales & marketing efficiency, combined with Passion for Customer orientation ensures we are positioned well to compete and serve these markets in 2021 and beyond.

Our Passion for Customer programme launched in H2 2020 is a key enabler to sustaining our performance over the longer term.

## **Edenred (UK Group) Limited**

### **Directors' report (continued)**

#### **Covid-19 response (continued)**

Edenred was honoured to be selected to administer the Governments Free School Meals Voucher scheme running from April to August 2020. This along with other business wins enabled a sustained business performance in 2020. This scheme has been reactivated from January to March 2021, in addition to local similar public social programs conducted by Local Authorities, therefore enabling Edenred UK to start 2021 with a continued good business performance and enhanced visibility on the UK market.

#### **Going concern**

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report. The company has no external loans and has a track record of generating strong positive cash flows, thanks to its virtuous business model enabling it to generate a negative working capital, with a significant number of Days Payable Outstanding (usage of our products) versus a low number of Days Sales Outstanding. It is expected to continue to generate positive cash flows on its own account for the going concern period ending 30 September 2022. Indeed, the measures taken to counter the spread of the Covid-19 in the UK had an overall positive effect on Edenred UK's activity volume. On the other end, most of our clients and end-users tended to delay the usage of their products due to sanitary constraints and stores or services closures, therefore postponing our partner merchants' reimbursements, which had a favorable impact on the seasonality of working capital. The atypical seasonal differences will be gradually reabsorbed as economic activity recovers.

Even after taking into account behaviours of clients and end-users coming back to normality with the potential ease of Covid restrictions, and after applying stress tests on a sharp reduction of volume and revenue lines versus budget forecasts, Edenred UK will be able to maintain a strong positive cash position.

On this basis the directors concluded it is appropriate to apply the going concern assumption in preparing these financial statements.

The financial operations from our parent company in France remain strong. The net debt / EBITDA ratio of the Edenred SA is 1.9x, stable compared with end-2019, reflecting strong free cash flow generation. On May 6<sup>th</sup>, 2021, Standard & Poor's confirmed the Group's BBB+, i.e. Strong Investment Grade rating, Outlook stable.

#### **Subsequent events**

There is no subsequent event requiring adjustment or disclosure.

#### **Environment**

The company recognises the importance of its environmental responsibilities in accordance with Edenred SA policies.

In 2020, Edenred continued to implement its "People, Planet, Progress" corporate social responsibility policy, which is aimed at improving quality of life, protecting the environment and creating value ethically and responsibly. In addition to tying one of its financing instruments to its CSR performance in 2020, Edenred also made progress during the year on its objectives for 2022 and 2030, despite the pandemic. For example, women now hold 29% of the Group's executive positions, representing an increase of 2 points versus the prior year, for a target of 40% by 2030.

Edenred (UK Group) Limited maintains its ISO 14001:2015 accreditation and continues to monitor environmental objectives and share best practices throughout the Group. The company also has ISO 9001: 2015 accreditation which is an internationally recognized Quality Management System (QMS) standard. In Information Security the company has ISO 27001: 2013 version which is an international standard on how to manage information security. In 2021 it also received Cyber Essentials Plus certification, which is the highest level of certification offered under the Cyber Essentials scheme.

As a socially responsible company Edenred aims to promote responsible principles in its internal practices. It has demonstrated its commitment externally by engaging in a charity partnership, donating to charities, through staff sponsorship in fund raising events, and in volunteering with local environmental groups.

## **Edenred (UK Group) Limited**

### **Directors' report (continued)**

#### **Charitable and political contributions**

During the year the group made charitable donations of £4,860 (2019: £12,105) to associations such as the Royal National Institute of Blind People and children's charities such as Action for Children.

In 2021 Edenred UK established new partnerships with The Felix Project and City Harvest. Edenred UK will be supporting both of these food redistribution charities in their work to redistribute surplus food from the food industry that cannot be sold and would otherwise go to waste. This food is used to help tackle food poverty by reaching vulnerable people that simply cannot afford to buy regular, healthy food. These three-year partnerships will combine direct donations with employee volunteering. Up to June 2021 the total sum of the donation was £35k.

