

Registered No 00053419

## EntServ UK Limited

### Annual Report and Financial Statements

For the financial year from 1 April 2021 to 31 March 2022



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## Officers and professional advisers

### Directors

H Eales

C Halbard

M Woodfine

### Auditors

Deloitte LLP

1 Station Square

Cambridge

United Kingdom

CB1 2GA

### Registered Office

Royal Pavilion

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Hampshire

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GU11 1PZ

### Bankers

Citibank

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## Strategic report

The directors present their report for the financial year ended 31 March 2022. In preparing the Strategic report, the directors have complied with s414c of the Companies Act 2006.

EntServ UK Limited is a private company, limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company's registered and principal address is Royal Pavilion, Wellesley Road, Aldershot, Hampshire, United Kingdom, GU11 1PZ.

The Company is an indirect subsidiary of DXC Technology Company (DXC), a public listed company incorporated in the United States of America and listed on the New York Stock Exchange, as such it is part of the DXC Technology Group of companies. The entities controlled directly or indirectly by the Ultimate parent company are referred as the Group companies ("Group").

### Review of the business

The financial statements and the notes for the year 1 April 2021 to 31 March 2022 are set out on pages 25 to 64. A profit for the financial year of £23,692,000 (FY21: profit of £82,996,000) has been transferred to reserves. The company net assets reported at 31 March 2022 of £2,680,713,000 (FY21: £2,276,323,000)

The company is a global, end-to-end information technology services company leading digital transformations for clients by modernising and integrating their mainstream IT, and by deploying digital solutions at scale to produce better business outcomes. It serves public-sector and private clients from a diverse array of industries: manufacturing, financial services, communications, energy, transportation, consumer and retail.

Offerings include workplace and mobility, security, cloud and platform services, enterprise and cloud applications and related services, analytics, industry software and solutions. The company provides outsourcing of entire business processes or functions to improve overall business performance and delivers process and technology consulting and high-value management consulting.

The company runs customer mission critical systems and operations while modernizing IT, optimizing data architectures, and ensuring security and scalability across public, private and hybrid clouds. By applying innovations across the Enterprise Technology Stack, we help customers improve business outcomes, manage disruptions, develop greater resiliency and lower costs.

The company is continuing re-skilling its workforce to equip them with new digital capabilities and certifications. This enables the company to respond quickly to changing market dynamics, increase competitiveness and supports clients' digital transformations.

The future opportunities of this company as part of the DXC group is expected to be enhanced by the recent DXC rebranding at a global level with an executive management team developed to strengthen the reputation of the group. It is through excellence of delivery and integrity that the group and company are striving to be seen by all as a trusted partner working with customers enabling stabilisation of revenues and looking towards growth after recent declines.

## Strategic report (continued)

### Results and key performance indicators

The profit for the year, after taxation, amounted to £23,692,000 (2021: £82,996,000).

In the financial year there is no dividend paid (2021: £nil).

There are no dividends paid or proposed after the year end date.

Details of the financial business results for the year are:

	2022	2021	Change
	£'m	£'m	%
Revenue	1,047	1,076	-2.7
Gross profit	159	168	-5.4
Gross profit margin	15.2%	15.6%	-0.4 ppts
Operating profit before restructuring expenses	68	73	-6.8%
% of revenue	6.5%	6.8%	-0.3 ppts
Profit before tax	98	79	24.1

Revenue on the company's portfolio of contracts decreased by 2.7% comparing to previous year.

Gross profit margin for the year decreased in comparison to prior year of 0.4 basis points and is reported at 15.2% (2021: 15.6%).

This decline is due to the continuing challenging economic environment and pressure of a fiercely competitive and evolving market in which the company operates.

After overhead costs the operations results showed a decreased percentage profitability of the company before restructuring expenses, of 0.3 basis points to 6.5% (2021: 6.8%).

Including restructuring expense (see note 5) the total profit before tax for the year is £98.1 million (2021: £79.5 million).

### Principal risks, uncertainties and financial risk

There are a range of risks and uncertainties facing the company and the list below is not intended to be exhaustive. The focus is on those specific risks and uncertainties that the directors believe could have a significant impact on the company's position, performance and future developments.

#### Market conditions

Levels of business activity will vary for each of the markets in which the company operates, but ultimately this is dependent on factors such as economic cycles, consumer confidence and growth of the economy.

#### Covid-19

In relation to COVID-19, management constantly monitors the effects of the outbreak globally and the potential impact on the business. The outbreak increases uncertainty about the future prospects of the company with key risk areas identified as liquidity, customer's ability to pay and possible operational disruption. As the company is part of the DXC group this has to be considered at a group level.

Senior leadership in DXC is actively managing response through a COVID-19 Response Team that meets on a regular basis to deal with all operational issues as and when they arise. In addition, our employees continue to face challenges in their well-being, given the additional financial, family and health burdens that many employees have experienced and could continue to experience because of the COVID-19 crisis that may negatively impact our people's mental and physical health, engagement, retention and performance.

The DXC Group has a strong liquidity position that means it will be able to sustain the business throughout this crisis and works to meet all expected and any unexpected cash requirements by taking steps to minimise short term debt and maximise cash.

## Strategic report (continued)

### *Market conditions (continued)*

Customer ability to pay has not had a material impact up to date of signing the financial statement and is constantly monitored in case action is required.

There has been minimal operational disruption as IT infrastructure already in place has enabled nearly all office staff to quickly switch to a “working from home” model. Where this has not been possible to meet our customer’s requirements steps have been implemented to provide COVID-19 safe workplaces meaning business continues.

Management is actively taking steps to ensure the protection and retention of staff and the associated corporate memory that are crucial to the company’s ability to weather this crisis and to rebuild when the opportunity arises.

Further details on other business risks and uncertainties can be found in Section 1A of the DXC’s consolidated financial statements for the year ended 31 March 2022, which are available to the public and may be obtained from [www.dxc.technology](http://www.dxc.technology)

### *Competitive pressures*

The company operates in a number of highly competitive markets with differing characteristics. Market share and the level of customer spending could be affected by the emergence of new competitors, services delivery issues, quality, pricing, and reputation. The company must be able to maintain its ability to continue to provide innovative services – digital solutions and transformations to the local customer base and develop in a profitable way in an increasingly price sensitive market to remain competitive. Management is actively working to mitigate with its “seize the market” focus. This includes listening to customers, keeping current with technology and delivering excellence from a dedicated workforce such that trusted relationships are built and maintained.

### *Reliance on parent company - exposure to credit, liquidity and cash flow risk*

The company is a subsidiary of DXC Technology Company and is dependent on its parent company.

As at 31 March 2022 the company holds a mixture of short and long-term loans with subsidiaries of DXC Technology Company denoted in both Pound Sterling and US Dollar. The financing structure of the company gives rise to interest rate and foreign currency risks. Interest rate risk is the risk of exposure to fluctuations in interest rates that will increase the cost of debt on the financial borrowings of the company. Foreign currency risk is the risk of exposure to fluctuations in the value of specific currencies that are used to value the financial assets and liabilities of the company.

Performance and finance risk management is an integral part of the Company’s management processes. Policies designed to identify, manage and limit both existing and possible risks are applied at various management levels. The principal and financial risks and uncertainties of the Company are:

- **Performance risk**

This is the risk identified that the Company will fail to meet its contractual obligations in connection with revenue generating activity, for example, by reference to the quality of work performed, the level of costs compared to forecast or delivery within an agreed timeframe. The Company is engaged on a wide range of contracts; with the successful delivery of all contracts being controlled and managed through the Company’s operating structure. In delivering these contracts, rigorous processes have been established to monitor and manage potential risk exposure. These procedures include frequent reviews with a focus on issues affecting delivery and the impact of costs to completion and forecast revenue.

- **Foreign currency risk**

As a global business, the Company faces exposure to adverse movements in foreign currency exchange rates. In the normal course of business, the Company enters into certain contracts denominated in foreign currency. Potential foreign currency exposures arising from these contracts are analysed during the bidding process. The Company generally manages these contracts by incurring costs in the same currency in which the revenue is received, and any related short-term contract financing requirements are met by borrowing in the same currency.

The Company has policies and procedures to manage the exposure to fluctuations in foreign currency by using short-term foreign currency forward and option contracts to economically hedge certain foreign currency denominated assets and liabilities, including intercompany accounts and loans. At 31 March 2022 the Company had forward foreign exchange contracts in place (note 25).

## Strategic report (continued)

### *Reliance on parent company - exposure to credit, liquidity and cash flow risk (continued)*

- Credit risk

The scale of some of the Company's projects mean that credit exposure to individual clients can at times be significant. It has a wide spread of clients across countries and across the public and private sectors, although most of the Company's operations are undertaken in the UK on behalf of UK based organisations. Policies are in place to ensure that contracts are only undertaken with clients having an appropriate financial standing and on a basis that gives rise to a commercially appropriate cash flow profile.

- Liquidity risk

The Company manages liquidity risk by maintaining adequate cash resources through a combination of cash flow structuring of contracts and the use of finance leases. Funds are also made available to the Company from the parent undertaking and it also has access to wider group funds within DXC if required.

Cash flow forecasting is performed at the DXC UK Group level by the treasury team, which monitors the rolling forecasts of the liquidity requirement to ensure it has sufficient cash to meet operational needs, while maintaining sufficient headroom on its cash pool facilities at all times so that the Company does not breach the borrowing limits.

DXC Technology Company, has a centralised treasury function which manages the overall group's Treasury policy, risks and requirements, including EntServ UK Limited. The centralised treasury function manages foreign currency risk to mitigate any potential exposure to the company including use of forward foreign exchange contracts. Interest rate risk is managed primarily through the use of fixed rate loans. Debt is issued as required at the lowest possible cost based upon assessment of the future interest rate environment. The centralised treasury function, in conjunction with the directors, continually assess the performance of the company and the financing structure to ensure that where the requirement for support arises this is identified and that the company has the appropriate financial availability to satisfy this. Any risks impacting the ultimate parent company will cascade to the company. A full description of the risks and uncertainties impacting DXC Technology Company can be found in the DXC Technology Company group financial statements: [http://www.dxc.technology/investor\\_relations#tabs-2](http://www.dxc.technology/investor_relations#tabs-2).

### **Future developments and post balance sheet events**

The business has been able to diagnose those areas in which efficiencies and improvements can be made and implement plans to reduce costs. The company aims to further execute cost reduction strategies within the organisation to continue to stabilise, if not improve, profitability for the next financial year. It also focuses on reskilling employees with advanced digital capabilities, expanding the DXC Partner Network to support clients in their digital transformations.

In relation to COVID-19, management recognises the degree of uncertainty created by the resulting economic impact and is continuously monitoring the situation, taking all necessary steps to protect its employees, customers and stakeholders.

After the year end date of 31 March 2022, significant changes to the structures of the 1994 pension plan are in progress.

In June 2022 the trustees processed a full buy-in of the benefits of pensioner members to de-risk the investment portfolio via the purchase of an insurance arrangement.

It is anticipated that by 31 March 2023, this will be converted to a full buy-out. The net scheme assets will then be removed from the company balance sheet as the obligation and assets pass to an insurance company.

## Strategic report (continued)

### Section 172(1) statement

The success of the Company's business is dependent on the support of all of its stakeholders. Building positive relationships with stakeholders that share our values is important to the directors and working together towards shared goals assists us in delivering long term sustainable success. This culture is reinforced by the directors' attention to their obligations under s172 of the Companies Act 2006. Section 172 requires that *"a director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:*

- a) the likely consequences of any decision in the long term;*
- b) the interests of the company's employees;*
- c) the need to foster the company's business relationships with suppliers, customers and others;*
- d) the impact of the company's operations on the community and the environment;*
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and*
- f) the need to act fairly as between members of the company".*

Feedback from stakeholders at an operational level is consistently considered by the directors when making decisions. This is often provided by way of reporting and meetings which focus on the business strategy, performance and the impact of key decisions on stakeholder interests in the short and long term. Where possible, decisions that affect certain stakeholders are carefully discussed with the affected groups beforehand and are therefore fully understood and supported when taken. All decisions are made with the highest standards of conduct in mind, and in line with Group policies.

Details of the key stakeholders and how the Company engages with them are set out below.

#### **Business Values:**

- As part of DXC's recent strategic transformation, the Company has adopted a 'people first' strategy in relation to both its employees and customers. Such an approach is unprecedented in the technology sector, and the Company is proud to lead the way in inspiring, engaging, and taking care of its employees, so that they can in turn continue to focus on the Company's customers and helping the wider DXC group to seize the market.
- Linking to this 'people first' strategy, the Company also recently introduced a new set of values which foster a culture of inclusion, belonging and corporate citizenship. These are: Deliver, Collaborate, Community, Care, and 'Do the Right Thing'.
- The Company has fortnightly board meetings to ensure that any short-term gains, such as the receipt of loans or the Company's involvement in other inter-company transactions or projects, are given the appropriate time to be considered, and a conclusion reached as to whether such action is in the best interests of the Company, as well as for its shareholders and other stakeholders.
- Any inter-company transactions, or those with inter-company impact, must first be reviewed and approved by the Corporate Finance Executive Committee to ensure the Company's compliance with the DXC group policies and procedures on such.
- The Company does not follow a specific policy on dividends which are instead declared and paid on an ad hoc basis subject to the financial position of the Company and future forecasting.