#### **Auditor**

Each of the persons who is a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

The Company has appointed Ernst & Young LLP as auditor for the financial year in accordance with the terms of their appointment and they will be automatically reappointed, as per section 487 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



J F M Vaucanson  
Director

22<sup>nd</sup> September 2021

## **Edenred (UK Group) Limited**

### **Directors' responsibilities statement**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 'Reduced Disclosure Framework'. Under Company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and 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 Edenred (UK Group) Limited**

### **Opinion**

We have audited the financial statements of Edenred (UK Group) Limited for the year ended 31 December 2020 which comprise the Profit and Loss Account, the Statement of comprehensive income, the Balance Sheet, the Statement of changes in equity and the related notes 1 to 25, 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 company's affairs as at 31 December 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period ending 30 September 2022 from when the financial statements are authorised for issue.

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

### **Other information**

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

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

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

## **Independent auditor's report to the members of Edenred (UK Group) Limited (continued)**

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

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and 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 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditor's responsibilities for the audit of the financial statements**

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

### **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are those that relate to the reporting framework (FRS 101 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", Companies Act 2006, Bribery Act 2010, Companies (Miscellaneous Reporting) Regulation 2018, those laws and regulations relating to health and safety and employee matters and relevant tax compliance regulations in the United Kingdom.

## Independent auditor's report to the members of Edenred (UK Group) Limited (continued)

### Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud (continued)

- We understood how the Company is complying with those frameworks by making enquiries of management, those responsible for legal and compliance procedures and the Company Secretary. We corroborated our enquiries through the review of the following documentation:
  - All minutes of board meetings held during the year;
  - Correspondence with local tax authorities
  - The Edenred group's code of conduct setting out the key principles and requirements for all staff in relation to compliance with laws and regulations;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by considering the controls that the Company established to address risks identified by the entity or that otherwise seek to prevent, deter or detect fraud. We gained an understanding of the entity level controls and policies that the Company applies, and how those controls are monitored. In doing so we focused on potential for management override of controls in relation to revenue recognition in particular the timing of recognition of lost and expired revenue.
- Based on the results of our risk assessment we designed our audit procedures to identify non-compliance with such laws and regulations identified above. Our procedures involved:
  - Walkthroughs on revenue, voucher debts and the financial statement close process;
  - Overall analytical procedures;
  - Revenue cut-off testing;
  - Testing of journal entries which met our defined risk criteria;
  - Evaluation of entity level controls;
  - Search for unrecorded liabilities procedures.

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

### Use of our report

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

Ernst & Young LLP

Jacqueline Ann Geary (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor  
London, United Kingdom

24 September 2021

## Edenred (UK Group) Limited

### Profit and loss account For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
Turnover	3	23,231	11,399
Cost of sales		(4,165)	(1,077)
<b>Gross profit</b>		<b>19,066</b>	<b>10,322</b>
Administrative expenses	4	(6,475)	(5,935)
Other operating expenses	4	(9,470)	(5,346)
Other operating activities		185	210
<b>Operating profit/loss</b>		<b>3,306</b>	<b>(749)</b>
Income from shares in group undertakings	6	11,043	11,504
Interest receivable and similar income	7	1,755	2,493
Interest payable and similar charges	8	(1,617)	(2,240)
<b>Profit before taxation</b>	9	<b>14,487</b>	<b>11,008</b>
Tax on profit	10	(625)	(230)
<b>Profit for the financial year</b>		<b>13,862</b>	<b>10,778</b>

All results derive from continuing operations.

## Edenred (UK Group) Limited

### Statement of comprehensive income For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Profit for the financial year</b>		<b>13,862</b>	<b>10,778</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Pension scheme movements			
- Net remeasurement loss on retirement benefit obligations	21,22	(1,098)	(1,040)
<b>Total Comprehensive income for the year attributable to the owners of the Company</b>		<b>12,764</b>	<b>9,738</b>

## Edenred (UK Group) Limited

### Balance sheet

For the year ended 31 December 2020

	Notes	2020 £'000	2019 £'000
<b>Non-current assets</b>			
Intangible assets	12	718	709
Tangible assets	13	917	998
Investments	14	76,107	70,470
Deferred tax	22	1,050	755
		<u>78,792</u>	<u>72,932</u>
<b>Current assets</b>			
Stocks	16	406	817
Debtors	17	189,575	186,277
Cash at bank and in hand		8,364	7,366
		<u>198,345</u>	<u>194,460</u>
<b>Creditors: amounts falling due within one year</b>	18	<u>(197,249)</u>	<u>(192,027)</u>
<b>Net current assets</b>		<u>1,096</u>	<u>2,433</u>
<b>Total assets less current liabilities</b>		<u>79,888</u>	<u>75,364</u>
Pension deficit	21	<u>(5,485)</u>	<u>(4,226)</u>
<b>Net assets</b>		<u><u>74,403</u></u>	<u><u>71,139</u></u>
<b>Capital and reserves</b>			
Called up share capital	19	13,394	13,394
Share premium account		48,519	48,519
Capital redemption reserve		5	5
Profit and loss account		12,485	9,221
		<u>74,403</u>	<u>71,139</u>
<b>Shareholders' funds</b>		<u><u>74,403</u></u>	<u><u>71,139</u></u>

The financial statements of Edenred (UK Group) Limited, registered number 00540144 were approved and authorised for issue by the Board of Directors.

Signed on behalf of the Board of Directors



J F M Vaucanson  
Director

22<sup>nd</sup> September 2021

## Edenred (UK Group) Limited

### Statement of changes in equity For the year ended 31 December 2020

	Called up share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Profit and loss account £'000	Total £'000
Balance at 31 December 2019	13,394	48,519	5	9,221	71,139
Profit for the year	-	-	-	13,862	13,862
Other comprehensive income	-	-	-	(1,098)	(1,098)
Total comprehensive income for the period	-	-	-	12,764	12,764
Dividends	-	-	-	(9,500)	(9,500)
Balance at 31 December 2020	<u>13,394</u>	<u>48,519</u>	<u>5</u>	<u>12,485</u>	<u>74,403</u>

The accompanying notes form an integral part of these financial statements.

# Edenred (UK Group) Limited

## Notes to the financial statements For the year ended 31 December 2020

### 1. Accounting policies

Edenred (UK Group) Limited is a company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1. The nature of the company's operations and its principal activities are set out in the strategic report on pages 2 to 5.

The financial statements are presented in pound sterling because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements, because it is included in the group accounts of Edenred SA. The group accounts of Edenred SA are available to the public and can be obtained as set out in note 25.

The company meets the definition of a qualifying entity under Financial Reporting Standard 101 (FRS 101) issued by the Financial Reporting Council. Accordingly the Company has applied the requirements of IFRS 1.6-33 and related appendices, and these financial statements have been prepared in accordance with FRS 101 'Reduced Disclosure Framework'.

As permitted by FRS 101, the company has taken advantage of the disclosure exemptions available under that standard in relation to capital management, financial instruments, presentation of comparative information in respect of certain assets, presentation of cash-flow statement, standards not yet effective, impairment of assets and related party transactions.

Where relevant, equivalent disclosures are given in the group accounts of Edenred SA.

The particular accounting policies adopted are described below.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Going concern basis

The company's business activities, together with the factors likely to affect its future development and position, are set out in the business review section of the strategic report. The company has no external loans and has a track record of generating strong positive cash flows, thanks to its virtuous business model enabling it to generate a negative working capital, with a significant number of Days Payable Outstanding (usage of our products) versus a low number of Days Sales Outstanding. It is expected to continue to generate positive cash flows on its own account for the going concern period ending 30 September 2022. Indeed, the measures taken to counter the spread of the Covid-19 in the UK had an overall positive effect on Edenred UK's activity volume. On the other end, most of our clients and end-users tended to delay the usage of their products due to sanitary constraints and stores or services closures, therefore postponing our partner merchants' reimbursements, which had a favorable impact on the seasonality of working capital. The atypical seasonal differences will be gradually reabsorbed as economic activity recovers.

Even after taking into account behaviours of clients and end-users coming back to normality with the potential ease of Covid restrictions, and after applying stress tests on a sharp reduction of volume and revenue lines versus budget forecasts, Edenred UK will be able to maintain a strong positive cash position.

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 1. Accounting policies (continued)

##### Going concern basis (continued)

On this basis the directors concluded it is appropriate to apply the going concern assumption in preparing these financial statements.