## Strategic report (continued)

### Section 172(1) statement (continued)

#### Employees:

- Over the financial year in question, the Company repeated its all employee engagement survey comprising the original twenty-two questions issued in FY20, as well as an additional six questions on COVID response and inclusion and belonging.
- Participation in survey was up from 59% in FY20 to 69% this year, and engagement showed a ten-point increase.
- Results have been shared at a global, regional and company level, and the directors will work alongside HR and managers to continue to drive improved engagement.
- The Company has also taken a number of steps to ensure a safe working environment for its employees during the unprecedented COVID-19 Pandemic. Such measures include conducting regular communications to keep employees informed of the health and safety measures in place at company facilities, creating a dedicated COVID-19 and Health & Safety site to keep employees informed of relevant updates in real-time, and establishing a Mental Health Matters program, with the aim of increasing awareness around the impact of COVID-19 on mental health, and providing practical and educational advice to support with these challenges.

#### Customers & Business:

- To ensure that the Company's business is conducted in a morally appropriate and ethical manner, the Company's code of conduct is reviewed on an annual basis to refresh and reinforce the importance of compliance with DXC policy and applicable laws.
- The Company has account and delivery teams for its largest customers to ensure that it can continuously engage with customers and drive the Company's services and the customer's business forward.
- The Company develops and maintains a comprehensive governance regime which includes structured open contact at multiple levels including operational, commercial, and finance forums, and also executive level interaction up to and including the Customer and DXC CEOs. As a result of this structure, any issues that do arise can be dealt with at the appropriate level and with subject matter experts.
- The Company has an established "Voice of the Customer" programme, the purpose of which is to interview and survey samples of the Company's key customer base in order to capture their views on what the Company could do better. By collecting and analysing feedback throughout the customer journey, the Company can deliver superior business impact by focussing on common areas for improvement to promote enhanced customer satisfaction and build deeper, long-standing partnerships.

#### Suppliers:

- The Company actively manages its suppliers through its Supplier Relationship Management Programme which gives suppliers contact and feedback at all layers of the business in an effort to maintain a reputation for efficient communication and transfer of information.
- The Company holds regular reviews with its supplier's account or operational, finance and sales teams, with overall governance from the Company's Supply Chain organisation and in compliance with DXC policies.
- This process allows both the supplier and the Company to feedback on performance and further commercial opportunities, and also address any issues.
- During FY22, the Company submitted a Responsible Supply Chain survey to some of its suppliers, in order to ensure that they are meeting, and better exceeding, environmental standards. Those identified as high-risk were passed on to DXC's supply chain management to undertake a more in-depth review with the supplier and to work to resolve the issues identified within three months.

## Strategic report (continued)

### Section 172(1) statement (continued)

#### Communities and Environment:

- At a Corporate level, DXC has set a number of environmental targets to reduce the carbon, waste and water impacts the organisation has. These goals are embedded into the company strategy and the approaches being taken.
- The Company has implemented a Virtual First programme, which allows employees to embrace a more flexible and agile work experience and move to a largely virtual-first workforce. These programmes will reduce DXC's GHG emissions, overall energy consumption, and the dependence on employee daily work commutes and business travel.
- Electricity purchased by the Company, where in direct control, is 92.7% from verified renewable electricity sources, including across all data centre operations.
- IT asset disposal, including servers, computers, laptops and screens from Company and customer operations are reused where possible for a second life. Some of these items are distributed to schools and charities.
- The Company is proud to support the DXC Dandelion programme which was introduced in February 2021 within the UK to support and celebrate the talents and skills of individuals on the autistic spectrum. The programme aims to help such individuals build valuable skills to pursue a career in information technology.
- Mental Health First Aiders in the UK: We have trained over 60 staff as Mental Health First Aiders in the UK to support our people
- Rise Up Programme in EMEA. The Rise Up Programme is an EMEA-wide leadership development programme, designed to promote women and non-binary people into job levels where they are currently under-represented.

Approved by the Board and signed on their behalf by



C Halbard  
Director  
Date: 16 December 2022

## Director's Report

The directors present the annual report on the affairs of the Company, together with the audited financial statements for the financial year 1 April 2021 to 31 March 2022.

### Directors

The following were directors of the Company during the financial year and up to the date of this report, except as noted:

H Eales (appointed 21 January 2022)  
C Halbard  
M Woodfine  
S Turpie (resigned 15 July 2022)

No qualifying third-party indemnity provisions were made by the Company during the year for the benefit of its directors.

### Corporate governance

As a subsidiary company of the DXC Technology company group which is listed on the New York Stock Exchange, the company has development governance practices and processes that are fit for purpose.

The directors have applied an appropriate system of governance by:

- (a) Promoting the purpose of the Company to deliver information technology services and solutions
- (b) Regularly reviewing board composition to ensure that it has an appropriately diverse balance of skills, background, experience and knowledge and that individual directors have sufficient capacity to make a valuable contribution
- (c) To support effective decision-making directors take into account the System of Internal Control and the Code of Conduct when acting in their capacity as a director of the Company
- (d) In accordance with the governance practices and processes that it adopts the board is supported by System of Internal Control to identify opportunities to create and preserve value
- (e) Having regard to and fostering good stakeholder relationships

### Stakeholder engagement

The Company aims to build enduring relationships with governments, regulators, customers, partners, suppliers and communities in the United Kingdom. The Company works with its business partners in an honest respectful and responsible way and seeks to work with others who share the Company's commitments to safety, ethics and compliance.

The Company's activity affects a wide variety of individuals and organisations. The company engages with these stakeholders and listens to their differing needs and priorities as an everyday part of its business and uses the input and feedback to inform its decision making.

On behalf of the Company, the DXC group participates in industry associations that offer opportunities to share good practise and collaborate on issues of importance. Additionally, it works with governments on a range of issues that are relevant to its business, from regulatory compliance, to collaborating on community initiatives.

The group seeks to engage with customers through social media, focus groups and in-depth interviews with customers to better understand customer's needs and seek their feedback.

## Directors Report (continued)

### Employee engagement

Employees of the Company are informed of information on matter of concern to them as employees through the employee intranet and local sites, e-mails, social media channels, town halls, site visits and webinars including topics such as quarterly results, strategy, business updates and diversity.

There are a number of employee share plans in place at group level. The group operates share save and share reward plans. The group also operates group-wide discretionary share plans, which allow employee participation at different levels globally and is linked to the group's performance.

### Energy and carbon disclosures

Details of energy and carbon usage is included on page 15 as a separate report.

The report included has been drawn up for the UK Enterprise Services (ES) subsidiaries of the DXC Technology Group. The report contains combined energy for this subgroup of companies. It has been impractical to present this data on an entity basis and so a combined report is presented.

Fellow group companies included are ES Field Delivery UK Limited and Enterprise Services Information Security UK Limited.

### Employees

Details of the number of employees and related costs can be found in note 7 to the financial statements.

The company is part of the DXC group and as such all UK employee matters are managed from the DXC group central human resources.

At DXC all aspects of diversity are valued among its employees. The Company understands that a variety of employee perspectives enables it to thrive, to innovate and to be creative bringing better solutions and services to their clients. Therefore, the Company ensures the recognition and contribution from all employees regardless of gender, race and ethnicity, mental or physical abilities or religious and LGBTQ+ cultures. This is supported by an Equal Opportunities Policy and the UKI Diversity Steering Group.

The Company's investment in employees is fundamental to a successful workplace and feedback is encouraged. Our DXC colleagues are represented by both employee representatives and social stakeholders such as recognised Trade Unions. This enables the Company to properly inform and involve employees in decision making and problem solving, increasing collaboration, creativity and innovation through dialogue and exchange of views.

The Company recognises the importance of providing a safe working environment for all employees and others who may be affected by the Company's activities. DXC therefore aims to safeguard the health and safety of its employees and all other stakeholders through: Implementing robust risk management processes, maintaining a safe work environment, reducing occupational injury and illness risks and promoting employee health and well-being, developing appropriate emergency preparedness and response plans, and providing appropriate health and safety training, information and supervision. This is supported by the DXC Environment, Health & Safety Policy.

### Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

## Directors Report (continued)

### Employees (continued)

#### Employee consultation

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the group and the company. This is achieved through formal and informal meetings, the company magazine and a special edition for employees of the annual financial statements. Employee representatives are consulted regularly on a wide range of matters affecting their current and future interests. The employee share scheme has been running successfully since its inception in January 2018 and allows DXC's employees located in the United Kingdom to purchase shares of DXC's common stock at the fair market value of such shares on the applicable purchase date. This is a flexible plan, the share incentive plan (SIP) where employees can purchase DXC Technology Company shares through tax efficient payroll deductions paid into a separate trust arrangement set up to administer the scheme for employees.

#### Political and charitable contributions

No political and charitable donations were made during the financial year (2021: nil).

#### Engagement with suppliers, customer and others

Details of the company engagement with supplier, customer and others can be found in the company strategy report with the section 172 statement per pages 7-9.

#### Going concern

The Company is profit making, reports net assets, has positive working capital and forecasts profitable trading into the future; thus the directors have a reasonable expectation that the Company has adequate access to resources from its continuing trading results, reserves and access to group support that it can continue in operational existence for the foreseeable future. Confirmation has been provided by the ultimate parent Company, that it will continue to support the operations going forward for at least 12 months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

In relation to COVID-19, management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A going concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. As a result, management has a reasonable expectation of the Company's viability over the period of assessment and has concluded that there are currently no impediments to identifying the Company other than as a going concern.

Also see future developments / post balance sheet events section within the Strategic report (page 6).

#### Research and development costs

The company incurs development expenditure which is an integral part of customer contracts. Recognition of these costs follows contract accounting within the company results as all these amounts are charged onto customers via billing arrangements. Amounts are not separately identified as intangible assets or under a separate research and development heading. There is an element of these costs included within the overall contract expenditure that is expensed within cost of sales in the statement of comprehensive income and an element included in both fixed and current assets under the contract cost category on the balance sheet together with other contract expenditure incurred.

## Directors Report (continued)

### Strategic report

In accordance with Section 414C(11) of the Companies Act 2006, the following information has been included in the company's strategic report which would otherwise be required by Schedule 7 of the 'Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008' to be contained in the directors' report:

- The financial and market risk management objectives and policies of the company and exposure of the company to risk in relation to the use of financial instruments;
- Future developments/ post balance sheet events of the company; and
- Dividend recommendations

### Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that:

- so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware; and
- each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information.

### Auditors

Deloitte LLP have indicated their willingness to be reappointed for another term. The Company has elected to dispense with the obligation to appoint an auditor annually under the provisions of section 485 to 488 of the Companies Act 2006 and appropriate arrangements have been put in place for them to be deemed reappointed in the absence of an Annual General Meeting.

Approved by the Board and signed on their behalf by:



C Halbard  
Director

Date: 16 December 2022

## Director's Responsibility 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" applicable in the UK and Republic of Ireland. 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 judgments 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Energy & Carbon report

This Energy and Carbon report produced by Entserv UK Limited (Entserv) provides an overview of the energy and carbon emissions under Entserv's operational control and the mechanisms being put in place to manage these impacts.

The UK Government's 2018 Regulations launched the Streamlined Energy and Carbon Regulation (SECR) which required all large UK companies to report their carbon emissions and energy usage on an annual basis. The regulations take effect from 1 April 2019 and cover financial reporting years starting after this date. Entserv falls within scope of the SECR reporting obligations as a 'large' organisation (more than 250 people) and is required to report the following:

- UK energy use (to include as a minimum purchased electricity, gas and transport)
- Associated greenhouse gas emissions
- At least one intensity ratio
- Previous year's figures for energy use and GHG emissions
- Information about energy efficiency action taken in the organisation's financial year
- Methodologies used in calculation of disclosures.

## Reporting boundaries

### Operational control

Entserv is a legal entity under the US based parent company DXC Technology. DXC's UK property portfolio comprises a wide variety of both owned and leased sites, including Data Centres, Offices, and other uses. DXC report environmental impacts at a global level and Entserv reflect the same approach in company reporting for the UK. An operational control approach is used to define the scope according to the GHG Protocol.



## Energy & Carbon report (continued)

### Reporting Units

The following 21 sites are in scope for Entserv UK Limited. Sites which have been non-operational for the full reporting year (i.e. vacant throughout, or vacant and then closed mid-year) have been marked as vacant.