The financial operations from our parent company in France remain strong. The net debt / EBITDA ratio of the Edenred SA is 1.9x, stable compared with end-2019, reflecting strong free cash flow generation. On May 6th, 2021, Standard & Poor's confirmed the Group's BBB+, i.e. Strong Investment Grade rating, Outlook stable.

##### Turnover

Given the nature of the business the directors believe that the turnover as disclosed in note 3 of the financial statements reflects the revenue of the business. The turnover reflects the service charges generated by the issue and redemption of the vouchers, and other income includes revenue generated by vouchers which have not, or are not expected to be, redeemed. Service charge income is recognised when the vouchers are issued.

##### Rental income

Edenred (UK Group) Limited currently owns 11 apartments for which it receives rental fees recognised in other operating activities. This is recognised on a straight-line basis over the period of the lease rental.

##### Unpresented vouchers

The provision for unpresented vouchers represents the liability for all vouchers issued less redemptions to date.

##### Tangible fixed assets

Freehold land has been included in the balance sheet at cost. Other fixed assets are stated at cost less depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost in equal amounts over their anticipated useful lives as follow:

Buildings	40 years
Freehold improvements	5 years
Plant and machinery	7 years
Fixtures, fittings, and equipment	5 years
Computer equipment	3 years

No depreciation is provided on freehold land.

##### Intangible assets acquired separately

For intangible assets, amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life as follows:

Licences	3 years
Internal generated software	3-5 years

Amortisation methods are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

##### Intangible assets - goodwill

Goodwill which arises on the acquisition of a portfolio of clients represents the excess of the fair value of the consideration paid over the fair value of the portfolio acquired. It is capitalised on the balance sheet and assessed for impairment annually.

##### Stocks

Stocks are valued at the lower of cost and net realisable value.

## **Edenred (UK Group) Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2020**

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

##### **Foreign currencies**

Transactions in currencies other than the company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

##### **Leases**

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

##### **i) Right-of-use assets**

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

##### **ii) Lease liabilities**

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

##### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

##### **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

# Edenred (UK Group) Limited

## Notes to the financial statements (continued) For the year ended 31 December 2020

### 1. Accounting policies (continued)

#### Taxation (continued)

##### Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

##### Current tax and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

#### **Investments**

Investments are stated at cost less provision for any impairment.

#### **Financial instruments**

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 1. Accounting policies (continued)

##### *Loans and receivables*

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

##### *Impairment of financial assets*

Subsequent to initial recognition, loans and receivables, including receivables from related companies, are measured at amortised cost less an allowance for uncollectable amounts. Uncollectable amounts are determined using the expected credit loss (ECL) impairment model. Collectability and impairment are assessed on a regular basis. Subsequent recoveries of amounts previously written off are credited against other operating expenses in the profit and loss account.

##### *Impairment of financial assets (continued)*

For trade debtors the company applies a simplified approach in calculating ECLs. The company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting period end.

##### **Pensions**

Defined benefit pension scheme assets are measured using fair values, pension scheme liabilities are measured using the projected unit method and discounted at the rate of return of a high-quality corporate bond of equivalent value to the scheme liabilities. The net deficit is recognised in full in the balance sheet.

The current service cost and gains and losses on settlement and curtailments are charged to operating profit. Past service costs are recognised in the profit and loss account if the benefits have vested or, if they have not vested, over the period until vesting occurs. Net interest expense is determined by applying discount rates used to measure defined benefit obligations at the beginning of the year to net defined benefits obligations at the beginning of the year. Net interest expense is recognised within interest payable and similar charges. Actuarial gains and losses are recognised in other comprehensive income.

The company also operates defined contribution pension schemes. The pension cost charged against profits is the amount of contributions payable to the pension scheme in respect of the accounting period.

The assets of these schemes are held separately from those of the company in separate funds administered by the trustees.

#### 2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

##### **Revenue recognition**

Turnover includes an estimate of vouchers which have not been or are not expected to be redeemed. The calculation of this turnover (anticipated lost and expired) is done per product and based on historical statistics.

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 2. Critical accounting judgements and key sources of estimation uncertainty (continued)

##### Pension deficit

Pensions are accounted for under ISA19 (revised) "Employee Benefits". For defined benefit pension schemes, obligations are measured at the discounted present value whilst plan assets are recorded at fair value. Because of changing market and economic conditions, the expenses and liabilities actually arising under the plans in the future may differ materially from the estimates made on the basis of their actuarial assumptions. See note 21 for further details.