**Table 1: Entserv sites in scope FY22**

Site Name	Location
Wynyard Data Center	Wynyard Avenue, Billingham
Doxford Data Center	Doxford International Technology Park, Sunderland
Reading Data Center	Suttons Business Park, Reading
Mitcheldean Data Center	Vantage Point Business Village, Mitcheldean
Kings Cross Data Center	Camley Street, London
Erskine	Erskine Ferry Road, Erskine
Newcastle Upon Tyne	The Silverlink North, Newcastle upon Tyne
Peterlee	Birchwood Drive, Peterlee
Hook	Bartley Wood Business Park, Hook
Milton Keynes	Ortensia Drive, Milton Keynes
Shepshed	Carr Brook House, Shepshed
1 Aldermanbury Square	One Aldermanbury Square, London
Newton Abbey	Cloughfern Ave, Newtownabbey
Waltham Cross	High Street, Waltham Cross
Warrington	Birchwood Boulevard, Warrington
Diamond Court	Diamond Court, Milton Keynes
Crawley	Vanguard House, Crawley
Blackley Hexagon Tower	Crumpsall Vale, Manchester
Norwich DC2 (vacant)	Whiffler Road, Norwich
Norwich DC3 (vacant)	Broadland Business Park North, Norwich
Rugby Data Center (vacant)	Central Park, Rugby

Entserv operate a fleet of leased road vehicles which make up the transport energy and emissions included in this report. In addition, business travel conducted in personal vehicles (where the mileage is expensed to Entserv) is included as Scope 3 transport.

### Baseline and reporting periods

Entserv's financial year runs from April to March. The current reporting period for SECR is April 2021 to March 2022, hereafter referred to as FY22. The previous year reported is April 2020 – March 2021 (FY21).

## Energy & Carbon report (continued)

### UK Energy use

Table 2: Energy use

Energy consumption, kWh	FY21	FY22	% change
Gas	11,866,343	10,864,229	-8%
Diesel	813,852	176,673	-78%
Electricity	107,383,675	82,790,657	-23%
Transport (company vehicles)	365,098	212,209	-42%
Transport (Personal vehicles)	330,878	561,477	70%
<b>Total energy use</b>	<b>120,759,845</b>	<b>94,605,245</b>	<b>-22%</b>

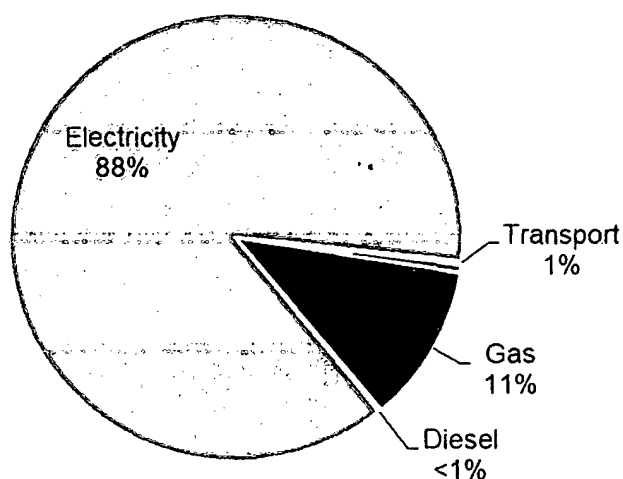


Figure 1:  
Breakdown  
of Entserv  
energy use  
(kWh) in  
FY22

88% of EntServ's energy use is electricity and this is the primary focus of energy saving initiatives. Principal uses of electricity include IT load and cooling in data centres as well as lighting and power across all sites. Natural gas is used for heating in offices. Diesel generators act as the emergency power supply for data centers, and the primary use of diesel is for regular maintenance checks of these systems. DXC are reducing their vehicle fleet and energy used in company cars reduced through FY22, however business travel conducted in personal vehicles has increased significantly following relaxation of COVID restrictions.

## Energy & Carbon report (continued)

### Associated greenhouse gas emissions

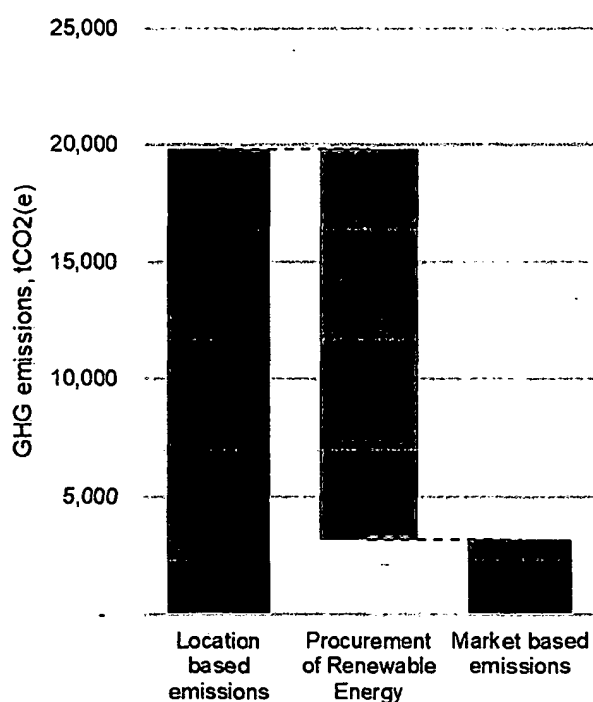
**Table 3: Location based GHG emissions**

GHG emissions, tCO <sub>2</sub> (e)	FY21	FY22	% change
Scope 1 - Gas	2,182	1,990	-9%
Scope 1 - Diesel	209	45	-78%
Scope 1 - Transport	93	52	-44%
Scope 1	2,484	2,087	-16%
Scope 2 Electricity	25,035	17,579	-30%
Scope 3 Personal vehicles	83	147	78%
<b>Total location-based emissions</b>	<b>27,602</b>	<b>19,814</b>	<b>-28%</b>

**Table 4: Market based GHG emissions**

GHG emissions, tCO <sub>2</sub> (e)	FY21	FY22	% change
Scope 1	2,484	2,087	-16%
Scope 2	1,071	962	-10%
Scope 3	83	147	78%
<b>Total market-based emissions</b>	<b>3,637</b>	<b>3,197</b>	<b>-12%</b>

Entserv procures renewable electricity backed by Guarantees of Origin. This reduces the total location-based emissions by 84% to a small market-based emissions footprint.



**Figure 2: Comparison of location based and market based emissions FY22**

## Energy & Carbon report (continued)

### Intensity ratio

Table 5: Location based GHG emissions per unit floor area

GHG emissions, kgCO <sub>2</sub> (e) per m <sup>2</sup> floor area	FY21	FY22	% change
Scope 1	17	13	-25%
Scope 2	173	108	-37%
Scope 3	1	1	59%
<b>Total</b>	<b>191</b>	<b>122</b>	<b>-36%</b>

Entserv's energy use is predominantly in buildings and the site portfolio is variable year on year. Floor area is therefore used as the intensity metric to evaluate efficiency of Entserv's space. Floor area which is vacant following the company's move to a "Virtual First" approach is still reported as in scope until the lease end date, and full impact of changes will therefore be seen in future years.

### Energy efficiency action

The Entserv portfolio includes three Strategic Data Centres which make up 75% of Entserv's electricity use. These sites are certified to ISO 50001 and have an active Energy Management System (EnMS) fully embedded within site operations. Energy efficiency activities are being implemented across these sites with a focus on reducing energy used for cooling (one of the significant energy uses on site).

Airflow management has continued to be a focus area in FY22, including correct positioning and management of grilles and vents distributing cold air, and management of setpoint temperatures and volumes. In addition, power management infrastructure at Wynyard DC has been replaced with a high-efficiency UPS system.

Further energy efficiency activities are planned for FY23, including installations of LED lighting across a range of locations.

There have been significant fluctuations in transport use over the past few years, with combined energy use from company and personal vehicles shown in figure 3. This is due to both a reduction in provision of fleet vehicles and changing travel routines across the board due to COVID-19. Although transport has increased from FY21 to FY22, it is still 75% below FY19 levels.

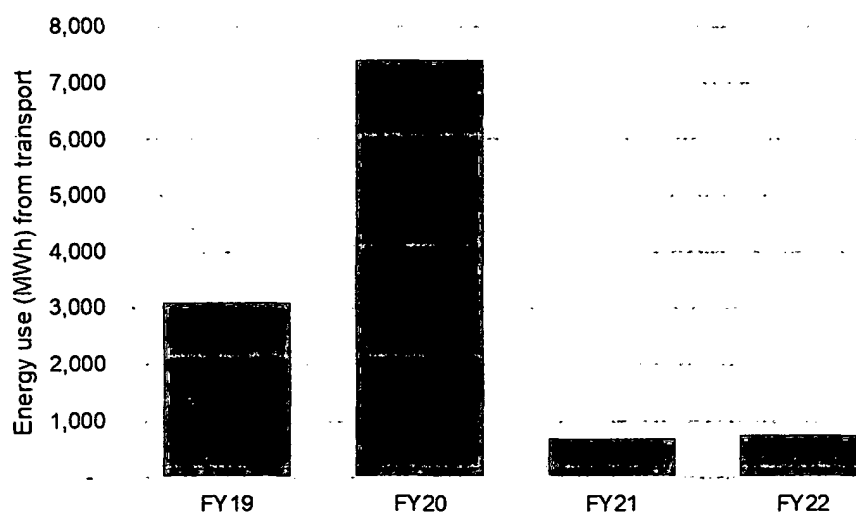


Figure 3:  
Transport in  
fleet and  
personal  
vehicles

## Energy & Carbon report (continued)

### Methodologies used

The information in this report has been compiled in accordance with the **GHG Protocol Corporate Standard**.

DXC Technology implements a Global GHG Reporting Procedure which has been applied to UK locations in the development of this report.

An operational control approach is taken such that owned and leased assets are considered in scope where operated by DXC. All Entserv UK sites recorded in DXC's Property Management Database are included in scope unless specifically excluded under criteria in accordance with the GHG Protocol. Reporting years align with the company's financial year:

**Table 6: Base and reporting years**

<b>Current reporting period FY22</b>	1 <sup>st</sup> April 2021 to 31 <sup>st</sup> March 2022
<b>Previous year FY21</b>	1 <sup>st</sup> April 2020 to 31 <sup>st</sup> March 2021

Actual data is obtained as far as possible, with priority given to sites with the greatest impact on GHG emissions. This limits the need for estimation to smaller, lower impact sites. For Entserv in FY22, 89% of the energy use reported in Table 2 is based on actual data. Where actual data is not available, consumption is estimated based on best available information.

### Data collection

Energy data is collected at monthly resolution from the following sources:

**Table 7: Data sources**

<b>Energy broker</b>	Invoice data from energy suppliers Renewable energy certificates
<b>DXC Fleet Operations team</b>	Mileage for leased vehicles Vehicle information including fuel type, size, registration.
<b>DXC Corporate Operations team</b>	Expensed mileage for personal vehicles Fuel type.

### Emissions factors

Location based emissions factors used are the UK Government conversion factors for company reporting. A single set of factors are applied to the reporting year, i.e. the 2021 conversion factors are applied to the full FY22 reporting year.

Market based factors take into account the fuel mix used. For many locations, electricity purchased by EntServ is from 100% renewable energy. Where this is not possible, e.g. a leased site where electricity is procured through the landlord, UK residual emissions factors are used.

# Independent auditor's report

to the members of EntServ UK Limited

**Report on the audit of the financial statements for the financial year 1 April 2021 to 31 March 2022**

## Opinion

In our opinion the financial statements of EntServ UK Limited (the 'Company'):

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its profit for the financial year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 27

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

## 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 Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- Evaluating the company's access to financing facilities via its ultimate parent including nature of these facilities and repayment terms
- Evaluating the linkage to the business model and medium-term risks;
- Comparing forecasted sales to recent historical financial information to assess forecasting accuracy;
- Testing the underlying data generated to prepare the forecast scenarios and determining whether there was adequate support for the assumptions underlying the forecast; and
- Evaluating the Group's disclosures on going concern against the requirements of IAS 1
- Review of letter of support received from ultimate parent

# **Independent auditor's report**

**to the members of EntServ UK Limited**

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 of at least twelve months 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.

## **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 our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

## **Responsibilities of directors**

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

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

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

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

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

# Independent auditor's report

to the members of EntServ UK Limited

## **Extent to which 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 material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included health and safety regulations, data protection act and anti corruption regulations.

We discussed among the audit engagement team including relevant internal specialists such as tax, pensions, IT specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address it are described below:

When the Company enters into a complex revenue transaction, accounting considerations may be overlooked or misinterpreted to achieve certain accounting outcomes in relation to material revenue recognised on contracts involving significant principal versus agent revenue considerations.

In response to the risk;

- We have identified controls to ensure accurate contract assessment and accounting treatment of principal versus agent considerations in revenue are accurately set up. We have tested design, implementation and operating effectiveness of relevant controls that are in place.
- We have identified new and complex contracts and obtained technical accounting considerations for these contracts
- We have obtained corroborative evidence in the form of signed contract agreements
- We have assessed whether management have applied their judgment correctly on principal versus agent revenue related complex accounting considerations and concluded if it is in compliance with IFRS15.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;



# Independent auditor's report

to the members of EntServ UK Limited

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

## Report on other legal and regulatory requirements

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

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

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

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 any material misstatements in the strategic report or the directors' report.