#### 3. Turnover

	2020 £'000	2019* £'000
Service charges and network fee & Vouchers and cards sales	19,629	7,796
Other operating income	3,418	3,705
Merchandise	184	(102)
	<u>23,231</u>	<u>11,399</u>

Turnover arose from activities within the UK and excludes VAT.

Other operating income is mainly Lost and expired voucher income.

#### 4. Operating costs

	2020 £'000	2019 £'000
Production & distribution	4,942	3,270
Sales	4,528	2,076
Administrative expenses	6,475	5,935
	<u>15,945</u>	<u>11,281</u>

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 5. Information regarding directors and employees

	2020 £'000	2019 £'000
<b>Directors' remuneration</b>		
Emoluments	622	528
Company contribution to money purchase schemes	90	99
Total directors' emoluments	<u>712</u>	<u>627</u>
<b>Highest paid director's remuneration</b>		
Emoluments	372	304
Company contribution to money purchase schemes	72	67
Total emoluments attributable to the highest paid director	<u>444</u>	<u>371</u>

Some directors of the company are also directors of the company's subsidiary, Childcare Vouchers Limited. The table above discloses the total emoluments paid to the directors by the company in the year. Amounts of £104,000 were recharged to Childcare Vouchers Limited in respect of services provided to this company. It amounted to £169,000 in 2019.

	2020 £'000	2019 £'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	7,032	6,693
Social security costs	870	932
Pension costs	591	437
Other costs	622	517
	<u>9,115</u>	<u>8,579</u>

	2020 No.	2019 No.
<b>Average number of employees (including directors):</b>		
Issues, redemptions and sales	101	98
Administration	35	36
	<u>136</u>	<u>134</u>

#### 6. Income from shares in group undertakings

	2020 £'000	2019 £'000
Dividends from Childcare Vouchers Limited	<u>11,043</u>	<u>11,504</u>

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 7. Interest receivable and similar income

	2020 £'000	2019 £'000
Interest from parent company loans	1,558	2,303
Bank interest receivable	197	190
	<u>1,755</u>	<u>2,493</u>

#### 8. Interest payable and similar charges

	2020 £'000	2019 £'000
Net pension interest (note 21)	78	88
Interest payable to subsidiary undertaking	1,482	2,148
Financial cost – right of use (IFRS 16)	57	4
	<u>1,617</u>	<u>2,240</u>

#### 9. Profit before taxation

	2020 £'000	2019 £'000
<b>Profit before taxation is arrived at after charging the following:</b>		
Staff costs – note 5	9,115	8,579
Auditor's remuneration for the audit of the company's financial statements	55	55
Depreciation of owned tangible fixed assets – note 13	242	239
Other intangible amortisation – note 12	322	229
	<u>9,734</u>	<u>9,100</u>

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 10. Tax on profit

##### The tax charge comprises

	2020 £'000	2019 £'000
<b>Current tax</b>		
United Kingdom corporation tax	599	-
Prior Year Adjustment	(4)	19
	<hr/>	<hr/>
Current tax charge	595	19
<b>Deferred tax</b>		
Origination and reversal of temporary differences	34	42
Effect of tax rate change on opening balance	(4)	
Prior Year adjustment	-	169
	<hr/>	<hr/>
Deferred tax charge	30	211
	<hr/>	<hr/>
Total tax charge on profit	625	230
Deferred tax on pension liability credited to other comprehensive income	(323)	(213)
	<hr/>	<hr/>
Total tax and deferred tax recognised in the financial statements	302	17
	<hr/> <hr/>	<hr/> <hr/>

##### Factors affecting tax charge:

	2020 £'000	2019 £'000
Profit before tax	14,487	11,008
	<hr/>	<hr/>
UK corporation tax at 19% (2019: 19%)	2,752	2,091
Effects of:		
Non-taxable income	(2,098)	(2,186)
Payment into defined benefit pension scheme in excess of P&L	(30)	-
Group relief surrendered	-	131
Depreciation of assets ineligible for capital allowances	5	10
Impact of change in tax rate	(4)	(4)
Adjustment in respect of prior period	-	188
	<hr/>	<hr/>
<b>Total tax charge for the year</b>	<b>625</b>	<b>230</b>
	<hr/> <hr/>	<hr/> <hr/>