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

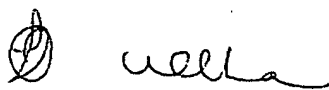
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

### 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.



Lee Welham FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Cambridge, United Kingdom

Date: 19 December 2022

## Statement of comprehensive income

For the financial year 1 April 2021 to 31 March 2022

	Note	2022 £'000	2021 £'000
<b>Revenue</b>	2	1,046,579	1,075,630
Cost of Sales		(888,016)	(907,214)
<b>Gross Profit</b>		158,563	168,416
Distribution costs		(11,321)	(26,170)
Administrative expenses		(79,320)	(69,208)
Restructuring expenses	5	(9,786)	(32,328)
<b>Operating profit</b>	4	58,136	40,710
<b>Analysed between:</b>			
Operating profit before restructuring expenses		67,922	73,038
Restructuring expenses	5	(9,786)	(32,328)
Interest receivable and similar income	8	44,784	47,678
Interest payable and similar costs	9	(4,800)	(8,916)
<b>Profit before taxation</b>		98,120	79,472
Tax expense on profit	10	(74,428)	3,524
<b>Profit for the financial year</b>		23,692	82,996
<b>Other comprehensive income:</b>			
<b>Items that cannot be reclassified to profit or loss</b>			
Remeasurement gain/(loss) on defined benefit pension plan	23	461,066	(75,458)
Tax on items in relation to components of other comprehensive income	10	(87,603)	14,338
<b>Items that can be reclassified to profit or loss</b>			
<b>Cash flow hedges:</b>			
Fair value gain/(loss) arising on hedge instruments	25	4,446	(2,398)
Realised amounts		2,398	1,748
<b>Total comprehensive income</b>		403,999	21,226

All amounts above are derived from continuing operations.

The notes on pages 29 to 64 form an integral part of these financial statements.

**Balance sheet as at 31 March 2022**

		2022	2021
	Note	£'000	£'000
<b>Non-current assets</b>			
Intangible assets	13	33,326	37,775
Tangible assets	11	130,817	189,494
Right of use assets	12	106,016	67,650
Contract costs	2	99,051	117,797
Pension assets	23	1,589,087	1,114,076
Debtors (amounts due after one year)	17	337,530	317,268
<b>Total non-current assets</b>		<u>2,295,827</u>	<u>1,844,060</u>
<b>Current assets</b>			
Stocks	15	7,924	35,304
Non-current assets held for sale		5,333	6,685
Contract costs	2	4,837	23,731
Debtors (amounts due within one year)	16	1,017,212	314,104
Contract assets	2	28,754	30,701
Cash at bank and in hand		183,857	738,720
		<u>1,247,917</u>	<u>1,149,245</u>
<b>Creditors: Amounts falling due within one year</b>			
Trade and other payables	18	(216,667)	(212,767)
Lease liabilities	19	(43,702)	(56,067)
Provisions	21	(3,073)	(8,699)
Contract liabilities	2	(87,582)	(93,815)
		<u>(351,024)</u>	<u>(371,348)</u>
<b>Net current assets</b>		896,893	777,897
<b>Total assets less current liabilities</b>		3,192,720	2,621,957

**Balance sheet as at 31 March 2022**

	Note	2022 £'000	2021 £'000
<b>Total assets less current liabilities</b>		3,192,720	2,621,957
<b>Creditors: Amounts falling due after more than one year</b>			
Lease liabilities	19	(74,607)	(95,123)
Provisions	21	(4,002)	(5,170)
Contract liabilities	2	(84,980)	(54,057)
Pensions liability	23	(68,049)	(73,435)
Deferred tax	10	(280,369)	(117,849)
		<u>(512,007)</u>	<u>(345,634)</u>
<b>Net assets</b>		<u>2,680,713</u>	<u>2,276,323</u>
<b>Capital and reserves</b>			
Called up share capital	22	157,580	157,580
Share premium		972,519	972,519
Retained earnings		1,550,614	1,146,224
<b>Total equity</b>		<u>2,680,713</u>	<u>2,276,323</u>

The notes on pages 29 to 64 form an integral part of these financial statements.

The financial statements of EntServ UK Limited (registered number 00053419) were approved by the board of directors and authorised for issue. They were signed on its behalf by:



C Halbard  
Director  
Date: 16 December 2022

**Statement of changes in equity**

For the financial year 1 April 2021 to 31 March 2022

	Note	Share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
<b>Balance at 31 March 2020</b>		157,580	972,519	1,123,884	2,253,983
Profit for the financial year		-	-	82,996	82,996
Other comprehensive expense for the financial year		-	-	(61,770)	(61,770)
<b>Total comprehensive income for the financial year</b>		-	-	21,226	21,226
Share-based payments	7	-	-	1,718	1,718
Recharge for share-based payments		-	-	(604)	(604)
		-	-	1,114	1,114
<b>Balance at 31 March 2021</b>		157,580	972,519	1,146,224	2,276,323
Profit for the financial year		-	-	23,692	23,692
Other comprehensive income for the financial year		-	-	380,307	380,307
<b>Total comprehensive income for the financial year</b>		-	-	403,999	403,999
Share-based payments	7	-	-	1,903	1,903
Recharge for share-based payments		-	-	(1,512)	(1,512)
		-	-	391	391
<b>Balance at 31 March 2022</b>		157,580	972,519	1,550,614	2,680,713

The notes on pages 29 to 64 form an integral part of these financial statements.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies

EntServ UK Limited is a private company, limited by shares incorporated in the United Kingdom under the Companies Act 2006 and registered in England and Wales. The Company's registered and principal address is Royal Pavilion, Wellesley Road, Aldershot, Hampshire, United Kingdom, GU11 1PZ.

#### 1.1 Authorisation of financial statements and statement of compliance with FRS 101

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the FRC.

These financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework (FRS 101) and in accordance with applicable accounting standards. The company has used a true and fair view override in respect of the non-amortisation of goodwill.

The financial statements have been prepared under the historical cost convention as modified by financial instruments recognised at fair value and in accordance with the Companies Act 2006.

The Company's financial statements are presented in Pound Sterling (GBP), which is also the company's functional currency and the currency of the primary economic environment in which the Company operate. All values are rounded to the nearest thousand (£000) except where otherwise stated.

The Company has taken advantage of the exemption under s401 to the Companies Act 2006 from the requirement to produce consolidated financial statements since the Company itself is a wholly owned subsidiary undertaking of DXC Technology Company, a company registered in the United States of America, which itself prepares consolidated financial statements. The financial statements therefore present information as an individual undertaking and not as a group. Copies of the Group financial statements of DXC Technology Company are available from 2048 Bashan Drive, Suite 231, Ashburn, Virginia, USA.

The principal accounting policies adopted by the Company are set out below.

#### 1.2 Basis of preparation

The accounting policies which follow set out those policies which apply in preparing the financial statements for year ended 31 March 2022.

The Company has taken advantage of the following disclosure exemptions under FRS 101, where relevant, equivalent disclosures have been given in the consolidated financial statements of the ultimate parent company, DXC Technology Company ("DXC"), in relation to:

- (a) the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based Payment, because the share-based payment arrangement concerns the instruments of another group entity;
- (b) the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- (c) the requirements of IFRS 7 Financial Instruments: Disclosures,
- (d) 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,
- (e) the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
  - (i) paragraph 79(a)(iv) of IAS 1;
  - (ii) paragraph 73(e) of IAS 16 Property, Plant and Equipment;
  - (iii) paragraph 118(e) of IAS 38 Intangible Assets;
- (f) the requirements of the following paragraphs of IAS 1 Presentation of Financial Statements:
  - 10(d) and 111 – a statement of cash flows for the year;
  - 10(f) – a statement of financial position as at the beginning of the preceding year when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements;
  - 16 – a statement of compliance with IFRS, which is not applicable since we are adopting FRS 101 rather than following IFRS in full;

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.2 Basis of preparation (continued)

- 38A-D and 40A-D – a third statement of financial position, profit and loss and other comprehensive income, statement of changes in equity and other additional comparative information;
- 134-136 – disclosure of management of capital;
- (g) the requirements of IAS 7 Statement of Cash Flows;
- (h) the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors;
- (i) the requirements of paragraph 17 of IAS 24 Related Party Disclosures;
- (j) 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;
- (k) the requirements of IAS 36 “Impairment of Assets”;
- (l) the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58;
- (m) the disclosure exemptions from IFRS 13 “Fair Value Measurement” to the extent that they apply to financial instruments.

#### 1.3 Going concern

The Company is profit making, reports net assets, has positive working capital and forecasts profitable trading into the future; thus the directors have a reasonable expectation that the Company has adequate access to resources from its continuing trading results, reserves and access to group support that it can continue in operational existence for the foreseeable future. Confirmation has been provided by the ultimate parent Company, that it will continue to support the operations going forward for at least 12 months from the date of signing these financial statements. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

In relation to COVID-19, management is continuously monitoring the position and taking all necessary steps to protect its employees, customers and stakeholders. A going concern impact assessment has been completed that analysed DXC's current and future cash resources, access to existing and new financing facilities, including revolving facilities, the government support measures that have been announced and the customer base of the Group. As a result, management has a reasonable expectation of the Company's viability over the period of assessment and has concluded that there are currently no impediments of identifying the Company other than as a going concern.

#### 1.4 New standards, amendments and IFRIC interpretations

The company has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Financial Reporting Council ('FRC') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

There are no other amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 March 2022 have had a material impact on the Company.

#### 1.5 Revenue

Revenue, including intercompany revenue, is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.5 Revenue(continued)

##### *Revenue from contracts with customers*

Revenue is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the Company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are initially recognised as deferred revenue in the form of a separate contract liability.

##### *Services rendered*

The Company's primary services offerings include information technology (IT) data centre and business process transformation outsourcing, application management services, technology infrastructure and system maintenance, web hosting, and the design and development of complex IT systems to a client's specifications (design and build). These services are provided on a time and material basis, as a fixed price contract or as a fixed price per measure of output contract, and the contract terms generally range from less than one year to ten years.

Revenue from IT data centre and business process transformation outsourcing contracts is recognised in the year the services are provided using either an objective measure of output or a straight-line basis over the term of the contract. Under the output method, the amount of revenue recognised is based on the services delivered in the year.

Revenue from application management services, technology infrastructure and system maintenance, and web hosting contracts is recognised on a straight-line basis over the term of the contract.

Revenue from time and material contracts is recognised at the contractual rates as labour hours are delivered and direct expenses are incurred. Revenue related to extended warranty and product maintenance contracts is deferred and recognised on a straight-line basis over the delivery period.

Revenue from fixed-price design and build contracts is recognised where the outcome of a contract can be reliably estimated, and revenue and costs are recognised under input method wherein revenue is recognised over time based on progress measured to satisfaction of performance obligation. This is consistent with provisions of IFRS 15 where performance obligation is satisfied over time. Under this method, revenue is either recognised based on the costs incurred to date as a percentage of the total estimated costs to fulfil the contract or on an output method upon customers' acceptance of the project's stage of delivery. If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in the statement of profit and loss in the year in which the circumstances that give rise to the revision become known by management.



## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.5 Revenue (continued)

The Company performs ongoing profitability analysis of its services contracts in order to determine whether the latest estimates, such as revenue, costs of sales or profits, require updating. If, at any time, these estimates indicate that the contract will be unprofitable, the entire estimated loss for the remainder of the contract is recorded immediately.

In some of the Company's services contracts the Company bills the client prior to performing the services. These balances are held as contract liabilities in the balance sheet until the service is performed. In other services contracts the Company performs the services prior to billing the client. These balances are held as amounts recoverable on contracts in the balance sheet until the client is billed. Billings usually occur in the month after the Company performs the services or in accordance with specific contractual provisions.

#### *Multiple-element arrangements*

The Company enters into multiple-element software and non-software related revenue arrangements, which may include any combination of services, software and hardware. A multiple-element arrangement is separated into more than one unit of accounting if all of the following criteria are met:

#### *Software related revenue arrangements*

- The functionality of the delivered elements is not dependent on the undelivered elements.
- There is a fair value to the undelivered elements.
- Delivery of the delivered elements represents the culmination of the earnings process for those elements.

#### *Hardware and services related revenue arrangements*

- The delivered items have value to the client on a standalone basis.
- There is a fair value to the undelivered items.

#### *Contract costs to obtain and fulfil contracts*

Costs to obtain a contract comprise sales commissions paid out. Costs to fulfil a contract consist of contract acquisition and transition costs, including the costs of due diligence after competitive selection and costs associated with installation of systems and processes. These costs are recorded as contract costs on the balance sheet, split between current and non-current assets. Amortisation of these to the income statement takes place on a straight-line basis over the life of the contract.

#### *Intercompany revenues*

Revenue for work performed for fellow Group companies, where services provided, are recognised at cost plus an arm's length mark-up. Revenue is measured based on the consideration to which the Company expects to be entitled to and recognised when it transfers control of a product or service.