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 11. Dividends

	2020 £'000	2019 £'000
Ordinary dividends on equity shares £0.71 per ordinary share (2019: £0.82)	9,500	11,000

#### 12. Intangible fixed assets

	Licences	Goodwill	Internally Generated Software	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
<b>Cost</b>					
At 31 December 2019	570	1,101	891	84	2,646
Additions	16	-	(35)	350	331
Transfer in/(out)	-	-	272	(272)	-
At 31 December 2020	586	1,101	1,128	162	2,977
<b>Accumulated depreciation and impairment</b>					
At 31 December 2019	(509)	(1,101)	(327)	-	(1,937)
Charge for the year	(29)	-	(293)	-	(322)
At 31 December 2020	(538)	(1,101)	(620)	-	(2,259)
<b>Net book value</b>					
At 31 December 2019	61	-	564	84	709
At 31 December 2020	48	-	508	162	718

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 13. Tangible fixed assets

	Freehold land buildings and improvements £'000	Plant and machinery £'000	Fixtures, fittings, equipment and vehicles £'000	Computer equipment £'000	IFRS 16 – Assets £'000	Total £'000
<b>Cost</b>						
At 31 December 2019	1,957	463	1,182	2,561	208	6,371
Additions	50	4	1	106	0	161
At 31 December 2020	<u>2,007</u>	<u>467</u>	<u>1,183</u>	<u>2,667</u>	<u>208</u>	<u>6,532</u>
<b>Accumulated depreciation</b>						
At 31 December 2019	(1,237)	(425)	(1,151)	(2,487)	(73)	(5,373)
Charge for the year	(67)	(15)	(13)	(72)	(75)	(242)
At 31 December 2020	<u>(1,304)</u>	<u>(440)</u>	<u>(1,164)</u>	<u>(2,559)</u>	<u>(148)</u>	<u>(5,615)</u>
<b>Net book value</b>						
At 31 December 2019	<u>720</u>	<u>38</u>	<u>31</u>	<u>74</u>	<u>135</u>	<u>998</u>
At 31 December 2020	<u>703</u>	<u>27</u>	<u>19</u>	<u>108</u>	<u>60</u>	<u>917</u>

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 14. Investments

<b>Cost</b>	<b>£'000</b>
At 31 December 2019	79,382
Increase of Investment in Prepay Technologies Ltd in 2020	5,636
At 31 December 2020	<u>85,019</u>
<b>Accumulated impairment</b>	
At 31 December 2019	<u>8,912</u>
At 31 December 2020	<u>8,912</u>
<b>Net book value</b>	
At 31 December 2019	<u>70,470</u>
At 31 December 2020	<u>76,107</u>

The investments correspond to £3,288,000 in Childcare Vouchers Limited and £72,819,000 in Prepay Technologies Limited.

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 15. Investments in subsidiary companies

The company owns the entire issued ordinary share capital of the following companies:

Childcare Vouchers Limited	-	Incorporated in Great Britain
Luncheon Vouchers Catering Education Trust Limited	-	Incorporated in Great Britain
Edenred (Incentives & Motivation) Limited	-	Incorporated in Great Britain
Edenred (Travel) Limited	-	struck off early 2021
Edenred (Employee Benefits) Limited	-	struck off early 2021

The company also owns 70.45% of Prepay Technologies Limited, company incorporated in Great Britain. In 2020 Edenred UK purchased additional shares in PPS (Prepay Technologies Limited), keeping the same percentage ownership of the subsidiary's share capital.

Childcare Vouchers Limited provides childcare and eyecare voucher services and Prepay Technologies Limited provides a comprehensive suite of prepaid card services. Luncheon Vouchers Catering Education Trust Limited is dormant. Edenred (Travel) Limited, and Edenred (Employee Benefits) Limited were struck off early 2021.

Edenred (Incentives & Motivation) Limited has no more activity but is still holding a defined benefit pension scheme and for that matter is not considered as a dormant company.