#### 1.6 Interest income

Revenue is recognised as interest accrues using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to its net carrying amount.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.7 Intangible assets

##### Goodwill

The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value less fair value of the net assets acquired.

The UK Companies Act requires goodwill to be reduced by provisions for amortisation on a systematic basis over a period chosen by the directors, its useful economic life. However, under IFRS 3 Business Combinations goodwill is not amortised. Consequently, the company does not amortise goodwill, but reviews it for impairment on an annual basis or whenever there are indicators of impairment. The company is therefore invoking a 'true and fair view override' to overcome the prohibition on the non-amortisation of goodwill in the Companies Act.

The company is not able to reliably estimate the impact on the financial statements of the true and fair override on the basis that the useful life of goodwill cannot be predicted with a satisfactory level of reliability, nor can the pattern in which goodwill diminishes be known.

Goodwill is initially measured at cost being the excess of the aggregate of the acquisition-date fair value of the consideration transferred and the amount recognised for the non-controlling interest (and where the business combination is achieved in stages, the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree) over the net identifiable amounts of the assets acquired and the liabilities assumed in exchange for the business combination. After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Company's cash-generating units (or groups of cash generating units) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Each unit or group of units to which goodwill is allocated shall represent the lowest level within the entity at which the goodwill is monitored for internal management purposes and not be larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation.

Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

##### Internally developed software

Direct labour and overhead costs incurred in the development of software may be capitalised. Costs incurred to develop commercial software products are capitalised after technological feasibility has been established. Costs incurred to establish technological feasibility are expensed as incurred. Enhancements to software products are capitalised where such enhancements extend the life or significantly expand the marketability of such products. These costs are amortised on a straight-line basis over their expected useful lives from the date the product enters commercial exploitation (currently three to seven years).

##### Purchased software

Purchased software costs are deferred and amortised on a straight-line basis over the period if their expected benefit, either the life of an associated licence or three to five years.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.7 Intangible assets (continued)

Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting year, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Impairment

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

#### 1.8 Tangible fixed assets

All fixed assets are initially recorded at cost less depreciation.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold buildings	– 40 years (straight line)
Leasehold improvements	– 5 to 40 years or length of lease if shorter (straight line)
Plant and machinery	– 3 to 10 years (straight line)

Costs incurred in establishing a new or changed operation in relation to a contract and that meet the criteria for recognition as tangible fixed assets under IAS16 ('Property, plant and equipment') are capitalised as tangible fixed assets. Such costs are depreciated over the shorter of the life of the asset or contract term as appropriate.

Leasehold premises improvements take place from time to time. Costs incurred are included in assets under construction until the work is complete. As assets become available for use they are transferred to other categories and depreciation begins.

#### 1.9 Right of use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities.

Average periods that have been applied following the length of lease periods have been:

Buildings	– 3 years (straight line)
Plant and machinery	– 2 years (straight line)

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### **1.9 Right of use assets(continued)**

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

#### **1.10 Stocks**

Stocks are valued at the lower of cost and net realisable value after making allowance for obsolete or slow moving stocks. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of finished goods, cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition.

#### **1.11 Income Taxes**

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates and laws that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred income tax assets are recognised only to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carried forward tax credits or tax losses can be utilised.

Deferred income tax assets and liabilities are measured on an undiscounted basis at the tax rates that are expected to apply when the related asset is realised or liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date. Deferred income tax assets and liabilities are offset, only if a legally enforcement right exists to set off current tax assets against current tax liabilities, the deferred income taxes relate to the same taxation authority and that authority permits the company to make a single net payment.

Income tax is charged or credited to other comprehensive income if it relates to items that are charged or credited to other comprehensive income. Similarly, income tax is charged or credited directly to equity if it relates to items that are credited or charged directly to equity. Otherwise income tax is recognised in the "Statement of Comprehensive Income" per page 28.

#### **1.12 Cash at bank and in hand**

Cash and cash equivalents include cash in hand, deposits held at call with banks and bank overdrafts. In the balance sheet bank overdrafts are shown within trade and other payables in creditors falling due within one year.

#### **1.13 Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated into Pound Sterling at the rate of exchange ruling at the balance sheet date. Transactions are translated at the rate of exchange ruling at the date of the relevant transaction. Exchange gains and losses are dealt with through the income statement.

#### **1.14 Leases**

##### *Lessee accounting*

i) A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.14 Leases (continued)

The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

#### *Lessor accounting*

ii) Amounts receivable under finance leases are included under finance debtors and represent the total amount outstanding under lease agreements less unearned income. Finance lease income, having been allocated to accounting periods to give a constant periodic rate of return on the net cash investment, is included in interest receivable and similar income.

iii) Customer arrangements may contain embedded leases for equipment used to fulfil services. Where a contract with a customer includes an embedded lease when the company grants the customer a right to control the use of an identified asset for a period of time in exchange for consideration. Embedded leases with customers are typically recognised as a finance lease debtor in which revenue and cost of sales are recognised upon lease commencement. Outstanding amounts are included within finance debtors on the balance sheet.

The interest elements of the rental obligations on both the asset and liability are charged in the profit and loss account over the periods of the leases and represent a constant periodic rate of return on the net cash investment asset and a constant proportion of the balance of capital liability repayments outstanding.

#### 1.15 Pensions

The Company operates both defined benefit and defined contribution pension schemes. The assets of the schemes are held separately from those of the Company.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit method, which attributes entitlement to benefits to the current year (to determine current service cost) and to the current and prior years (to determine the present value of defined benefit obligation) and is based on actuarial advice. Past service costs are recognised in the income statement on a straight-line bases over the vesting period or immediately if benefits have vested. When a settlement (eliminating all obligations for benefits already accrued) or a curtailment (reducing future obligations as a result of a material reduction in the scheme membership or a reduction in future entitlement) occurs, the obligation and related plan assets are remeasured using current actuarial assumptions and the resultant gain or loss recognised in the income statement during the period in which the settlement or curtailment occurs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the income statements as finance revenue or cost.

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net assets (excluding amounts included in net interest), are recognised immediately in other comprehensive income in the period in which they occur.

The defined benefit pension asset or liability in the balance sheet comprised the total present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price. The value of a net pension benefit asset is restricted to the

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.15 Pensions

present value of any amount the Company expected to recover by way of refunds from the plan or reductions in the future contributions.

Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

#### 1.16 Share-based payments – ultimate parent equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award. Fair value is determined by using an appropriate option pricing model. In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions, number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above. The movement in cumulative expense since the previous balance sheet date is recognised in the statement of comprehensive income, with a corresponding entry in equity.

Where the terms of an equity-settled award are modified, or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period. In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification. No reduction is recognised if this difference is negative.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the statement of comprehensive income for the award is expensed immediately. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account.

When the DXC Technology group makes charges to the company for the difference between the market value of exercised options and the exercise price of those options when the liability is due these are recorded against equity.

#### 1.17 Provisions

A provision is recognised when the Company has a legal or constructive obligation as a result of a past event and if it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, the expected future cash flows are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability.

The company makes provision for the cost of restoring the existing leased office to their original condition based on publicly available estimated costs per square foot.

A restructuring provision is recognised when the Company has developed a detailed formal plan for the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it. The measurement of a restructuring provision includes only the direct expenditures arising from the restructuring, which are those amounts that are both necessarily entailed by the restructuring and not associated with the ongoing activities of the entity.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### **1.18 Research and development costs**

Research cost are expensed as incurred.

Development expenditure on an individual project is recognised as an intangible asset when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development. Expenditure capitalised as an intangible asset is amortised over the period during which the Company is expected to benefit. This period is between three and five years. Provision is made for any impairment.

#### **1.19 Financial Instruments**

Financial assets and financial liabilities are recognised in the Company's Statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### **i) Financial assets**

##### *Trade and other receivables*

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less any appropriate provision for impairment. The company applies the IFRS 9 simplified approach to measure the loss allowance using lifetime expected credit losses for all trade receivables and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets. They are included in current assets, except for payment terms greater than twelve months after the end of the reporting year. These are classified as non-current assets.

Amounts recoverable on contracts represent the receivables, which are recognised when the company's right to consideration is unconditional except for the passage of time.

##### *Impairment of financial assets*

The company assesses at the end of each reporting year whether there is objective evidence that a financial asset is impaired. The company applies the IFRS 9 simplified approach to measure the expected credit loss which uses a lifetime expected credit loss provision for trade receivables and contract assets.

##### *Derecognition of a financial asset*

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the company neither transfers, nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.19 Financial Instruments(continued)

##### ii) Financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

##### *Trade and other payables*

These amounts represent liabilities for goods and services provided to the company for goods and services prior to the end of the financial year and are yet to be paid.

##### *Derivative financial instruments*

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognising any resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged.

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income statement. Changes in the fair values of derivatives that are designated and qualify as fair value hedges are recorded in the Income statement, together with any changes in the fair values of the hedged assets or liabilities that are attributable to the hedged risk.

##### *Finance costs and debt*

Finance costs of debt are recognised in the Income statement over the term of such investments at a constant rate on the carrying amount. Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting year and reduced by repayments made in the financial year.

##### iii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle liabilities simultaneously.

#### 1.20 Judgements and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of these mean that actual outcomes can sometimes differ from those adopted.

##### *Critical judgements in applying the Company's accounting policies*

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

##### *Revenue recognition*

As discussed in note 1.5, the majority of revenue is recognised based on objective criteria. However, some arrangements are subject to specific accounting guidance that may require significant judgements, including contracts that include multiple-element deliverables. These judgements are made on a contract by contract basis and a different assessment would result in a change to the amount of revenue recognised.

In making their judgement, the directors considered the detailed criteria as set out in IFRS 15.



## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.20 Judgements and key sources of estimation uncertainty (continued)

Revenue recognition (continued)

##### *Multiple-element arrangements*

Certain contracts provide a range of services or elements to our customers, which may include a combination of services, products or both. As a result, significant judgement may be required to determine the appropriate accounting, including whether the elements specified in a multiple-element arrangement should be treated as separate performance obligation for revenue recognition purposes, and, when considered appropriate, how the total revenue should be allocated among the elements and the timing of revenue recognition for each element. Allocation of total contract consideration to each element requires obtaining the fair value or selling price of each element on a reasonable basis. Once allocated to the various contract elements, revenue for each element is recognised based on the relevant revenue recognition method for the services performed or elements delivered if the revenue recognition criteria have been met.

##### *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

##### *(a) Revenue recognition*

###### *Performance obligation satisfied over time (input method)*

Revenue from fixed-price design and build contracts is recognised where the outcome of a contract can be reliably estimated, and revenue and costs are recognised under input method wherein revenue is recognised over time based on progress measured to satisfaction of performance obligation. This is consistent with provisions of IFRS 15 where performance obligation is satisfied over time. Under this method, revenue is either recognised based on the costs incurred to date as a percentage of the total estimated costs to fulfil the contract or on an output method upon customers' acceptance of the project's stage of delivery. If circumstances arise that may change the original estimates of revenues, costs, or extent of progress toward completion, then revisions to the estimates are made. These revisions may result in increases or decreases in estimated revenues or costs, and such revisions are reflected in the Statement of profit and loss in the year in which the circumstances that give rise to the revision become known by management.

Estimates of total revenue at contract inception may differ materially from actual revenue due to volume differences, changes in technology or other factors which may not be foreseen at inception. These estimates are made on a contract by contract basis and a different assessment would result in a change to the amount cross refer to revenue note.

##### *Variable consideration*

Variable consideration is determined on a case-by-case basis, dependant on estimations made on contract terms

##### *(b) Incremental borrowing rate*

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 1. Accounting policies (continued)

#### 1.20 Judgements and key sources of estimation uncertainty (continued)

##### Key sources of estimation uncertainty (continued)

##### (c) Pension benefits

The cost of defined benefit pension plans are determined using external actuarial valuations. The actuarial valuations involved making assumptions about discount rates, future salary increase, mortality rates and future pension increases. Due to the complexity of the valuations, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligations. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables. Future salary increase and pension increase are based on expected future inflation rates. (see note23)

### 2. Revenue

All revenue is generated from activities within the UK market.

Revenue from continuing operations recognised in the income statement is analysed as follows:

	2022	2021
	£'000	£'000
Rendering of services on contracts	744,504	822,884
Sale of goods	141,879	97,425
Intercompany	160,196	155,321
	<u>1,046,579</u>	<u>1,075,630</u>

No revenue was derived from returns, refunds, warranties or similar or related obligations.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 2. Revenue (continued)

Assets and liabilities related to contracts with customers:

The company has recognised the following assets and liabilities related to contracts with customers

	2022	2021 (restated)
	£'000	£'000
Stocks	7,924	35,304
Trade receivables	79,304	59,513
Amounts recoverable on contracts	24,379	51,334
Contract assets	28,754	30,701
Non-current asset – Contract costs		
Costs to obtain a contract	23,649	15,627
Costs to fulfil a contract	75,402	102,170
	<u>99,051</u>	<u>117,797</u>
Current asset – Contract costs		
Costs to obtain a contract	4,837	9,897
Costs to fulfil a contract	-	13,834
	<u>4,837</u>	<u>23,731</u>
Total contract costs	<u>103,888</u>	<u>141,528</u>
Contract liabilities		
Amounts falling due within one year	(87,582)	(93,815)
Amounts falling due after more than one year	(84,980)	(54,057)
	<u>(172,562)</u>	<u>(147,872)</u>
Contract loss provision	(291)	(2,234)

*(i) Significant changes in contract assets and liabilities*

Contract assets of deferred costs have decreased £38m net across the portfolio of multiple customer contracts in the year. The trend continues on from last year as contracts switch from increasing expenditure incurred which are deferred on transition and transformation projects to delivery phases with reductions from amortisation.