Edenred (Travel) Limited and Edenred (Incentives & Motivation) Limited have their registered office in Chester, Honeycomb North, Chester Business Park, Chester, UK, CH4 9QJ the others companies have their registered office in 50 Vauxhall Bridge Road, London, UK, SW1V 2RS.

#### 16. Stocks

	2020 £'000	2019 £'000
Paper/cards	406	817

#### 17. Debtors

	2020 £'000	2019 £'000
Amounts falling due within one year		
Amounts owed by parent undertaking	171,340	160,388
Amounts owed by subsidiary undertakings	13,830	19,871
Trade debtors	3,556	3,789
Corporation tax recoverable	72	1,561
Other debtors	430	298
Prepayments and accrued income	347	370
	<u>189,575</u>	<u>186,277</u>

The amounts owed by parent undertaking consists of an overnight current account / cash pooling account. The average rate paid as interest to Edenred UK is 0.85% (2019: 1.39%)

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 18. Creditors: amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to subsidiary undertakings	156,210	157,138
Unredeemed vouchers / cards	34,032	26,703
Other creditors	2,623	3,445
Accruals	4,358	3,098
Trade creditors	(1,932)	1,305
VAT	983	(690)
Deferred income	637	653
Other taxation and social security	276	238
Lease liability (rental)	62	137
	<u>197,249</u>	<u>192,027</u>

#### 19. Called up share capital

	2020 £'000	2019 £'000
Authorised Allotted, called up and fully paid:		
13,393,669 (2019: 13,393,669) ordinary shares of £1 each	<u>13,394</u>	<u>13,394</u>

#### 20. Financial and capital commitments

There are no capital commitments that have been contracted for during the year (2019: £nil).

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 21. Pension schemes and similar obligations

Edenred (UK Group) Limited operates three pension schemes. Two of the schemes are defined contribution schemes in which contributions are made for certain employees.

The company also operates a defined benefit scheme for all qualified employees who elected to join until 1 January 2003. The assets of the scheme are held in an Annuity Policy with an independent insurance company.

The scheme is subject to triennial valuation by independent actuaries. The latest actuarial valuation of the scheme was March 2021, using the projected unit method, in which the actuarial liability makes allowances for projected earnings.

At year-end 2020, the market value of the assets of the scheme was £10,687,000 (2019: £10,594,000) being 66% (2019: 71%) of the benefits that had accrued to members. The group's contribution rate over the average remaining service lives of the members of the scheme takes account of the deficit disclosed by the valuation.

The company contribution in scheme during the year was £240,000 (2019: £240,000).

The following disclosures are made in accordance with FRS 101. They are based on the most recent actuarial valuations, which have been updated to the year-end date by independent professionally qualified actuaries to take account of the requirements of IAS 19.

The amounts included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement scheme are as follows:

	2020 £'000	2019 £'000
Fair value of scheme assets	10,687	10,594
Present value of defined benefit	(16,172)	(14,820)
Deficit in scheme	(5,485)	(4,226)

The pension scheme assets do not include ordinary shares issued by the sponsoring employer nor do they include property occupied by the sponsoring employer.

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2020 £'000	2019 £'000
Interest income on pension scheme assets	201	257
Scheme administration expenses	-	4
Interest cost	(279)	(341)
<b>Total</b>	<b>(78)</b>	<b>(80)</b>

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 21. Pension schemes and similar obligations (continued)

Amounts recognised in other comprehensive income :

	2020 £'000	2019 £'000
Return on plan assets excluding amounts included in net interests expense	(57)	1,362
Changes in assumptions underlying the defined benefit obligation	(1,364)	(2,614)
<b>Net remeasurement loss on retirement benefit obligations</b>	<b>(1,421)</b>	<b>(1,252)</b>

Movements in the present value of the defined benefit obligation were as follows:

	2020 £'000	2019 £'000
At 1 January	14,820	12,478
Interest cost	279	341
Actuarial loss	1,364	2,614
Gross benefits paid	(291)	(613)
<b>At 31 December</b>	<b>16,172</b>	<b>14,820</b>

Movements in the fair value of scheme assets were as follows:

	2020 £'000	2019 £'000
At 1 January	10,594	9,352
Interest income on scheme assets	201	257
Return on plan assets excluding interest income	(57)	1,362
Scheme administration expenses	-	(4)
Contributions by employer	240	240
Gross benefits paid	(291)	(613)
<b>At 31 December</b>	<b>10,687</b>	<b>10,594</b>

The company expects to contribute £300,000 to the defined benefit pension scheme during 2021.