Trade and unbilled receivables on contracts reduced £9m from reduction in trade levels, different billing phases on some contracts and tighter contractual payment terms applied.

Contract liabilities of deferred contract revenues increased by £25m over the year as contract terms changed to include collecting funds ahead of revenue recognitions.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 2. Revenue (continued)

Assets and liabilities related to contracts with customers: (continued)

#### (ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting year relates to carried forward contract liabilities.

	2022 £'000	2021 £'000
Revenue recognised that was included in the contract liabilities balance at the beginning of the year	93,815	81,519

#### (iii) Remaining performance obligations

Remaining performance obligations represent the aggregate amount of the transaction prices in contracts allocated to performance obligations not delivered, or partially undelivered, as of the end of the reporting year. Remaining performance obligation estimates are subject to change and are affected by several factors, including terminations, changes in scope of contracts, periodic revalidations, adjustments for revenue that has not materialised and adjustments for currency.

#### (iv) Asset recognised from costs to obtain and to fulfil a contract

	2022 £'000	2021 £'000
Asset recognised from incremental costs to obtain a contract	13,172	7,568
Asset recognised from costs incurred to fulfil a contract	9,344	34,108
Amortisation and impairment loss recognised as cost of providing services during the year	(60,156)	(76,082)

### 3. Auditor's remuneration

	2022 £'000	2021 £'000
Auditors' remuneration:		
audit of the financial statements *	1,010	934
other services	-	-
	1,010	934

\*Includes audit fees paid on behalf of fellow group companies £10,855 (2021: £nil).

No non-audit services provided in current and prior years.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 4. Operating profit

This is stated after charging/ (crediting):

	2022	2021
	£'000	£'000
Research and Development expensed	8,186	24,428
Amortisation of software assets (note 13)	2,853	8,218
Depreciation of owned tangible fixed assets	20,294	20,952
Depreciation of right of use assets	40,630	62,426
Loss/(gain) on disposal of tangible fixed assets	922	(3,667)
Gain on disposal of right of use assets	(1,283)	(4,066)
Amortisation and impairment loss recognised as cost of providing services during the year	60,156	76,082
Foreign exchange gain	(713)	(973)
Cost of stocks recognised as an expense (included in cost of sales)	80,763	35,751
Including: write-down of stocks to net realisable value	364	894
Reversal of impairments	(229)	(160)
Lease payments	79,034	75,024
Income from subletting right of use assets	(3,982)	(5,120)

### 5. Restructuring expenses

	2022	2021
	£'000	£'000
Restructuring expenses – Employee redundancy costs	7,954	30,630
Restructuring expenses – Onerous lease / real estate costs	1,832	1,698
	<u>9,786</u>	<u>32,328</u>

Restructuring expenses from employee redundancy costs are from company restructuring programmes including payment to individuals and associated employer pension charges.

Restructuring expenses from onerous lease / real estate costs are from company restructuring programmes with respect to its property portfolio downsizing to accommodate a reduced workforce. This is a net figure encompassing lease obligations, legal fees associated with restructured properties and rental income from subletting unoccupied space.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 6. Directors' emoluments

Directors of the Company are also directors of other companies within the group.

Details of directors' emoluments paid by the Company are set out below:

	2022 £'000	2021 £'000
<b>Directors' emoluments were as follows:</b>		
Emoluments	74	-
Company contributions to money purchase pension schemes	-	-
	<u>74</u>	<u>-</u>
<b>The number of directors who:</b>	No.	No.
Are members of a company defined benefit pension scheme	-	-
Are members of a money purchase pension scheme	-	-
Exercised options over shares in the parent Company	-	-

All other directors' emoluments are borne by CSC Computer Sciences Limited and DXC UK International Limited.

#### Highest paid director

The highest paid director was paid through CSC Computer Sciences Limited. It is not possible to apportion their payment between the Company and other entities for which they provide services.

### 7. Particulars of employees

The monthly average number of staff employed by the company during the year were:

	2022 No.	2021 No.
Administration	159	190
Technical Staff	2,919	3,056
Sales and Operations	137	289
	<u>3,215</u>	<u>3,535</u>

The aggregate payroll costs of the above were:

	2022 £'000	2021 £'000
Wages and salaries	168,378	184,664
Social security costs	20,893	23,602
Pension costs	18,197	21,758
Equity-settled share-based payments	1,903	1,718
	<u>209,371</u>	<u>231,742</u>

The above aggregate payroll costs exclude expenditure in relation to employee redundancy costs which are shown separately in note 5 as restructuring expenses.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 8. Interest receivable and similar income

	2022	2021
	£'000	£'000
Discounted provisions – effect of change in pension assumptions (note 23)	3,094	-
Interest receivable on finance leases	793	1,077
Interest from group undertakings	17,703	8,120
Bank interest	1,974	10,090
Other interest receivable	-	15
Net interest on defined benefit pension (note 23)	21,220	28,376
	<u>44,784</u>	<u>47,678</u>

### 9. Interest payable and similar charges

	2022	2021
	£'000	£'000
Discounted provisions – effect of change in pension assumptions (note 23)	-	1,903
Discounted provisions – unwinding of discount (note 23)	1,484	1,686
Interest payable in respect of leases liabilities	3,258	4,467
Interest payable to group companies	21	584
Other interest payable	37	276
	<u>4,800</u>	<u>8,916</u>

### 10. Taxation

#### (a) Tax charged or (credited) to the income statement

	2022	2021
	£'000	£'000
Current tax:		
United Kingdom corporate tax on the profit for the year at 19% (2021: 19%)	965	481
Over provision in prior year	(1,692)	(2,584)
Foreign tax	238	475
Total current income tax	<u>(489)</u>	<u>(1,628)</u>
Deferred tax:		
Origination and reversal of timing differences	4,447	7,576
Adjustments in respect of prior years	3,161	(9,472)
Effect of change in deferred tax rate	67,309	-
Total deferred tax	<u>74,917</u>	<u>(1,896)</u>
Tax charges in the income statement	<u>74,428</u>	<u>(3,524)</u>

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 10. Taxation (continued)

(b) Tax relating to items charged or credited to other comprehensive income

	2022 £'000	2021 £'000
Deferred tax:		
Actuarial gains/losses on defined benefit pension plans	(87,603)	14,338

(c) Reconciliation of the total tax charge

	2022 £'000	2021 £'000
Profit before tax	98,120	79,472
Profit before taxation multiplied by standard rate of corporation tax in the United Kingdom of 19% (2021: 19%)	18,643	15,099
Effects of:		
Capital loss	(696)	-
Disallowable expenses	1,283	1,215
Group relief	(13,817)	(8,738)
Adjustments to tax charge in respect of prior years	1,469	(12,057)
Foreign with-holding tax not recoverable	238	475
Income tax for research & development programs	-	482
Effect of change in tax rate	67,308	-
Total deferred tax and current charge for the year	74,428	(3,524)

(d) Deferred tax

The deferred tax included in the balance sheet is as follows:

	2022 £'000	2021 £'000
Deferred tax liability	(280,369)	(117,849)



## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 10. Taxation (continued)

The movement in the deferred taxation account during the year was:

	2022 £'000	2021 £'000
Opening balance	(117,849)	(134,083)
Deferred tax credit to the income statement	(74,917)	1,896
Deferred tax credit to other comprehensive income	(87,603)	14,338
Closing balance	<u>(280,369)</u>	<u>(117,849)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2022 £'000	2021 £'000
Excess of depreciation over taxation allowances	47,544	31,190
Pension surplus	(380,260)	(197,722)
Losses carried forward	51,735	41,479
Other timing differences	612	7,204
Total deferred tax liability	<u>(280,369)</u>	<u>(117,849)</u>

Deferred tax asset elements in relation to excess of depreciation over taxation allowances and losses have been recognised in line with the directors' expectations that, based on forecast results, it is more likely than not that there will be sufficient taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### (e) Factors that may affect future tax charges

The March 2021 Budget announced a further increase in the main rate of UK corporation tax to 25% from 1 April 2023. Hence, deferred tax balances for balance sheet dates ending on or after 24 May 2021 were remeasured at 25%. If all of the UK deferred tax was to reverse at the amended 19% rate the impact on the closing deferred tax position would be to decrease the deferred tax asset by £67,308,756.

The provisions of the Finance (No. 2) Act 2017 relating to restriction on trading loss relief has been considered in calculating the current and deferred tax amounts included in these financial statements. Under this legislation it is expected that the utilisation of brought forward trading losses will take place over a longer period.

The directors are satisfied that the extended loss utilisation period will not impact the deferred tax asset recognition and that the company, based on the forecast results, will have sufficient taxable profits in order to recognise the total deferred tax asset balance in relation to carried forward losses.

The rates of capital allowances remain at a level of 18% and 6% respectively for the general pool and special rate pool.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 11. Tangible fixed assets

	<i>Freehold land and buildings</i>	<i>Leasehold improvements</i>	<i>Assets under construction</i>	<i>Plant and machinery</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
<i>Cost:</i>					
At 1 April 2021- as stated	8,622	344,879	6,008	352,187	711,696
Leased transferred to right of use	-	-	-	(300,026)	(300,026)
At 1 April 2021- owned assets	8,622	344,879	6,008	52,161	411,670
Additions	-	-	5,008	11,438	16,446
Disposals	-	(21)	-	(5,332)	(5,353)
Transfers	(747)	9,875	(9,993)	14,405	13,540
Transfer to asset held for sale	1,289	(81,578)	-	(11,233)	(91,522)
At 31 March 2022	9,164	273,155	1,023	61,439	344,781
<i>Depreciation:</i>					
At 1 April 2021- as stated	3,020	242,822	-	276,360	522,202
Leased transferred to right of use	-	-	-	(234,763)	(234,763)
At 1 April 2021- owned assets	3,020	242,822	-	41,597	287,439
Charge for the year	123	14,853	-	5,318	20,294
On disposals	-	(18)	-	(3,097)	(3,115)
Transfers	(747)	-	-	2,503	1,756
Transfer to asset held for sale	-	(81,036)	-	(11,374)	(92,410)
At 31 March 2022	2,396	176,621	-	34,947	213,964
<i>Net book value:</i>					
At 31 March 2022	6,768	96,534	1,023	26,492	130,817
At 31 March 2021	5,602	102,057	6,008	75,827	189,494

Freehold land and buildings – Included within the net book value of freehold land and buildings is £2,520,704 (2021: £2,643,666) of buildings, and £4,247,000 (2021: £2,958,169) of land which is not depreciated.

Transfers of assets from asset under construction are those available for use transferred to depreciable assets within the categories, leasehold improvements, plant and machinery in the year. Transfers of assets from freehold land and buildings, leasehold improvements and plant and machinery are transferred to assets held for sale in the year.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 12. Right of use assets

	<i>Buildings</i>	<i>Plant and machinery</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Cost:</i>			
At 1 April 2021	103,834	5,323	109,157
Leased assets transferred from tangible	-	300,026	300,026
At 1 April 2021 - leased assets	103,834	305,349	409,183
Additions/modifications	21,936	10,759	32,695
Disposals/ terminations	(8,472)	(18,952)	(27,424)
Transfers	-	(11,125)	(11,125)
At 31 March 2022	117,298	286,031	403,329
<i>Depreciation:</i>			
At 1 April 2021	38,116	3,391	41,507
Leased assets transferred from tangible	-	234,763	234,763
At 1 April 2021 - leased assets	38,116	238,154	276,270
Charge for year	21,345	19,285	40,630
On disposals / terminations	(8,474)	(8,030)	(16,504)
Transfers	-	(3,083)	(3,083)
At 31 March 2022	50,987	246,326	297,313
<i>Net book value:</i>			
At 31 March 2022	66,311	39,705	106,016
At 31 March 2021	65,718	1,932	67,650

The right of use asset represents leased buildings and equipment utilised by the company to carry out its contractual services to customers in the course of normal trading activities.

Impairments are made for right of use assets on onerous leases associated with leasehold premises no longer used in operations following group property rationalisation programs.

There are multiple leases with a variety of extension and termination options, however in general leases run the full term. In the case of buildings that have been impaired and are onerous the next break clauses opportunities are taken as the lease end date.

Also see note 19 for lease obligation details.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 13. Intangible assets

	<i>Purchased software</i>	<i>Goodwill</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<i>Cost:</i>			
At 1 April 2021	40,512	296,954	337,466
Additions	3,061	-	3,061
Disposals	(4,267)	-	(4,267)
Transfer	(3,742)	-	(3,742)
At 31 March 2022	<u>35,564</u>	<u>296,954</u>	<u>332,518</u>
<i>Amortisation:</i>			
At 1 April 2021	30,706	268,985	299,691
Charge for the year	2,853	-	2,853
On disposals	(3,352)	-	(3,352)
At 31 March 2022	<u>30,207</u>	<u>268,985</u>	<u>299,192</u>
<i>Net book value:</i>			
At 31 March 2022	<u>5,357</u>	<u>27,969</u>	<u>33,326</u>
At 31 March 2021	<u>9,806</u>	<u>27,969</u>	<u>37,775</u>

Goodwill relates to acquisition of outsourcing business from fellow group companies in prior years. The carrying values is subject to annual impairment testing.

### 14. Investments

Companies in which the company has an interest are as follows:

<i>Company name</i>	<i>Country of incorporation</i>	<i>Principal activity</i>	<i>Class and percentage of shares held</i>
DXC UK Trustee Limited	England and Wales	Dormant company	£1 ordinary shares 90%

Investments are stated at cost £87; 87 £1 ordinary shares (2021: £87).

Registered office address of all the subsidiaries is Royal Pavilion, Wellesley Road, Aldershot, Hampshire, United Kingdom, GU11 1PZ.

### 15. Stocks

	2022	2021
	<i>£'000</i>	<i>£'000</i>
Finished goods and goods for resale	<u>7,924</u>	<u>35,304</u>

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 16. Debtors: amounts falling due within one year

	2022	2021
	£'000	£'000
Trade debtors	79,304	59,513
Amounts owed by group undertakings	869,046	172,227
Finance debtors	6,733	2,899
Amounts receivable on contracts	24,237	41,093
Other debtors	9,360	2,232
Prepayments	28,532	36,140
	<u>1,017,212</u>	<u>314,104</u>

Amounts owed by group undertakings of £99,916,879 (2021: £98,590,236) is a part of cash pool facility that earn daily interest at a rate of LIBOR a less 15 basis points until 1 January 2022 and at a rate of SONIO/N a less 15 basis points thereafter and are payable on demand and unsecured.

Amounts owed by group undertakings of £700,000,000 (2021: £nil) earn daily interest at a rate of 1.637% with maturity date 31 March 2022. Loan agreement was rolled forward for a further year and earn daily interest at a rate of 2.060% and matures on 31 March 2023.

The rest of the amounts owed by group undertakings are non-interest bearing and are payable on demand and unsecured.

Finance debtors are amounts owed on embedded lease arrangements within customer contracts. (note 20)

### 17. Debtors: amounts falling due after more than one year

	2022	2021
	£'000	£'000
Trade Debtors	9,472	-
Amounts owed by group undertakings	294,455	294,456
Finance debtors	14,889	6,428
Amounts receivable on contracts	142	10,241
Prepayments	18,572	6,143
	<u>337,530</u>	<u>317,268</u>

Amounts owed by group undertakings consists of £287,333,616 (2021: £287,335,000) earning daily interest at a rate 2.8220% and £7,121,000 (2021: £7,121,000) at a rate of 1.91385%. The loan arrangements are unsecured and mature on 31 December 2023 and 31 March 2024 respectively.

Finance debtors are amounts owed on embedded lease arrangements within customer contracts (note 20).

### 18. Trade and other payables falling due within one year

	2022	2021
	£'000	£'000
Trade creditors	48,870	52,881
Amounts owed to group undertakings	84,753	55,494
Corporation tax	799	981
Other taxation and social security	15,809	28,146
Other creditors	2,917	4,304
Accruals	63,519	70,961
	<u>216,667</u>	<u>212,767</u>

Amounts owed to group undertakings are non-interest bearing and are payable on demand and unsecured.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 19. Lease liabilities

The company uses finance and operating leases contracts.

Future minimum lease payments under leases contracts are as follows:

	2022	2021
	£'000	£'000
<i>Future minimum lease payments due:</i>		
No later than one year	46,015	59,242
Later than one year but no more than five years	76,875	99,312
Later than five years	-	-
	<u>122,890</u>	<u>158,554</u>
Interest charges allocated to future years	(4,581)	(7,364)
Present value of minimum lease payments	<u>118,309</u>	<u>151,190</u>
 <i>Present value of minimum lease payments due:</i>		
No later than one year	43,702	56,067
Later than one year but no more than five years	74,607	95,123
Later than five years	-	-
	<u>118,309</u>	<u>151,190</u>
 <i>Analysed as:</i>		
Amounts falling due within one year	43,702	56,067
Amounts falling due after more than one year	74,607	95,123
	<u>118,309</u>	<u>151,190</u>

	2022	2021
	£'000	£'000
Total cash outflow during a year:	79,034	75,024

Commitments under finance leases are secured on the assets concerned.

Interest is on fixed rate terms and included no variable elements.

The leases comprise property from which the company operates, offices and data centres; and equipment used to delivery contractual services.

The related assets are contained in the fixed assets section under right of use assets and equipment in the plant and machinery section of tangible fixed assets (note 12).

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 20. Amounts receivable under finance leases

The company enters into finance leases arrangements as a lessor for plant and machinery to its customers.

Present value of minimum lease payments receivable are as follows:

	2022	2021
	£'000	£'000
<i>Gross investment in the lease:</i>		
No later than one year	6,995	3,637
Later than one year but no more than five years	15,594	7,605
	22,589	11,242
Less: unearned finance income	(967)	(1,915)
Present value of minimum lease payments	21,622	9,327
 <i>Present value of minimum lease payments receivable:</i>		
No later than one year	6,733	2,899
Later than one year but no more than five years	14,889	6,428
	21,622	9,327
 <i>Analysed as:</i>		
Amounts falling due within one year	6,733	2,899
Amounts falling due after more than one year	14,889	6,428
	21,622	9,327

The finance lease receivables at the end of the reporting year are neither past due nor impaired.

Interest is on fixed rate terms and included no variable elements

### 21. Provisions for liabilities and charges

	<i>Asset retirement obligation provision</i>	<i>Onerous lease / Real Estate restructuring</i>	<i>Labour restructuring provision</i>	<i>Contract provision</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
At 1 April 2021					
Current	-	228	6,237	2,234	8,699
Non-current	3,890	1,280	-	-	5,170
	3,890	1,508	6,237	2,234	13,869
 <i>Charge arising during the financial year:</i>					
Additional amount provided	647	1,331	8,272	-	10,250
Amounts utilised during the year	-	(781)	(11,525)	(1,943)	(14,249)
Amount released during the year	(794)	(927)	(1,074)	-	(2,795)
At 31 March 2022	3,743	1,131	1,910	291	7,075
 <i>Analysed as :</i>					
Current	872	-	1,910	291	3,073
Non-current	2,871	1,131	-	-	4,002
	3,743	1,131	1,910	291	7,075

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 21. Provisions for liabilities and charges (continued)

Asset retirement obligation provisions represent leasehold premises exit obligations. These are expected to be utilised on exit of individual leases, which will be no later than April 2027. Contractual obligation is assumed on entry to leasehold premises.

Onerous lease and real estate restructuring provisions represent costs associated with certain contractual obligations and related costs for leasehold premises which are no longer used in operations following a group property rationalisation program. It is expected that these costs will have been incurred by 31 March 2024.

Labour restructuring provision represents expenses for employee redundancies during the year and it is expected these costs will have been incurred within the next financial year.

Contract provisions comprise provision for costs to complete construct and build elements of contracts where the total estimated costs are in excess of the revenue for those contract components, and the provision for claims and actions against the company in respect of contract disputes. Utilisation will be when disputes are settled and expected costs are incurred. It is expected that these costs will have been incurred within the next financial year.

### 22. Share capital

	2022	2021
	£'000	£'000
<i>Alotted, called up and fully paid:</i>		
157,580,003 ordinary shares of £1 each	157,580	157,580

### 23. Pensions

#### Defined contribution schemes

Defined contribution pension schemes are provided for the benefit of employees who are not members of a defined benefit scheme.

The assets of these schemes are held separately from those of the company in an independently administered fund.

The cost for the year amounted to £18,785,530 (Financial year ended 31 March 2021: 20,521,578).

The outstanding liability relating to the scheme at 31 March 2022 was £nil (2021: £nil).

#### Defined benefit pension balances included on the company balance sheet:

	2022	2021
	£'000	£'000
<b>Unfunded benefit scheme liabilities</b>	(68,049)	(73,435)
<b>Funded defined benefit scheme assets</b>	1,589,087	1,114,076
<b>Net balance</b>	<b>1,521,038</b>	<b>1,040,641</b>



## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 23. Pensions (continued)

#### Unfunded benefit schemes

	2022	2021
	£'000	£'000
Opening liability balance	73,435	73,350
<i>Charge to the income statement:</i>		
Additional amounts provided	450	845
Unwinding of discounted amount	1,484	1,686
Effect of change in assumptions	(3,094)	1,903
Amounts utilised during the year	(4,226)	(4,349)
Closing liability balance	68,049	73,435

The above balances represent unfunded termination benefits for contractual enhancement payments made to ex-employees who have had their employment terminated early and who are members of the 1994 pension scheme. These amounts are linked to pensions and are administered as such but funded by the company directly. The resulting liability is measured at the discounted value of the future expected payments, using a discount rate of 2.8%

(2021 2.1%) and is calculated using the same assumptions as those applied to the 1994 pension plan (see below). The liability is payable from the date of employee leaving to the retirement age or death of the employee.

#### Defined benefit funded schemes

The company operates two defined benefit pension schemes for the benefit of certain employees:

- the Electronic Data Systems Retirement Plan (Retirement plan); and
- the Electronic Data Systems 1994 Pension Scheme (1994 scheme).

These schemes provide benefits based on final pensionable pay. The assets of the schemes are held separately from those of the company in separate trustee administered funds. From 1 December 2017 the Retirement plan closed for all future accruals of benefits. The 1994 scheme was partially closed to future accruals in the previous financial year and has a small number of remaining active members.

These schemes operate under trust law and are managed and administered by the Trustee on behalf of members in accordance with the terms of the Trust Deed and Rules and relevant legislation. The Trustee board consists of 10 trustee directors made up of five employer-appointed directors, one independent director and four member-nominated directors. The Trustee Board delegates day-to-day administration of the scheme to a dedicated team from Equiniti.

The valuation used has been based on the triennial actuarial valuation at 31 December 2020 (Retirement Plan), and 31 December 2020 (1994 scheme) and updated by the schemes' independent qualified actuaries Aon Hewitt Limited to take account of the requirements of FRS 101 in order to assess the liabilities of the schemes as at 31 March 2022 and 31 March 2021.

The Trust Deed provides EntServ UK limited with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of plan wind-up. Furthermore, in the ordinary course of business the Trustees have no rights to unilaterally wind up the scheme. Based on these rights, any net surplus arising from FRS 101 accounting is recognised in full.

Scheme assets are stated at their market values at the respective balance sheet dates.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 23. Pensions (continued)

The assets and liabilities of the schemes are:

	Retirement Plan £000	1994 Scheme £000	Total £000
<b>At 31 March 2022</b>			
Scheme assets at fair value			
Equities	550,572	-	550,572
Bonds and LDI	1,588,957	1,212,780	2,801,737
Property & alternatives	2,007,828	168,739	2,176,567
Others	295,743	169,184	464,927
Fair value of scheme assets	4,443,100	1,550,703	5,993,803
Present value of scheme liabilities	(3,326,538)	(1,078,178)	(4,404,716)
Net defined benefit pension scheme assets	1,116,562	472,525	1,589,087

	Retirement Plan £000	1994 Scheme £000	Total £000
<b>At 31 March 2021</b>			
Scheme assets at fair value			
Equities	630,559	95,883	726,442
Bonds and LDI	1,838,191	783,172	2,621,363
Property	1,872,802	611,014	2,483,816
Others	50,342	20,952	71,294
Fair value of scheme assets	4,391,894	1,511,021	5,902,915
Present value of scheme liabilities	(3,629,042)	(1,159,797)	(4,788,839)
Net defined benefit pension scheme assets	762,852	351,224	1,114,076

The pension plans have not invested in any of the company's own financial instruments nor in properties or other assets used by the company.

The pension plan exposes the Company to actuarial risks, such as longevity risk, currency risk, inflation risk, interest rate risk and market (investment) risk.

To mitigate risk the trustees spread investments made over a diverse mix of assets, equity and bonds with long- and short-term growth and return expectations which are managed through a number of investment managers.

The amounts recognised in the Income statement and in the Statement of comprehensive income for the year are as follows:

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 23. Pensions (continued)

Year ended 31 March 2022	Retirement Plan £000	1994 Scheme £000	Total £000
<b>Recognised in the income statement</b>			
Current service costs	-	296	296
Administrative expenses	4,308	3,624	7,932
Separated employee pension enhancements	-	493	493
Expenses recognised in arriving at operating profit	4,308	4,413	8,721

Of the total charge, £296,000 was included in cost of sales £7,932,000 was included in administrative expenses and £493,000 in restructuring expenses.