	2020 £'000	2020/2019 Actual allocation	2019 £'000
<b>Plan asset allocation at the end of the year</b>			
Conventional with-profits policy	10,687	100%	10,594

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 21. Pension schemes and similar obligations (continued)

The principal actuarial assumptions at the balance sheet date (expressed as weighted averages) are:

	2020	2019
Discount rate at 31 December	1.50%	1.90%
Pension revaluation in deferment	5.00%	5.00%
Pension escalation in payment	5.00%	5.00%
Proportion of employees opting for early retirement	Nil	Nil
Life expectancy of a male aged 65 at end of year	24.4	24.3
Life expectancy of a female aged 65 at end of year	26.6	26.5

The results of the IAS 19 valuation at 31 December 2020 are sensitive to the assumptions adopted.

The sensitivities regarding the principal assumptions used to measure the Scheme liabilities are set out below

Assumption	Change in assumption	Change in liabilities
Discount rate	Decrease by 0.4%	Increase by 1%
Life expectancy	Increase by 1 year	Increase by 4%

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. The sensitivity of the defined benefit obligation to significant actuarial assumptions has been estimated, based on the average age and the normal retirement age of members and the duration of the liabilities of the Scheme.

#### 22. Deferred taxation

The amount of deferred tax provided in the financial statements and the potential amount not provided are as follows:

	Provided		Not provided	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Deferred tax on pension deficit	(1,042)	(718)	-	-
Capital allowances in excess of depreciation	(2)	(31)	-	-
Edenred Employee Benefits Losses	-	-	(1,066)	(953)
Other timing differences	(6)	(6)	-	-
Closing balance	<u>(1,050)</u>	<u>(755)</u>	<u>(1,066)</u>	<u>(953)</u>

The deferred tax assets shown above relate to Edenred Employee Benefits Company tax losses which were acquired by Edenred (UK Group) Limited amounting to £5,608,397 pre 1 April 2017. They have not been recognised as recovery is considered uncertain in the foreseeable future for this activity.

## Edenred (UK Group) Limited

### Notes to the financial statements (continued) For the year ended 31 December 2020

#### 22. Deferred taxation (continued)

Movement in deferred tax asset:

	2020 £'000	2019 £'000
Opening deferred tax asset	756	754
Deferred tax charged to profit and loss account	(30)	(211)
Deferred tax credited to other comprehensive income (pension scheme)	323	213
Closing balance	<u>1,049</u>	<u>756</u>

The main rate of corporation tax was reduced from 19.25% to 19% effective from 1 April 2018 and Finance Act 2016 included a further planned reduction to 17%. However, Finance Act 2020 confirmed that the main rate of corporation tax would remain at 19%. This was substantively enacted in March 2020 and has been reflected in the calculation of the deferred tax balances at the balance sheet date.

Following the year end the Government announced the intention to increase the main rate of corporation tax to 25% with effect from April 2023, this change had not been substantively enacted at the balance sheet date.

#### 23. Related party transactions

The company has incurred costs that have been recharged to its subsidiaries in proportion to the benefit they received as follows:

	Amounts invoiced during the year		Balance outstanding at the year-end	
	2020 £'000	2019 £'000	2020 £'000	2019 £'000
Prepay Technologies Limited	157	117	21,310	13,825

The balance outstanding at the year-end corresponds to the funds sent to Prepay Technologies Limited to cover the unrepresented vouchers liabilities for our cards products.

#### 24. Post balance sheet events

There is no subsequent event requiring adjustment or disclosure.

## **Edenred (UK Group) Limited**

### **Notes to the financial statements (continued) For the year ended 31 December 2020**

#### **25. Ultimate parent company**

The immediate parent company at the end of 2020 is Edenred SA, a company incorporated in France.

Edenred SA  
Immeuble Be Issy  
14-16 Boulevard Garibaldi  
92130 Issy les Moulineaux

This is the smallest and largest group including the company for which consolidated financial statements are prepared.

The group financial statements can be obtained from:

<http://www.edenred.com/en>