Net interest on defined benefit liability	14,435	6,785	21,220
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<b>Taken to other comprehensive income</b>			
Return on plan assets (excluding amounts included in net interest expense)	(70,286)	(54,857)	(125,143)
Experience gains arising on scheme liabilities	33,976	14,631	48,607
Effect of changes in demographic assumptions	(679)	(221)	(900)
Effect of changes in financial assumptions	(305,690)	(77,940)	(383,630)
Recognised in the statement of comprehensive income	(342,679)	(118,387)	(461,066)

Year ended 31 March 2021	Retirement Plan £000	1994 Scheme £000	Total £000
<b>Recognised in the income statement</b>			
Current service costs	-	335	335
Past service costs	834	67	901
Administrative expenses	4,502	3,535	8,037
Separated employee pension enhancements	217	591	808
Expenses recognised in arriving at operating profit	5,553	4,528	10,081

Of the total charge, £1,236,000 was included in cost of sales £8,037,000 was included in administrative expenses and £808,000 in restructuring expenses.

Net interest on defined benefit liability	19,591	8,785	28,376
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## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 23. Pensions (continued)

Year ended 31 March 2021	Retirement Plan £000	1994 Scheme £000	Total £000
<b>Taken to other comprehensive income</b>			
Return on plan assets (excluding amounts included in net interest expense)	(320,384)	(155,926)	(476,310)
Experience gains arising on scheme liabilities	(29,588)	(10,004)	(39,592)
Effect of changes in demographic assumptions	(81,979)	(138)	(82,117)
Effect of changes in financial assumptions	491,187	182,290	673,477
Recognised in the statement of comprehensive income	59,236	16,222	75,458

The main assumptions adopted are:	Retirement Plan		1994 Scheme	
	2022	2021	2022	2021
	%	%	%	%
Rate of general long-term increase in salaries	N/A	N/A	2.9	2.5
Discount rate	2.8	2.1	2.8	2.1
Inflation assumption – RPI	3.4	3.0	3.4	3.0
Inflation assumption – CPI	2.9	2.5	2.9	2.5
Post-retirement mortality	Years	Years	Years	Years
Current pensioners				
at 65 – male	22.9	22.9	21.9	21.9
at 65 – female	24.3	24.3	23.8	23.8
Current 45-year-old member				
from 65 – male	23.9	24.3	22.8	22.8
from 65 – female	25.7	25.7	24.9	24.9

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below. These represent reasonable approximations of possible changes.

Assumption	Change in assumption	Impact on scheme liabilities
<b>Retirement Plan</b>		
Discounts rate	Increase/ decrease by 0.5%	Decrease 9%/ increase by 10%
Inflation assumption	Increase/ decrease by 0.5%	Increase 5%/ decrease by 5%
Post retirement mortality	Increase/ by 1 year	Increase by 3%
<b>1994 Scheme</b>		
Discounts rate	Increase/ decrease by 0.5%	Decrease 9%/ increase by 9%
Inflation assumption	Increase/ decrease by 0.5%	Increase 8%/ decrease by 8%
Post retirement mortality	Increase by 1 year	Increase by 3%

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 23. Pensions (continued)

Changes in the present value of the defined benefit obligation scheme are as follows:	Retirement Plan £000	1994 Scheme £000	Total £000
As at 1 April 2020	3,268,810	1,000,735	4,269,545
Current service cost	-	335	335
Past service cost	834	67	901
Administrative expenses charges	4,502	3,535	8,037
Administrative expenses paid	(4,203)	(3,535)	(7,738)
Separated employee pension enhancements	217	591	808
Interest on scheme liabilities	78,562	23,842	102,404
Actuarial loss	379,620	172,148	551,768
Contributions by scheme participants	-	33	33
Benefits paid	(99,300)	(37,954)	(137,254)
As at 31 March 2021	3,629,042	1,159,797	4,788,839
Current service cost	-	296	296
Administrative expenses charges	4,308	3,624	7,932
Administrative expenses paid	(4,373)	(4,444)	(8,817)
Separated employee pension enhancements	-	493	493
Interest on scheme liabilities	63,684	20,088	83,772
Actuarial loss	(272,393)	(63,530)	(335,923)
Contributions by scheme participants	-	7	7
Benefits paid	(93,730)	(38,153)	(131,883)
As at 31 March 2022	3,326,538	1,078,178	4,404,716

The separated employee's pension enhancements relate to additional pension benefits offered to employees leaving through redundancy. These are paid through the pension schemes.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 23. Pensions (continued)

Changes in the fair value of scheme assets are as follows:	Retirement Plan £000	1994 Scheme £000	Total £000
As at 1 April 2020	4,075,447	1,362,376	5,437,823
Interest income plan assets	98,153	32,627	130,780
Contributions by employer	1,413	1,548	2,961
Contributions by scheme participants	-	33	33
Benefits paid	(99,300)	(37,954)	(137,254)
Administrative expenses paid	(4,203)	(3,535)	(7,738)
Actuarial gain	320,384	155,926	476,310
As at 31 March 2021	4,391,894	1,511,021	5,902,915
Interest income plan assets	78,119	26,873	104,992
Contributions by employer	904	542	1,446
Contributions by scheme participants	-	7	7
Benefits paid	(93,730)	(38,153)	(131,883)
Administrative expenses paid	(4,373)	(4,444)	(8,817)
Actuarial gain	70,286	54,857	125,143
As at 31 March 2022	4,443,100	1,550,703	5,993,803

Contributions paid by the company in the accounting year amounted to £1,446,000 (2021: £2,961,000).

During the year £1,336,000 was paid through lump sum contributions towards enhanced pensions granted on staff separations and payment protection fund (PPF) levies.

Future contribution over the year to 31 March 2023 are expected to be £639,000 towards enhanced pensions granted on staff separations and PPF levies and £90,435 through monthly payroll deductions for active members in respect of the period 1 April 2022 to 31 March 2023.

### 24. Share-based payments

The Company has the following stock purchase and incentive compensation plans:

#### Employee stock purchase plan

The DXC Share Purchase Plan allows DXC's employees located in the United Kingdom to purchase shares of DXC's common stock at the fair market value of such shares on the applicable purchase date. This is a flexible plan, the share incentive plan (SIP) where employees can purchase DXC Technology Company shares through tax efficient payroll deductions paid into a separate trust arrangement set up to administer the scheme for employees.

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 24. Share-based payments (continued)

#### Incentive compensation plans

The Company recognises stock-based compensation expense for all share-based payment awards, net of forfeitures. The recognised costs are for only those shares expected to meet the service and performance vesting conditions over the requisite service period of the awards.

In March 2017, before ES-Spin date of 1 April 2017 (the date from which this company together with other ES business was spun off from the HPE group to join the CSC group to form the DXC Technology group) the board of directors and shareholders of HPE approved DXC's 2017 Omnibus Incentive Plan, DXC's 2017 Non-Employee Director Incentive Plan and DXC's 2017 Share Purchase Plan. These plans came into operation from 1 April 2017 for the Company employees and allow DXC to grant stock options and restricted stock options typically subject to vesting over the 3-year period following the grant date. Vested stock options are generally exercisable for a term of 10 years from the grant date.

Prior to ES-Spin the HPE group parent's stock-based incentive compensation plans included stock option and restricted stock award schemes for certain employees in HPE shares. As a result of the ES-Spin conversions and accelerated vesting took place, details on each are below.

After the ES-Spin the DXC Technology Company parent operates stock-based incentive compensation plans for restricted stock awards, from the plans approved in March 2017. Employees who met certain employment qualification are eligible to receive stock-based awards.

On 1 June 2018 the DXC Spin off of the U.S. Public Sector (USPS) business took place. As a result of this outstanding DXC equity awards were adjusted and converted to ensure that the value of the outstanding awards immediately prior to the USPS-Spin was equal to the value of the awards immediately after the USPS-Spin, without changing the vesting schedule or other terms and conditions of the awards.

#### Stock options

As a result of ES-Spin, all the stock options granted before 24 May 2016 were subject to accelerated vesting and converted into an adjusted award relating to DXC common shares with the same terms and conditions as the ones applicable to such awards prior to ES-Spin. The stock options granted after 24 May 2016 were also converted into an adjusted award relating to DXC shares although they were not subject to accelerated vesting.

During the year no share options were exercised (2021: none).

At the reporting date there were 7,260 (2021: 10,556) outstanding share options. The range of exercise prices for stock options outstanding at the end of the year and associated weighted average remaining contractual life is set out below:

Range of Exercise Prices	2022		2021	
	Shares outstanding	Weighted-average remaining life in years	Shares outstanding	Weighted-average remaining life in years
\$30 - \$39.99	3,981	1.69	7,277	2.69
\$50 - \$59.99	3,279	1.69	3,279	2.69
	<u>7,260</u>		<u>10,556</u>	2.69

## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 24. Share-based payments (continued)

#### Restricted stock awards

As a result of ES-Spin, all the restricted stock units granted before 24 May 2016 were subject to accelerated vesting and settled as HPE shares. The restricted stock units granted after 24 May 2016 were converted into an adjusted award relating to DXC shares with the same terms and conditions as the ones applicable to such awards prior to ES-Spin.

Restricted stock units represent the right to receive one share of DXC common stock upon a future settlement date, subject to vesting and other terms and conditions of the awards, plus any dividend equivalents accrued during the award period. Such awards generally vest one to three years from the date of grant.

The Company expenses the fair value of restricted stock awards, as determined on the date of grant, rateably over the period during which the restrictions lapse.

During the year 68,894 (2021: 43,024) non-vested restricted stock units were exercised.

At the reporting date there were 213,974 (2021: 236,526) outstanding non-vested restricted stock units

### 25. Financial instruments

The company has the following financial liabilities measured at fair value through the income statements.

	Forward contract outstanding		Fair Value	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	14,340	10,942	206	90

The company enters into fair value forward foreign currency exchange contracts to mitigate exposure to exchange rate volatility. The company enters into contracts to cover foreign currency exposure on certain payables and receivables in order to alleviate as much risk as is consistent with a reasonable cost of hedge exposure. At 31 March 2022, the outstanding contracts all mature within 1 month (2021: 1 month) of the financial year end.

The fair value above is calculated using the contracted GBP to INR rate of	99.967
The fair value above is calculated using the contracted GBP to EUR rate of	0.841
The fair value above is calculated using the contracted GBP to USD rate of	1.340
compared to the market rate of GBP to INR at 31 March 22 of	100.138
compared to the market rate of GBP to EUR at 31 March 22 of	0.845
compared to the market rate of GBP to USD at 31 March 22 of	1.316



## Notes to the financial statements

For the financial year 1 April 2021 to 31 March 2022

### 25. Financial instruments (continued)

The company has the following financial liabilities from cash flow hedges measured at fair value through the other comprehensive income statement.

	Forward contracts outstanding		Fair Value	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Forward foreign exchange contracts	211,061	138,696	6,749	(3,572)
Element relating to this company			4,446	(2,398)
Element relating to fellow group undertakings			2,303	(1,174)

The company entered into cash flow forward foreign currency exchange contracts to mitigate exposure to exchange rate volatility to cover the DXC group activities in the UK. The company enters into contracts to cover foreign currency exposure on certain payables and receivables in order to alleviate as much risk as is consistent with a reasonable cost of hedge exposure.

At 31 March 2022, the outstanding contracts mature each month over the next 24 months after the financial year end.

The fair value above is calculated using the contracted GBP to INR rate	106.687 (average)
compared to the market rate of GBP to INR at 31 March 22 of	103.149 (average)

### 26. Ultimate parent undertaking and controlling party

At 31 March 2022, the company's immediate parent undertaking is DXC Hague B.V., a company incorporated in the Netherlands, company address Startbaan 16, Amstelveen, 1187XR, Netherlands.

The ultimate parent company and controlling party and the smallest and largest undertaking, which consolidates these financial statements, is DXC Technology Company, which is incorporated in the United States of America. Copies of the group financial statements of DXC Technology Company can be obtained from 2048 Bashan Drive, Suite 231, Ashburn, Virginia, USA.

### 27. Events after the reporting date

After the year end date of 31 March 2022, significant changes to the structures of the 1994 pension plan are in progress.

In June 2022 the trustees processed a full buy-in of the benefits of pensioner members to de-risk the investment portfolio via the purchase of an insurance arrangement.

It is anticipated that by 31 March 2023, this will be converted to a full buy-out. The net scheme assets will then be removed from the company balance sheet as the obligation and assets pass to an insurance company.

During the year to 31<sup>st</sup> March 2022 as part of a group restructure the company took on the residual trade and staff of a fellow group company, Virtual Clarity Limited for nil consideration.

To complete this group restructure after the year end on 22 September 2022 the company purchased the entire share capital of Virtual Clarity Limited for £52,105,372, then on 5 December 2022 Virtual Clarity Limited declared and paid a dividend to EntServ UK Limited for £52,576,387.